



HEALTH ANNUAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2014  
OF THE CONDITION AND AFFAIRS OF THE  
Unison Health Plan of the Capital Area, Inc.

NAIC Group Code07070707NAIC Company Code13032Employer's ID Number26-0651931

Organized under the Laws ofDistrict of Columbia, State of Domicile or Port of EntryDistrict of Columbia

Country of DomicileUnited States of America

Licensed as business type:Health Maintenance Organization

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

Incorporated/Organized05/03/2007Commenced Business03/01/2008

Statutory Home Office701 Pennsylvania Ave NW, Suite 200, Washington, DC, US 20004

Main Administrative Office100 Penn Square East, Philadelphia, PA, US 19107, 215-231-3098

Mail Address100 Penn Square East, Philadelphia, PA, US 19107

Primary Location of Books and Records9900 Bren Road East, Minnetonka, MN, US 55343, 952-936-6165

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Statutory Statement ContactDaynita M Smith, 952-979-6165

OFFICERS

President, Chief Executive OfficerAllison McConomy Davenport #TreasurerRobert Worth Oberrender

SecretaryChristina Regina Palme-KrizakChief Financial OfficerJames Edwin Love

OTHER

Michelle Marie Huntley Assistant Secretary

DIRECTORS OR TRUSTEES

Allison McConomy Davenport #Phillip Robert Franz #Robert Jacob David Menkes

State ofCounty ofState ofCounty ofState ofCounty of

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

Allison McConomy DavenportPresident, Chief Executive Officer

Christina Regina Palme-KrizakSecretary

Subscribed and sworn to before me this day of

Subscribed and sworn to before me this day of

Subscribed and sworn to before me this day of

- a. Is this an original filing?..... Yes [ x ] No [ ]
- b. If no,

1. State the amendment number.....

2. Date filed.....

3. Number of pages attached.....

ASSETS

|  | Current Year |                         |   | Prior Year                  |
|--|--------------|-------------------------|---|-----------------------------|
|  | 1<br>Assets  | 2<br>Nonadmitted Assets | 3<br>Net Admitted Assets<br>(Cols. 1 - 2) | 4<br>Net Admitted<br>Assets |
| 1. Bonds (Schedule D) .....  | 334,929      |                         | 334,929                                   | 10,528,031                  |
| 2. Stocks (Schedule D):  |              |                         |   |                             |
| 2.1 Preferred stocks .....   |              |                         | 0   | 0                           |
| 2.2 Common stocks .....  |              |                         | 0   | 0                           |
| 3. Mortgage loans on real estate (Schedule B):                                     |              |                         |   |                             |
| 3.1 First liens .....  |              |                         | 0   | 0                           |
| 3.2 Other than first liens .....   |              |                         | 0   | 0                           |
| 4. Real estate (Schedule A):   |              |                         |   |                             |
| 4.1 Properties occupied by the company (less \$ .....                              |              |                         | 0   | 0                           |
| encumbrances) .....  |              |                         |   |                             |
| 4.2 Properties held for the production of income (less                             |              |                         |   |                             |
| \$ ..... encumbrances) .....   |              |                         | 0   | 0                           |
| 4.3 Properties held for sale (less \$ .....  |              |                         |   |                             |
| encumbrances) .....  |              |                         | 0   | 0                           |
| 5. Cash (\$ .....2,654,719 , Schedule E - Part 1), cash equivalents                |              |                         |   |                             |
| (\$ ..... , Schedule E - Part 2) and short-term                                    |              |                         |   |                             |
| investments (\$ .....2,944,017 , Schedule DA) .....                                | 5,598,737    |                         | 5,598,737                                 | 8,799,068                   |
| 6. Contract loans, (including \$ ..... premium notes) .....                        |              |                         | 0   | 0                           |
| 7. Derivatives (Schedule DB) .....   |              |                         | 0   | 0                           |
| 8. Other invested assets (Schedule BA) .....                                       |              |                         | 0   | 0                           |
| 9. Receivables for securities .....  |              |                         | 0   | 0                           |
| 10. Securities lending reinvested collateral assets (Schedule DL) .....            |              |                         | 0   | 0                           |
| 11. Aggregate write-ins for invested assets .....                                  | 0            | 0                       | 0   | 0                           |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) .....                      | 5,933,666    | 0                       | 5,933,666                                 | 19,327,099                  |
| 13. Title plants less \$ ..... charged off (for Title insurers                     |              |                         |   |                             |
| only) .....  |              |                         | 0   | 0                           |
| 14. Investment income due and accrued .....  | 1,668        |                         | 1,668                                     | 57,068                      |
| 15. Premiums and considerations:   |              |                         |   |                             |
| 15.1 Uncollected premiums and agents' balances in the course of collection .....   |              |                         | 0   | 0                           |
| 15.2 Deferred premiums, agents' balances and installments booked but               |              |                         |   |                             |
| deferred and not yet due (including \$ .....                                       |              |                         |   |                             |
| earned but unbilled premiums) .....  |              |                         | 0   | 0                           |
| 15.3 Accrued retrospective premiums .....  |              |                         | 0   | 0                           |
| 16. Reinsurance:   |              |                         |   |                             |
| 16.1 Amounts recoverable from reinsurers .....                                     |              |                         | 0   | 739                         |
| 16.2 Funds held by or deposited with reinsured companies .....                     |              |                         | 0   | 0                           |
| 16.3 Other amounts receivable under reinsurance contracts .....                    |              |                         | 0   | 0                           |
| 17. Amounts receivable relating to uninsured plans .....                           |              |                         | 0   | 0                           |
| 18.1 Current federal and foreign income tax recoverable and interest thereon ..... | 397,827      |                         | 397,827                                   | 1,976,696                   |
| 18.2 Net deferred tax asset .....  | 3,497        | 0                       | 3,497                                     | 217,369                     |
| 19. Guaranty funds receivable or on deposit .....                                  |              |                         | 0   | 0                           |
| 20. Electronic data processing equipment and software .....                        |              |                         | 0   | 0                           |
| 21. Furniture and equipment, including health care delivery assets                 |              |                         |   |                             |
| (\$ ..... ) .....  |              |                         | 0   | 0                           |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates .....   |              |                         | 0   | 0                           |
| 23. Receivables from parent, subsidiaries and affiliates .....                     | 25,678       |                         | 25,678                                    | 0                           |
| 24. Health care (\$ .....0 ) and other amounts receivable .....                    | 9,870        | 9,870                   | 0   | 16,821                      |
| 25. Aggregate write-ins for other than invested assets .....                       | 0            | 0                       | 0   | 0                           |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and              |              |                         |   |                             |
| Protected Cell Accounts (Lines 12 to 25) .....                                     | 6,372,206    | 9,870                   | 6,362,336                                 | 21,595,792                  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell                 |              |                         |   |                             |
| Accounts .....   |              |                         | 0   | 0                           |
| 28. Total (Lines 26 and 27)  | 6,372,206    | 9,870                   | 6,362,336                                 | 21,595,792                  |
| DETAILS OF WRITE-INS   |              |                         |   |                             |
| 1101. ....   |              |                         |   |                             |
| 1102. ....   |              |                         |   |                             |
| 1103. ....   |              |                         |   |                             |
| 1198. Summary of remaining write-ins for Line 11 from overflow page .....          | 0            | 0                       | 0   | 0                           |
| 1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)                       | 0            | 0                       | 0   | 0                           |
| 2501. ....   |              |                         |   |                             |
| 2502. ....   |              |                         |   |                             |
| 2503. ....   |              |                         |   |                             |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....          | 0            | 0                       | 0   | 0                           |
| 2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)                       | 0            | 0                       | 0   | 0                           |

LIABILITIES, CAPITAL AND SURPLUS

|   | Current Year |           |              | Prior Year   |
|---|--------------|-----------|--------------|--------------|
|   | 1            | 2         | 3            | 4            |
|   | Covered      | Uncovered | Total        | Total        |
| 1. Claims unpaid (less \$ 669 reinsurance ceded)  | 13,133       |           | 13,133       | 4,561,771    |
| 2. Accrued medical incentive pool and bonus amounts   |              |           | 0            | 0            |
| 3. Unpaid claims adjustment expenses  | 23           |           | 23           | 11,579       |
| 4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act    |              |           | 0            | 0            |
| 5. Aggregate life policy reserves   |              |           | 0            | 0            |
| 6. Property/casualty unearned premium reserves  |              |           | 0            | 0            |
| 7. Aggregate health claim reserves  |              |           | 0            | 0            |
| 8. Premiums received in advance   |              |           | 0            | 0            |
| 9. General expenses due or accrued  | 170,083      |           | 170,083      | 415,298      |
| 10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))            |              |           | 0            | 0            |
| 10.2 Net deferred tax liability   |              |           | 0            | 0            |
| 11. Ceded reinsurance premiums payable  |              |           | 0            | 0            |
| 12. Amounts withheld or retained for the account of others  |              |           | 0            | 0            |
| 13. Remittances and items not allocated   |              |           | 0            | 0            |
| 14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)  |              |           | 0            | 0            |
| 15. Amounts due to parent, subsidiaries and affiliates  | 0            |           | 0            | 345,736      |
| 16. Derivatives   |              |           | 0            | 0            |
| 17. Payable for securities  |              |           | 0            | 0            |
| 18. Payable for securities lending  |              |           | 0            | 0            |
| 19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ 0 unauthorized reinsurers and \$ 0 certified reinsurers) |              |           | 0            | 0            |
| 20. Reinsurance in unauthorized and certified (\$ companies)  |              |           | 0            | 0            |
| 21. Net adjustments in assets and liabilities due to foreign exchange rates   |              |           | 0            | 0            |
| 22. Liability for amounts held under uninsured plans  |              |           | 0            | 47,081       |
| 23. Aggregate write-ins for other liabilities (including \$ 15,579 current)   | 15,579       | 0         | 15,579       | 71,326       |
| 24. Total liabilities (Lines 1 to 23)   | 198,818      | 0         | 198,818      | 5,452,791    |
| 25. Aggregate write-ins for special surplus funds   | XXX          | XXX       | 0            | 0            |
| 26. Common capital stock  | XXX          | XXX       | 1,000        | 1,000        |
| 27. Preferred capital stock   | XXX          | XXX       |              |              |
| 28. Gross paid in and contributed surplus   | XXX          | XXX       | 24,499,000   | 34,499,000   |
| 29. Surplus notes   | XXX          | XXX       |              |              |
| 30. Aggregate write-ins for other than special surplus funds  | XXX          | XXX       | 0            | 0            |
| 31. Unassigned funds (surplus)  | XXX          | XXX       | (18,336,482) | (18,356,999) |
| 32. Less treasury stock, at cost:   |              |           |              |              |
| 32.1 shares common (value included in Line 26 \$ )  | XXX          | XXX       |              |              |
| 32.2 shares preferred (value included in Line 27 \$ )   | XXX          | XXX       |              |              |
| 33. Total capital and surplus (Lines 25 to 31 minus Line 32)  | XXX          | XXX       | 6,163,518    | 16,143,001   |
| 34. Total liabilities, capital and surplus (Lines 24 and 33)  | XXX          | XXX       | 6,362,336    | 21,595,792   |
| DETAILS OF WRITE-INS  |              |           |              |              |
| 2301. Unclaimed Property  | 15,579       |           | 15,579       | 71,326       |
| 2302.   |              |           |              |              |
| 2303.   |              |           |              |              |
| 2398. Summary of remaining write-ins for Line 23 from overflow page   | 0            | 0         | 0            | 0            |
| 2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)  | 15,579       | 0         | 15,579       | 71,326       |
| 2501.   | XXX          | XXX       |              |              |
| 2502.   | XXX          | XXX       |              |              |
| 2503.   | XXX          | XXX       |              |              |
| 2598. Summary of remaining write-ins for Line 25 from overflow page   | XXX          | XXX       | 0            | 0            |
| 2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)  | XXX          | XXX       | 0            | 0            |
| 3001.   | XXX          | XXX       |              |              |
| 3002.   | XXX          | XXX       |              |              |
| 3003.   | XXX          | XXX       |              |              |
| 3098. Summary of remaining write-ins for Line 30 from overflow page   | XXX          | XXX       | 0            | 0            |
| 3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)  | XXX          | XXX       | 0            | 0            |

STATEMENT OF REVENUE AND EXPENSES

|  | Current Year   |             | Prior Year  |
|--|----------------|-------------|-------------|
|  | 1<br>Uncovered | 2<br>Total  | 3<br>Total  |
| 1. Member Months.....  | XXX            |             | 350,049     |
| 2. Net premium income ( including \$ ..... non-health premium income) .....  | XXX            | 0           | 117,527,147 |
| 3. Change in unearned premium reserves and reserve for rate credits .....  | XXX            | 0           |             |
| 4. Fee-for-service (net of \$ ..... medical expenses) .....  | XXX            | 0           |             |
| 5. Risk revenue .....  | XXX            | 0           |             |
| 6. Aggregate write-ins for other health care related revenues .....  | XXX            | 0           | 0           |
| 7. Aggregate write-ins for other non-health revenues .....   | XXX            | 0           | 0           |
| 8. Total revenues (Lines 2 to 7) .....   | XXX            | 0           | 117,527,147 |
| <b>Hospital and Medical:</b>   |                |             |             |
| 9. Hospital/medical benefits .....   |                | (885,328)   | 52,361,086  |
| 10. Other professional services .....  |                | (58,137)    | 17,992,684  |
| 11. Outside referrals .....  |                | 0           |             |
| 12. Emergency room and out-of-area .....   |                | (97,912)    | 8,250,514   |
| 13. Prescription drugs .....   |                | (2,136)     | 8,756,074   |
| 14. Aggregate write-ins for other hospital and medical .....   | 0              | 0           | 0           |
| 15. Incentive pool, withhold adjustments and bonus amounts .....   |                | 0           | (60,625)    |
| 16. Subtotal (Lines 9 to 15) .....   | 0              | (1,043,513) | 87,299,733  |
| <b>Less:</b>   |                |             |             |
| 17. Net reinsurance recoveries .....   |                | (11,140)    | 1,122,059   |
| 18. Total hospital and medical (Lines 16 minus 17) .....   | 0              | (1,032,373) | 86,177,674  |
| 19. Non-health claims (net) .....  |                |             |             |
| 20. Claims adjustment expenses, including \$ .....(131) cost containment expenses .....  |                | (12,685)    | 7,815,810   |
| 21. General administrative expenses .....  |                | 1,628,983   | 6,550,503   |
| 22. Increase in reserves for life and accident and health contracts (including \$ .....<br>increase in reserves for life only) .....       |                | 0           | 0           |
| 23. Total underwriting deductions (Lines 18 through 22) .....  | 0              | 583,925     | 100,543,987 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23) .....   | XXX            | (583,925)   | 16,983,160  |
| 25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....   |                | 48,289      | 254,687     |
| 26. Net realized capital gains (losses) less capital gains tax of \$ .....1,698 .....  |                | 2,408       | (33,707)    |
| 27. Net investment gains (losses) (Lines 25 plus 26) .....   | 0              | 50,697      | 220,980     |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered<br>\$ ..... ) (amount charged off \$ ..... )] ..... |                |             |             |
| 29. Aggregate write-ins for other income or expenses .....   | 0              | 0           | 0           |
| 30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus<br>27 plus 28 plus 29) .....     | XXX            | (533,228)   | 17,204,140  |
| 31. Federal and foreign income taxes incurred .....  | XXX            | (204,527)   | 5,849,046   |
| 32. Net income (loss) (Lines 30 minus 31) .....  | XXX            | (328,701)   | 11,355,094  |
| <b>DETAILS OF WRITE-INS</b>  |                |             |             |
| 0601. ....   | XXX            |             |             |
| 0602. ....   | XXX            |             |             |
| 0603. ....   | XXX            |             |             |
| 0698. Summary of remaining write-ins for Line 6 from overflow page .....   | XXX            | 0           | 0           |
| 0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above) .....  | XXX            | 0           | 0           |
| 0701. ....   | XXX            |             |             |
| 0702. ....   | XXX            |             |             |
| 0703. ....   | XXX            |             |             |
| 0798. Summary of remaining write-ins for Line 7 from overflow page .....   | XXX            | 0           | 0           |
| 0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above) .....  | XXX            | 0           | 0           |
| 1401. ....   |                |             |             |
| 1402. ....   |                |             |             |
| 1403. ....   |                |             |             |
| 1498. Summary of remaining write-ins for Line 14 from overflow page .....  | 0              | 0           | 0           |
| 1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above) .....   | 0              | 0           | 0           |
| 2901. ....   |                |             |             |
| 2902. ....   |                |             |             |
| 2903. ....   |                |             |             |
| 2998. Summary of remaining write-ins for Line 29 from overflow page .....  | 0              | 0           | 0           |
| 2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above) .....   | 0              | 0           | 0           |

STATEMENT OF REVENUE AND EXPENSES (Continued)

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| CAPITAL AND SURPLUS ACCOUNT  |                   |                 |
| 33. Capital and surplus prior reporting year.....                                      | 16,143,001        | 29,554,443      |
| 34. Net income or (loss) from Line 32 .....  | (328,701)         | 11,355,094      |
| 35. Change in valuation basis of aggregate policy and claim reserves .....             |                   |                 |
| 36. Change in net unrealized capital gains (losses) less capital gains tax of \$ ..... |                   |                 |
| 37. Change in net unrealized foreign exchange capital gain or (loss) .....             |                   |                 |
| 38. Change in net deferred income tax .....  | (213,874)         | 217,459         |
| 39. Change in nonadmitted assets .....   | 563,092           | 16,005          |
| 40. Change in unauthorized and certified reinsurance .....                             | 0                 | 0               |
| 41. Change in treasury stock .....   | 0                 | 0               |
| 42. Change in surplus notes .....  | 0                 | 0               |
| 43. Cumulative effect of changes in accounting principles.....                         |                   |                 |
| 44. Capital Changes:   |                   |                 |
| 44.1 Paid in .....   | 0                 | 0               |
| 44.2 Transferred from surplus (Stock Dividend).....                                    | 0                 | 0               |
| 44.3 Transferred to surplus.....   |                   |                 |
| 45. Surplus adjustments:   |                   |                 |
| 45.1 Paid in .....   | (10,000,000)      | (25,000,000)    |
| 45.2 Transferred to capital (Stock Dividend) .....                                     |                   |                 |
| 45.3 Transferred from capital .....  |                   |                 |
| 46. Dividends to stockholders .....  |                   |                 |
| 47. Aggregate write-ins for gains or (losses) in surplus .....                         | 0                 | 0               |
| 48. Net change in capital and surplus (Lines 34 to 47) .....                           | (9,979,483)       | (13,411,442)    |
| 49. Capital and surplus end of reporting period (Line 33 plus 48)                      | 6,163,518         | 16,143,001      |
| DETAILS OF WRITE-INS   |                   |                 |
| 4701. ....   |                   |                 |
| 4702. ....   |                   |                 |
| 4703. ....   |                   |                 |
| 4798. Summary of remaining write-ins for Line 47 from overflow page .....              | 0                 | 0               |
| 4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)                           | 0                 | 0               |

CASH FLOW

|   | 1            | 2            |
|---|--------------|--------------|
|   | Current Year | Prior Year   |
| Cash from Operations  |              |              |
| 1. Premiums collected net of reinsurance .....  | 0            | 119,795,158  |
| 2. Net investment income .....  | 141,849      | 962,324      |
| 3. Miscellaneous income .....   | 0            | 0            |
| 4. Total (Lines 1 through 3) .....  | 141,849      | 120,757,482  |
| 5. Benefit and loss related payments .....  | 2,935,614    | 111,507,198  |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....                    |              |              |
| 7. Commissions, expenses paid and aggregate write-ins for deductions .....                                      | 1,916,927    | 16,829,413   |
| 8. Dividends paid to policyholders .....  |              |              |
| 9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses) .....        | (1,781,696)  | 8,405,058    |
| 10. Total (Lines 5 through 9) .....   | 3,070,844    | 136,741,669  |
| 11. Net cash from operations (Line 4 minus Line 10) .....   | (2,928,995)  | (15,984,187) |
| Cash from Investments   |              |              |
| 12. Proceeds from investments sold, matured or repaid:  |              |              |
| 12.1 Bonds .....  | 10,155,825   | 26,986,248   |
| 12.2 Stocks .....   | 0            | 0            |
| 12.3 Mortgage loans .....   | 0            | 0            |
| 12.4 Real estate .....  | 0            | 0            |
| 12.5 Other invested assets .....  | 0            | 0            |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....                           | 0            | (633)        |
| 12.7 Miscellaneous proceeds .....   | 0            | 0            |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) .....   | 10,155,825   | 26,985,615   |
| 13. Cost of investments acquired (long-term only):  |              |              |
| 13.1 Bonds .....  | 0            | 5,500,611    |
| 13.2 Stocks .....   | 0            | 0            |
| 13.3 Mortgage loans .....   | 0            | 0            |
| 13.4 Real estate .....  | 0            | 0            |
| 13.5 Other invested assets .....  | 0            | 0            |
| 13.6 Miscellaneous applications .....   | 0            | 0            |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) .....  | 0            | 5,500,611    |
| 14. Net increase (decrease) in contract loans and premium notes .....   | 0            | 0            |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....                                   | 10,155,825   | 21,485,004   |
| Cash from Financing and Miscellaneous Sources   |              |              |
| 16. Cash provided (applied):  |              |              |
| 16.1 Surplus notes, capital notes .....   | 0            | 0            |
| 16.2 Capital and paid in surplus, less treasury stock .....   | (10,000,000) | (25,000,000) |
| 16.3 Borrowed funds .....   | 0            | 0            |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities .....                               | 0            | 0            |
| 16.5 Dividends to stockholders .....  | 0            | 0            |
| 16.6 Other cash provided (applied) .....  | (427,160)    | (753,384)    |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) ..... | (10,427,160) | (25,753,384) |
| 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) .....       | (3,200,330)  | (20,252,567) |
| 19. Cash, cash equivalents and short-term investments:  |              |              |
| 19.1 Beginning of year .....  | 8,799,068    | 29,051,635   |
| 19.2 End of year (Line 18 plus Line 19.1) .....   | 5,598,737    | 8,799,068    |

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

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Unison Health Plan of the Capital Area, Inc.

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

|   | 1           | 2                                     | 3                      | 4              | 5              | 6   | 7                          | 8                        | 9            | 10                  |
|---|-------------|---------------------------------------|------------------------|----------------|----------------|---|----------------------------|--------------------------|--------------|---------------------|
|   | Total       | Comprehensive<br>(Hospital & Medical) | Medicare<br>Supplement | Dental<br>Only | Vision<br>Only | Federal<br>Employees<br>Health<br>Benefits Plan | Title<br>XVIII<br>Medicare | Title<br>XIX<br>Medicaid | Other Health | Other<br>Non-Health |
| 1. Net premium income .....   | 0           |                                       |                        |                |                |   |                            |                          |              |                     |
| 2. Change in unearned premium reserves and reserve for<br>rate credit .....               | 0           |                                       |                        |                |                |   |                            |                          |              |                     |
| 3. Fee-for-service (net of \$ .....<br>medical expenses) .....                            | 0           |                                       |                        |                |                |   |                            |                          |              | XXX                 |
| 4. Risk revenue .....   | 0           |                                       |                        |                |                |   |                            |                          |              | XXX                 |
| 5. Aggregate write-ins for other health care related<br>revenues .....                    | 0           | 0                                     | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | XXX                 |
| 6. Aggregate write-ins for other non-health care related<br>revenues .....                | 0           | XXX                                   | XXX                    | XXX            | XXX            | XXX   | XXX                        | XXX                      | XXX          | 0                   |
| 7. Total revenues (Lines 1 to 6) .....  | 0           | 0                                     | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 8. Hospital/medical benefits .....  | (885,328)   | 42,939                                |                        |                |                |   |                            | (928,267)                |              | XXX                 |
| 9. Other professional services .....  | (58,137)    | (2,355)                               |                        |                |                |   |                            | (55,782)                 |              | XXX                 |
| 10. Outside referrals .....   | 0           |                                       |                        |                |                |   |                            |                          |              | XXX                 |
| 11. Emergency room and out-of-area .....  | (97,912)    | (3,995)                               |                        |                |                |   |                            | (93,917)                 |              | XXX                 |
| 12. Prescription drugs .....  | (2,136)     | (219)                                 |                        |                |                |   |                            | (1,917)                  |              | XXX                 |
| 13. Aggregate write-ins for other hospital and medical .....                              | 0           | 0                                     | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | XXX                 |
| 14. Incentive pool, withhold adjustments and bonus amounts .....                          | 0           |                                       |                        |                |                |   |                            |                          |              | XXX                 |
| 15. Subtotal (Lines 8 to 14) .....  | (1,043,513) | 36,370                                | 0                      | 0              | 0              | 0   | 0                          | (1,079,883)              | 0            | XXX                 |
| 16. Net reinsurance recoveries .....  | (11,140)    | (60)                                  |                        |                |                |   |                            | (11,080)                 |              | XXX                 |
| 17. Total medical and hospital (Lines 15 minus 16) .....                                  | (1,032,373) | 36,430                                | 0                      | 0              | 0              | 0   | 0                          | (1,068,803)              | 0            | XXX                 |
| 18. Non-health claims (net) .....   | 0           | XXX                                   | XXX                    | XXX            | XXX            | XXX   | XXX                        | XXX                      | XXX          |                     |
| 19. Claims adjustment expenses including<br>\$ .....(131) cost containment expenses ..... | (12,685)    | (517)                                 |                        |                |                |   |                            | (12,168)                 |              |                     |
| 20. General administrative expenses .....   | 1,628,983   | 76,951                                |                        |                |                |   |                            | 1,552,032                |              |                     |
| 21. Increase in reserves for accident and health contracts .....                          | 0           |                                       |                        |                |                |   |                            |                          |              | XXX                 |
| 22. Increase in reserves for life contracts .....   | 0           | XXX                                   | XXX                    | XXX            | XXX            | XXX   | XXX                        | XXX                      | XXX          |                     |
| 23. Total underwriting deductions (Lines 17 to 22) .....                                  | 583,925     | 112,864                               | 0                      | 0              | 0              | 0   | 0                          | 471,061                  | 0            | 0                   |
| 24. Total underwriting gain or (loss) (Line 7 minus Line 23) .....                        | (583,925)   | (112,864)                             | 0                      | 0              | 0              | 0   | 0                          | (471,061)                | 0            | 0                   |
| DETAILS OF WRITE-INS .....  |             |                                       |                        |                |                |   |                            |                          |              | XXX                 |
| 0501. ....  |             |                                       |                        |                |                |   |                            |                          |              | XXX                 |
| 0502. ....  |             |                                       |                        |                |                |   |                            |                          |              | XXX                 |
| 0503. ....  |             |                                       |                        |                |                |   |                            |                          |              | XXX                 |
| 0598. Summary of remaining write-ins for Line 5 from overflow<br>page .....               | 0           | 0                                     | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | XXX                 |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) .....                        | 0           | 0                                     | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | XXX                 |
| 0601. ....  |             | XXX                                   | XXX                    | XXX            | XXX            | XXX   | XXX                        | XXX                      | XXX          |                     |
| 0602. ....  |             | XXX                                   | XXX                    | XXX            | XXX            | XXX   | XXX                        | XXX                      | XXX          |                     |
| 0603. ....  |             | XXX                                   | XXX                    | XXX            | XXX            | XXX   | XXX                        | XXX                      | XXX          |                     |
| 0698. Summary of remaining write-ins for Line 6 from overflow<br>page .....               | 0           | XXX                                   | XXX                    | XXX            | XXX            | XXX   | XXX                        | XXX                      | XXX          | 0                   |
| 0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above) .....                        | 0           | XXX                                   | XXX                    | XXX            | XXX            | XXX   | XXX                        | XXX                      | XXX          | 0                   |
| 1301. ....  |             |                                       |                        |                |                |   |                            |                          |              | XXX                 |
| 1302. ....  |             |                                       |                        |                |                |   |                            |                          |              | XXX                 |
| 1303. ....  |             |                                       |                        |                |                |   |                            |                          |              | XXX                 |
| 1398. Summary of remaining write-ins for Line 13 from<br>overflow page .....              | 0           | 0                                     | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | XXX                 |
| 1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above) .....                       | 0           | 0                                     | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | XXX                 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

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



UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

|  | 1           | 2                                     | 3                      | 4           | 5           | 6   | 7                          | 8                        | 9            | 10                  |
|--|-------------|---------------------------------------|------------------------|-------------|-------------|---|----------------------------|--------------------------|--------------|---------------------|
|  | Total       | Comprehensive<br>(Hospital & Medical) | Medicare<br>Supplement | Dental Only | Vision Only | Federal<br>Employees<br>Health<br>Benefits Plan | Title<br>XVIII<br>Medicare | Title<br>XIX<br>Medicaid | Other Health | Other<br>Non-Health |
| 1. Payments during the year:   |             |                                       |                        |             |             |   |                            |                          |              |                     |
| 1.1 Direct .....   | 2,936,640   | (202,695)                             |                        |             |             |   |                            | 3,139,335                |              |                     |
| 1.2 Reinsurance assumed .....  | .0          |                                       |                        |             |             |   |                            |                          |              |                     |
| 1.3 Reinsurance ceded .....  | 1,026       | 235                                   |                        |             |             |   |                            | 791                      |              |                     |
| 1.4 Net .....  | 2,935,614   | (202,930)                             | .0                     | .0          | .0          | .0  | .0                         | 3,138,544                | .0           | .0                  |
| 2. Paid medical incentive pools and bonuses .....                      | .0          |                                       |                        |             |             |   |                            | .0                       |              |                     |
| 3. Claim liability December 31, current year from Part 2A:             |             |                                       |                        |             |             |   |                            |                          |              |                     |
| 3.1 Direct .....   | 13,801      | 149                                   | .0                     | .0          | .0          | .0  | .0                         | 13,652                   | .0           | .0                  |
| 3.2 Reinsurance assumed .....  | .0          | .0                                    | .0                     | .0          | .0          | .0  | .0                         | .0                       | .0           | .0                  |
| 3.3 Reinsurance ceded .....  | .669        | 15                                    | .0                     | .0          | .0          | .0  | .0                         | .654                     | .0           | .0                  |
| 3.4 Net .....  | 13,132      | 134                                   | .0                     | .0          | .0          | .0  | .0                         | 12,998                   | .0           | .0                  |
| 4. Claim reserve December 31, current year from Part 2D:               |             |                                       |                        |             |             |   |                            |                          |              |                     |
| 4.1 Direct .....   | .0          |                                       |                        |             |             |   |                            |                          |              |                     |
| 4.2 Reinsurance assumed .....  | .0          |                                       |                        |             |             |   |                            |                          |              |                     |
| 4.3 Reinsurance ceded .....  | .0          |                                       |                        |             |             |   |                            |                          |              |                     |
| 4.4 Net .....  | .0          | .0                                    | .0                     | .0          | .0          | .0  | .0                         | .0                       | .0           | .0                  |
| 5. Accrued medical incentive pools and bonuses, current year .....     | .0          | .0                                    |                        |             |             |   |                            |                          |              |                     |
| 6. Net healthcare receivables (a) .....                                | (579,913)   | (270,042)                             |                        |             |             |   |                            | (309,871)                |              |                     |
| 7. Amounts recoverable from reinsurers December 31, current year ..... | .0          |                                       |                        |             |             |   |                            |                          |              |                     |
| 8. Claim liability December 31, prior year from Part 2A:               |             |                                       |                        |             |             |   |                            |                          |              |                     |
| 8.1 Direct .....   | 4,573,867   | 31,127                                | .0                     | .0          | .0          | .0  | .0                         | 4,542,740                | .0           | .0                  |
| 8.2 Reinsurance assumed .....  | .0          | .0                                    | .0                     | .0          | .0          | .0  | .0                         | .0                       | .0           | .0                  |
| 8.3 Reinsurance ceded .....  | 12,096      | 275                                   | .0                     | .0          | .0          | .0  | .0                         | 11,821                   | .0           | .0                  |
| 8.4 Net .....  | 4,561,771   | 30,852                                | .0                     | .0          | .0          | .0  | .0                         | 4,530,919                | .0           | .0                  |
| 9. Claim reserve December 31, prior year from Part 2D:                 |             |                                       |                        |             |             |   |                            |                          |              |                     |
| 9.1 Direct .....   | .0          |                                       |                        |             |             |   |                            |                          |              |                     |
| 9.2 Reinsurance assumed .....  | .0          |                                       |                        |             |             |   |                            |                          |              |                     |
| 9.3 Reinsurance ceded .....  | .0          |                                       |                        |             |             |   |                            |                          |              |                     |
| 9.4 Net .....  | .0          | .0                                    | .0                     | .0          | .0          | .0  | .0                         | .0                       | .0           | .0                  |
| 10. Accrued medical incentive pools and bonuses, prior year .....      | 0           |                                       |                        |             |             |   |                            | 0                        |              |                     |
| 11. Amounts recoverable from reinsurers December 31, prior year .....  | 740         | 36                                    |                        |             |             |   |                            | 704                      |              |                     |
| 12. Incurred Benefits:   |             |                                       |                        |             |             |   |                            |                          |              |                     |
| 12.1 Direct .....  | (1,043,513) | 36,369                                | .0                     | .0          | .0          | .0  | .0                         | (1,079,882)              | .0           | .0                  |
| 12.2 Reinsurance assumed .....   | .0          | .0                                    | .0                     | .0          | .0          | .0  | .0                         | .0                       | .0           | .0                  |
| 12.3 Reinsurance ceded .....   | (11,141)    | (61)                                  | .0                     | .0          | .0          | .0  | .0                         | (11,080)                 | .0           | .0                  |
| 12.4 Net .....   | (1,032,372) | 36,430                                | 0                      | 0           | 0           | 0   | 0                          | (1,068,802)              | 0            | 0                   |
| 13. Incurred medical incentive pools and bonuses .....                 | 0           | 0                                     | 0                      | 0           | 0           | 0   | 0                          | 0                        | 0            | 0                   |

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

|   | 1       | 2                                     | 3                      | 4           | 5           | 6   | 7                          | 8                        | 9            | 10                  |
|---|---------|---------------------------------------|------------------------|-------------|-------------|---|----------------------------|--------------------------|--------------|---------------------|
|   | Total   | Comprehensive<br>(Hospital & Medical) | Medicare<br>Supplement | Dental Only | Vision Only | Federal<br>Employees<br>Health<br>Benefits Plan | Title<br>XVIII<br>Medicare | Title<br>XIX<br>Medicaid | Other Health | Other<br>Non-Health |
| 1. Reported in Process of Adjustment:                 |         |                                       |                        |             |             |   |                            |                          |              |                     |
| 1.1 Direct .....                                      | (7,482) |                                       |                        |             |             |   |                            | (7,482)                  |              |                     |
| 1.2 Reinsurance assumed .....                         | .0      |                                       |                        |             |             |   |                            |                          |              |                     |
| 1.3 Reinsurance ceded .....                           | (358)   |                                       |                        |             |             |   |                            | (358)                    |              |                     |
| 1.4 Net .....   | (7,124) | .0                                    | .0                     | .0          | .0          | .0  | .0                         | (7,124)                  | .0           | .0                  |
| 2. Incurred but Unreported:                           |         |                                       |                        |             |             |   |                            |                          |              |                     |
| 2.1 Direct .....                                      | 21,283  | 149                                   |                        |             |             |   |                            | 21,134                   |              |                     |
| 2.2 Reinsurance assumed .....                         | .0      |                                       |                        |             |             |   |                            |                          |              |                     |
| 2.3 Reinsurance ceded .....                           | 1,027   | 15                                    |                        |             |             |   |                            | 1,012                    |              |                     |
| 2.4 Net .....   | 20,256  | 134                                   | .0                     | .0          | .0          | .0  | .0                         | 20,122                   | .0           | .0                  |
| 3. Amounts Withheld from Paid Claims and Capitations: |         |                                       |                        |             |             |   |                            |                          |              |                     |
| 3.1 Direct .....                                      | .0      |                                       |                        |             |             |   |                            |                          |              |                     |
| 3.2 Reinsurance assumed .....                         | .0      |                                       |                        |             |             |   |                            |                          |              |                     |
| 3.3 Reinsurance ceded .....                           | .0      |                                       |                        |             |             |   |                            |                          |              |                     |
| 3.4 Net .....   | .0      | .0                                    | .0                     | .0          | .0          | .0  | .0                         | .0                       | .0           | .0                  |
| 4. TOTALS:  |         |                                       |                        |             |             |   |                            |                          |              |                     |
| 4.1 Direct .....                                      | 13,801  | 149                                   | .0                     | .0          | .0          | .0  | .0                         | 13,652                   | .0           | .0                  |
| 4.2 Reinsurance assumed .....                         | .0      | .0                                    | .0                     | .0          | .0          | .0  | .0                         | .0                       | .0           | .0                  |
| 4.3 Reinsurance ceded .....                           | 669     | 15                                    | .0                     | .0          | .0          | .0  | .0                         | 654                      | .0           | .0                  |
| 4.4 Net .....   | 13,132  | 134                                   | 0                      | 0           | 0           | 0   | 0                          | 12,998                   | 0            | 0                   |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

| Line of Business                                    | Claims Paid During the Year                                 |                                       | Claim Reserve and Claim Liability<br>December 31 of Current Year |                                       | 5<br><br>Claims Incurred<br>In Prior Years<br>(Columns 1 + 3) | 6<br><br>Estimated Claim<br>Reserve and Claim<br>Liability<br>December 31 of<br>Prior Year |
|---|---|---------------------------------------|--|---------------------------------------|---|--|
|   | 1   | 2                                     | 3  | 4                                     |   |  |
|   | On Claims Incurred<br>Prior to January 1<br>of Current Year | On Claims Incurred<br>During the Year | On Claims Unpaid<br>December 31 of<br>Prior Year                 | On Claims Incurred<br>During the Year |   |  |
| 1. Comprehensive (hospital and medical) .....       | (202,895)   |                                       | 134  |                                       | (202,761)   | 30,852   |
| 2. Medicare Supplement .....                        |   |                                       |  |                                       | 0   | 0  |
| 3. Dental Only .....                                |   |                                       |  |                                       | 0   | 0  |
| 4. Vision Only .....                                |   |                                       |  |                                       | 0   | 0  |
| 5. Federal Employees Health Benefits Plan .....     |   |                                       |  |                                       | 0   | 0  |
| 6. Title XVIII - Medicare .....                     |   |                                       |  |                                       | 0   | 0  |
| 7. Title XIX - Medicaid .....                       | 3,139,248   |                                       | 12,998   |                                       | 3,152,246   | 4,530,919  |
| 8. Other health .....                               |   |                                       |  |                                       | 0   | 0  |
| 9. Health subtotal (Lines 1 to 8) .....             | 2,936,353   | 0                                     | 13,132   | 0                                     | 2,949,485   | 4,561,771  |
| 10. Healthcare receivables (a) .....                | 9,870   |                                       |  |                                       | 9,870   | 589,783  |
| 11. Other non-health .....                          |   |                                       |  |                                       | 0   | 0  |
| 12. Medical incentive pools and bonus amounts ..... |   |                                       |  |                                       | 0   | 0  |
| 13. Totals (Lines 9 - 10 + 11 + 12)                 | 2,926,483   | 0                                     | 13,132   | 0                                     | 2,939,615   | 3,971,988  |

(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)

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

| Year in Which Losses Were Incurred |             | Cumulative Net Amounts Paid |           |           |           |           |
|------------------------------------|-------------|-----------------------------|-----------|-----------|-----------|-----------|
|                                    |             | 1<br>2010                   | 2<br>2011 | 3<br>2012 | 4<br>2013 | 5<br>2014 |
| 1.                                 | Prior ..... | 2,642                       | 2,606     | 2,579     | 2,573     | 2,548     |
| 2.                                 | 2010 .....  | 35,176                      | 35,965    | 35,943    | 35,974    | 35,954    |
| 3.                                 | 2011 .....  | XXX                         | 21,045    | 23,584    | 23,798    | 23,633    |
| 4.                                 | 2012 .....  | XXX                         | XXX       | 18,240    | 20,081    | 20,089    |
| 5.                                 | 2013 .....  | XXX                         | XXX       | XXX       | 8,153     | 8,150     |
| 6.                                 | 2014 .....  | XXX                         | XXX       | XXX       | XXX       |           |

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

| Year in Which Losses Were Incurred |             | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year |           |           |           |           |
|------------------------------------|-------------|--|-----------|-----------|-----------|-----------|
|                                    |             | 1<br>2010  | 2<br>2011 | 3<br>2012 | 4<br>2013 | 5<br>2014 |
| 1.                                 | Prior ..... | 3,175  | 2,606     | 2,579     | 2,573     | 2,548     |
| 2.                                 | 2010 .....  | 40,333   | 36,041    | 35,943    | 35,974    | 35,954    |
| 3.                                 | 2011 .....  | XXX  | 24,153    | 23,615    | 23,798    | 23,633    |
| 4.                                 | 2012 .....  | XXX  | XXX       | 20,131    | 20,083    | 20,089    |
| 5.                                 | 2013 .....  | XXX  | XXX       | XXX       | 8,181     | 8,150     |
| 6.                                 | 2014 .....  | XXX  | XXX       | XXX       | XXX       |           |

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

| Years in which<br>Premiums were Earned and Claims<br>were Incurred | 1<br><br>Premiums Earned | 2<br><br>Claims Payment | 3<br><br>Claim Adjustment<br>Expense Payments | 4<br><br>(Col. 3/2)<br>Percent | 5<br><br>Claim and Claim<br>Adjustment Expense<br>Payments<br>(Col. 2 + 3) | 6<br><br>(Col. 5/1)<br>Percent | 7<br><br>Claims Unpaid | 8<br><br>Unpaid Claims<br>Adjustment<br>Expenses | 9<br><br>Total Claims and<br>Claims Adjustment<br>Expense Incurred<br>(Col. 5+7+8) | 10<br><br>(Col. 9/1)<br>Percent |
|--|--------------------------|-------------------------|---|--------------------------------|--|--------------------------------|------------------------|--|--|---------------------------------|
| 1. 2010 .....  | 32,278                   | 35,954                  | 1,007   | 2.8                            | 36,961   | 114.5                          |                        |  | 36,961   | 114.5                           |
| 2. 2011 .....  | 19,771                   | 23,633                  | .654  | 2.8                            | 24,287   | 122.8                          |                        |  | 24,287   | 122.8                           |
| 3. 2012 .....  | 17,176                   | 20,089                  | .694  | 3.5                            | 20,783   | 121.0                          |                        |  | 20,783   | 121.0                           |
| 4. 2013 .....  | 6,272                    | 8,150                   | .423  | 5.2                            | 8,573  | 136.7                          | 0                      |  | 8,573  | 136.7                           |
| 5. 2014 .....  |                          |                         | 0   | 0.0                            | 0  | 0.0                            |                        |  | 0  | 0.0                             |

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Title XIX

| Year in Which Losses Were Incurred |             |  |  |  |  | Cumulative Net Amounts Paid |           |           |           |           |
|------------------------------------|-------------|--|--|--|--|-----------------------------|-----------|-----------|-----------|-----------|
|                                    |             |  |  |  |  | 1<br>2010                   | 2<br>2011 | 3<br>2012 | 4<br>2013 | 5<br>2014 |
| 1.                                 | Prior ..... |  |  |  |  | 4,903                       | 4,062     | 3,924     | 3,773     | 4,094     |
| 2.                                 | 2010 .....  |  |  |  |  | 68,911                      | 88,546    | 88,428    | 88,289    | 91,294    |
| 3.                                 | 2011 .....  |  |  |  |  | XXX                         | 133,918   | 147,242   | 147,323   | 157,046   |
| 4.                                 | 2012 .....  |  |  |  |  | XXX                         | XXX       | 146,498   | 169,039   | 177,479   |
| 5.                                 | 2013 .....  |  |  |  |  | XXX                         | XXX       | XXX       | 78,942    | 60,591    |
| 6.                                 | 2014 .....  |  |  |  |  | XXX                         | XXX       | XXX       | XXX       |           |

Section B - Incurred Health Claims - Title XIX

| 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<br>2010  | 2<br>2011 | 3<br>2012 | 4<br>2013 | 5<br>2014 |
| 1.                                 | Prior ..... |  |  |  |  | 4,981  | 4,062     | 3,924     | 3,773     | 4,094     |
| 2.                                 | 2010 .....  |  |  |  |  | 91,611   | 90,208    | 88,428    | 88,289    | 91,294    |
| 3.                                 | 2011 .....  |  |  |  |  | XXX  | 161,511   | 153,352   | 147,323   | 157,046   |
| 4.                                 | 2012 .....  |  |  |  |  | XXX  | XXX       | 168,589   | 172,176   | 177,479   |
| 5.                                 | 2013 .....  |  |  |  |  | XXX  | XXX       | XXX       | 80,335    | 60,604    |
| 6.                                 | 2014 .....  |  |  |  |  | XXX  | XXX       | XXX       | XXX       |           |

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

| Years in which<br>Premiums were Earned and Claims<br>were Incurred |            | 1               | 2              | 3                                    | 4                     | 5   | 6                     | 7             | 8                                       | 9   | 10                    |
|--|------------|-----------------|----------------|--------------------------------------|-----------------------|---|-----------------------|---------------|---|---|-----------------------|
|  |            | Premiums Earned | Claims Payment | Claim Adjustment<br>Expense Payments | (Col. 3/2)<br>Percent | Claim and Claim<br>Adjustment Expense<br>Payments<br>(Col. 2 + 3) | (Col. 5/1)<br>Percent | Claims Unpaid | Unpaid Claims<br>Adjustment<br>Expenses | Total Claims and<br>Claims Adjustment<br>Expense Incurred<br>(Col. 5+7+8) | (Col. 9/1)<br>Percent |
| 1.   | 2010 ..... | 98,913          | 91,294         | 4,324                                | 4.7                   | 95,618  | 96.7                  |               |   | 95,618  | 96.7                  |
| 2.   | 2011 ..... | 160,358         | 157,046        | 5,559                                | 3.5                   | 162,605   | 101.4                 |               |   | 162,605   | 101.4                 |
| 3.   | 2012 ..... | 185,780         | 177,479        | 7,957                                | 4.5                   | 185,436   | 99.8                  |               |   | 185,436   | 99.8                  |
| 4.   | 2013 ..... | 111,255         | 60,591         | 7,927                                | 13.1                  | 68,518  | 61.6                  | 13            | (1)                                     | 68,530  | 61.6                  |
| 5.   | 2014 ..... |                 |                | 0                                    | 0.0                   | 0   | 0.0                   |               |   | 0   | 0.0                   |

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Grand Total

| Year in Which Losses Were Incurred |             |  |  |  |  | Cumulative Net Amounts Paid |           |           |           |           |
|------------------------------------|-------------|--|--|--|--|-----------------------------|-----------|-----------|-----------|-----------|
|                                    |             |  |  |  |  | 1<br>2010                   | 2<br>2011 | 3<br>2012 | 4<br>2013 | 5<br>2014 |
| 1.                                 | Prior ..... |  |  |  |  | 7,545                       | 6,668     | 6,503     | 6,346     | 6,642     |
| 2.                                 | 2010 .....  |  |  |  |  | 104,087                     | 124,511   | 124,371   | 124,263   | 127,248   |
| 3.                                 | 2011 .....  |  |  |  |  | XXX                         | 154,963   | 170,826   | 171,121   | 180,679   |
| 4.                                 | 2012 .....  |  |  |  |  | XXX                         | XXX       | 164,738   | 189,120   | 197,568   |
| 5.                                 | 2013 .....  |  |  |  |  | XXX                         | XXX       | XXX       | 87,095    | 68,741    |
| 6.                                 | 2014 .....  |  |  |  |  | XXX                         | XXX       | XXX       | XXX       | 0         |

Section B - Incurred Health Claims - Grand Total

| Year in Which Losses Were Incurred |             |  |  |  |  | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year |           |           |           |           |
|------------------------------------|-------------|--|--|--|--|--|-----------|-----------|-----------|-----------|
|                                    |             |  |  |  |  | 1<br>2010  | 2<br>2011 | 3<br>2012 | 4<br>2013 | 5<br>2014 |
| 1.                                 | Prior ..... |  |  |  |  | 8,156  | 6,668     | 6,503     | 6,346     | 6,642     |
| 2.                                 | 2010 .....  |  |  |  |  | 131,944  | 126,249   | 124,371   | 124,263   | 127,248   |
| 3.                                 | 2011 .....  |  |  |  |  | XXX  | 185,664   | 176,967   | 171,121   | 180,679   |
| 4.                                 | 2012 .....  |  |  |  |  | XXX  | XXX       | 188,720   | 192,259   | 197,568   |
| 5.                                 | 2013 .....  |  |  |  |  | XXX  | XXX       | XXX       | 88,516    | 68,754    |
| 6.                                 | 2014 .....  |  |  |  |  | XXX  | XXX       | XXX       | XXX       | 0         |

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

| Years in which<br>Premiums were Earned and Claims<br>were Incurred |            | 1<br><br>Premiums Earned | 2<br><br>Claims Payment | 3<br><br>Claim Adjustment<br>Expense Payments | 4<br><br>(Col. 3/2)<br>Percent | 5<br><br>Claim and Claim<br>Adjustment Expense<br>Payments<br>(Col. 2 + 3) | 6<br><br>(Col. 5/1)<br>Percent | 7<br><br>Claims Unpaid | 8<br><br>Unpaid Claims<br>Adjustment<br>Expenses | 9<br><br>Total Claims and<br>Claims Adjustment<br>Expense Incurred<br>(Col. 5+7+8) | 10<br><br>(Col. 9/1)<br>Percent |
|--|------------|--------------------------|-------------------------|---|--------------------------------|--|--------------------------------|------------------------|--|--|---------------------------------|
| 1.   | 2010 ..... | 131,191                  | 127,248                 | 5,331   | 4.2                            | 132,579  | 101.1                          | 0                      | 0  | 132,579  | 101.1                           |
| 2.   | 2011 ..... | 180,129                  | 180,679                 | 6,213   | 3.4                            | 186,892  | 103.8                          | 0                      | 0  | 186,892  | 103.8                           |
| 3.   | 2012 ..... | 202,956                  | 197,568                 | 8,651   | 4.4                            | 206,219  | 101.6                          | 0                      | 0  | 206,219  | 101.6                           |
| 4.   | 2013 ..... | 117,527                  | 68,741                  | 8,350   | 12.1                           | 77,091   | 65.6                           | 13                     | (1)  | 77,103   | 65.6                            |
| 5.   | 2014 ..... | 0                        | 0                       | 0   | 0.0                            | 0  | 0.0                            | 0                      | 0  | 0  | 0.0                             |

UNDERWRITING AND INVESTMENT EXHIBIT

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

|  | Claim Adjustment Expenses |                                 | 3                               | 4                   | 5                  |
|--|---------------------------|---------------------------------|---------------------------------|---------------------|--------------------|
|  | 1                         | 2                               |                                 |                     |                    |
|  | Cost Containment Expenses | Other Claim Adjustment Expenses | General Administrative Expenses | Investment Expenses | Total              |
| 1. Rent (\$ ..... for occupancy of own building) .....                     | (4)                       | (768)                           | (2)                             |                     | (774)              |
| 2. Salary, wages and other benefits .....                                  | (74)                      | (13,845)                        | (30)                            |                     | (13,949)           |
| 3. Commissions (less \$ ..... ceded plus \$ ..... assumed) .....           |                           |                                 |                                 |                     | 0                  |
| 4. Legal fees and expenses .....   | (1)                       | (206)                           | 245,697                         |                     | 245,490            |
| 5. Certifications and accreditation fees .....                             |                           |                                 |                                 |                     | 0                  |
| 6. Auditing, actuarial and other consulting services .....                 | (8)                       | (38)                            | 132,084                         |                     | 132,038            |
| 7. Traveling expenses .....  | (3)                       | (471)                           | (1)                             |                     | (475)              |
| 8. Marketing and advertising .....   | (6)                       | (1,069)                         | (2)                             |                     | (1,077)            |
| 9. Postage, express and telephone .....                                    | (5)                       | (880)                           | (2)                             |                     | (887)              |
| 10. Printing and office supplies .....                                     | (1)                       | (257)                           | (1)                             |                     | (259)              |
| 11. Occupancy, depreciation and amortization .....                         | (2)                       | (343)                           | (1)                             |                     | (346)              |
| 12. Equipment .....  |                           | (63)                            |                                 |                     | (63)               |
| 13. Cost or depreciation of EDP equipment and software .....               | (9)                       | (1,610)                         | (3)                             |                     | (1,622)            |
| 14. Outsourced services including EDP, claims, and other services .....    | (9)                       | 8,746                           | 55,108                          |                     | 63,845             |
| 15. Boards, bureaus and association fees .....                             |                           | (26)                            |                                 |                     | (26)               |
| 16. Insurance, except on real estate .....                                 | (1)                       | (241)                           | (1)                             |                     | (243)              |
| 17. Collection and bank service charges .....                              | (1)                       | (103)                           |                                 |                     | (104)              |
| 18. Group service and administration fees .....                            |                           | (33)                            | (133)                           |                     | (166)              |
| 19. Reimbursements by uninsured plans .....                                |                           |                                 |                                 |                     | 0                  |
| 20. Reimbursements from fiscal intermediaries .....                        |                           |                                 |                                 |                     | 0                  |
| 21. Real estate expenses .....   |                           |                                 |                                 |                     | 0                  |
| 22. Real estate taxes .....  |                           |                                 |                                 |                     | 0                  |
| 23. Taxes, licenses and fees:  |                           |                                 |                                 |                     |                    |
| 23.1 State and local insurance taxes .....                                 |                           |                                 |                                 |                     | 0                  |
| 23.2 State premium taxes .....   |                           |                                 |                                 |                     | 0                  |
| 23.3 Regulatory authority licenses and fees .....                          |                           |                                 | 1,197,612                       |                     | 1,197,612          |
| 23.4 Payroll taxes .....   |                           |                                 |                                 |                     | 0                  |
| 23.5 Other (excluding federal income and real estate taxes) .....          |                           |                                 |                                 |                     | 0                  |
| 24. Investment expenses not included elsewhere .....                       |                           |                                 |                                 | 5,482               | 5,482              |
| 25. Aggregate write-ins for expenses .....                                 | (7)                       | (1,347)                         | (1,342)                         | 0                   | (2,696)            |
| 26. Total expenses incurred (Lines 1 to 25) .....                          | (131)                     | (12,554)                        | 1,628,983                       | 5,482               | (a) .....1,621,780 |
| 27. Less expenses unpaid December 31, current year .....                   |                           | 23                              | 170,083                         |                     | 170,106            |
| 28. Add expenses unpaid December 31, prior year .....                      | 6,826                     | 4,753                           | 412,073                         | 3,224               | 426,876            |
| 29. Amounts receivable relating to uninsured plans, prior year .....       |                           |                                 |                                 |                     | 0                  |
| 30. Amounts receivable relating to uninsured plans, current year .....     |                           |                                 |                                 |                     | 0                  |
| 31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) ..... | 6,695                     | (7,824)                         | 1,870,973                       | 8,706               | 1,878,550          |
| DETAILS OF WRITE-INS   |                           |                                 |                                 |                     |                    |
| 2501. Information Technology .....   | (1)                       | (206)                           | 0                               |                     | (207)              |
| 2502. Interest .....   |                           | (8)                             | (1,340)                         |                     | (1,348)            |
| 2503. Managed Care & Network Access .....                                  |                           | (9)                             | 0                               |                     | (9)                |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....  | (6)                       | (1,124)                         | (2)                             | 0                   | (1,132)            |
| 2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....         | (7)                       | (1,347)                         | (1,342)                         | 0                   | (2,696)            |

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



EXHIBIT OF NET INVESTMENT INCOME

|                      |   | 1                     | 2                  |
|----------------------|---|-----------------------|--------------------|
|                      |   | Collected During Year | Earned During Year |
| 1.                   | U.S. government bonds .....   | (a) .....17,027       | .....11,863        |
| 1.1                  | Bonds exempt from U.S. tax .....  | (a) .....             | .....              |
| 1.2                  | Other bonds (unaffiliated) .....  | (a) .....90,738       | .....40,523        |
| 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) .....1,385        | .....1,385         |
| 7                    | Derivative instruments .....  | (f) .....             | .....              |
| 8.                   | Other invested assets .....   | .....                 | .....              |
| 9.                   | Aggregate write-ins for investment income .....                           | .....0                | .....0             |
| 10.                  | Total gross investment income .....                                       | 109,150               | 53,771             |
| 11.                  | Investment expenses .....   |                       | (g) .....5,482     |
| 12.                  | Investment taxes, licenses and fees, excluding federal income taxes ..... |                       | (g) .....0         |
| 13.                  | Interest expense .....  |                       | (h) .....          |
| 14.                  | Depreciation on real estate and other invested assets .....               |                       | (i) .....          |
| 15.                  | Aggregate write-ins for deductions from investment income .....           |                       | .....0             |
| 16.                  | Total deductions (Lines 11 through 15) .....                              |                       | .....5,482         |
| 17.                  | Net investment income (Line 10 minus Line 16)                             |                       | 48,289             |
| DETAILS OF WRITE-INS |   |                       |                    |
| 0901.                | .....   |                       |                    |
| 0902.                | .....   |                       |                    |
| 0903.                | .....   |                       |                    |
| 0998.                | Summary of remaining write-ins for Line 9 from overflow page .....        | .....0                | .....0             |
| 0999.                | Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)                   | 0                     | 0                  |
| 1501.                | .....   |                       |                    |
| 1502.                | .....   |                       |                    |
| 1503.                | .....   |                       |                    |
| 1598.                | Summary of remaining write-ins for Line 15 from overflow page .....       |                       | .....0             |
| 1599.                | Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)                  |                       | 0                  |

- (a) Includes \$ .....238 accrual of discount less \$ .....41,622 amortization of premium and less \$ ..... paid for accrued interest on purchases.
- (b) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued dividends on purchases.
- (c) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.
- (d) Includes \$ ..... for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.
- (e) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.
- (f) Includes \$ ..... accrual of discount less \$ ..... amortization of premium.
- (g) Includes \$. .....5,482 investment expenses and \$ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ ..... interest on surplus notes and \$ ..... interest on capital notes.
- (i) Includes \$ ..... depreciation on real estate and \$ ..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

|                      |   | 1  | 2                             | 3  | 4  | 5   |
|----------------------|---|--|-------------------------------|--|--|---|
|                      |   | Realized Gain (Loss)<br>On Sales or Maturity | Other Realized<br>Adjustments | Total Realized Capital<br>Gain (Loss)<br>(Columns 1 + 2) | Change in<br>Unrealized Capital<br>Gain (Loss) | Change in Unrealized<br>Foreign Exchange<br>Capital Gain (Loss) |
| 1.                   | U.S. Government bonds .....   | (39,483)                                     | .....0                        | (39,483)   | .....0   | .....0  |
| 1.1                  | Bonds exempt from U.S. tax .....                                      | .....  | .....                         | .....0   | .....  | .....   |
| 1.2                  | Other bonds (unaffiliated) .....                                      | 43,588                                       | .....0                        | 43,588   | .....0   | .....0  |
| 1.3                  | Bonds of affiliates .....   | .....0                                       | .....0                        | .....0   | .....0   | .....0  |
| 2.1                  | Preferred stocks (unaffiliated) .....                                 | .....0                                       | .....0                        | .....0   | .....0   | .....0  |
| 2.11                 | Preferred stocks of affiliates .....                                  | .....0                                       | .....0                        | .....0   | .....0   | .....0  |
| 2.2                  | Common stocks (unaffiliated) .....                                    | .....0                                       | .....0                        | .....0   | .....0   | .....0  |
| 2.21                 | Common stocks of affiliates .....                                     | .....0                                       | .....0                        | .....0   | .....0   | .....0  |
| 3.                   | Mortgage loans .....  | .....  | .....0                        | .....0   | .....0   | .....0  |
| 4.                   | Real estate .....   | .....  | .....0                        | .....0   | .....  | .....0  |
| 5.                   | Contract loans .....  | .....  | .....                         | .....0   | .....  | .....   |
| 6.                   | Cash, cash equivalents and short-term investments .....               | .....  | .....                         | .....0   | .....  | .....   |
| 7.                   | Derivative instruments .....  | .....  | .....                         | .....0   | .....  | .....   |
| 8.                   | Other invested assets .....   | .....  | .....0                        | .....0   | .....0   | .....0  |
| 9.                   | Aggregate write-ins for capital gains (losses) .....                  | .....0                                       | .....0                        | .....0   | .....0   | .....0  |
| 10.                  | Total capital gains (losses)  | 4,105  | 0                             | 4,105  | 0  | 0   |
| DETAILS OF WRITE-INS |   |  |                               |  |  |   |
| 0901.                | .....   |  |                               |  |  |   |
| 0902.                | .....   |  |                               |  |  |   |
| 0903.                | .....   |  |                               |  |  |   |
| 0998.                | Summary of remaining write-ins for Line 9 from<br>overflow page ..... | .....0                                       | .....0                        | .....0   | .....0   | .....0  |
| 0999.                | Totals (Lines 0901 thru 0903 plus 0998) (Line 9,<br>above)            | 0  | 0                             | 0  | 0  | 0   |

EXHIBIT OF NON-ADMITTED ASSETS

|   | 1  | 2                                      | 3  |
|---|--|--|--|
|   | Current Year Total<br>Nonadmitted Assets | Prior Year Total<br>Nonadmitted Assets | Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
| 1. Bonds (Schedule D) .....   |  |  | 0  |
| 2. Stocks (Schedule D):   |  |  |  |
| 2.1 Preferred stocks .....  |  |  | 0  |
| 2.2 Common stocks .....   |  |  | 0  |
| 3. Mortgage loans on real estate (Schedule B):  |  |  |  |
| 3.1 First liens .....   |  |  | 0  |
| 3.2 Other than first liens .....  |  |  | 0  |
| 4. Real estate (Schedule A):  |  |  |  |
| 4.1 Properties occupied by the company .....  |  |  | 0  |
| 4.2 Properties held for the production of income .....  |  |  | 0  |
| 4.3 Properties held for sale .....  |  |  | 0  |
| 5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments<br>(Schedule DA) ..... |  |  | 0  |
| 6. Contract loans .....   |  |  | 0  |
| 7. Derivatives (Schedule DB) .....  |  |  | 0  |
| 8. Other invested assets (Schedule BA) .....  |  |  | 0  |
| 9. Receivables for securities .....   |  |  | 0  |
| 10. Securities lending reinvested collateral assets (Schedule DL) .....   |  |  | 0  |
| 11. Aggregate write-ins for invested assets .....   | 0  | 0                                      | 0  |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) .....   | 0  | 0                                      | 0  |
| 13. Title plants (for Title insurers only) .....  |  |  | 0  |
| 14. Investment income due and accrued .....   |  |  | 0  |
| 15. Premiums and considerations:  |  |  |  |
| 15.1 Uncollected premiums and agents' balances in the course of collection .....  |  |  | 0  |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....                     |  |  | 0  |
| 15.3 Accrued retrospective premiums .....   |  |  | 0  |
| 16. Reinsurance:  |  |  |  |
| 16.1 Amounts recoverable from reinsurers .....  |  |  | 0  |
| 16.2 Funds held by or deposited with reinsured companies .....  |  |  | 0  |
| 16.3 Other amounts receivable under reinsurance contracts .....   |  |  | 0  |
| 17. Amounts receivable relating to uninsured plans .....  |  |  | 0  |
| 18.1 Current federal and foreign income tax recoverable and interest thereon .....                                      |  |  | 0  |
| 18.2 Net deferred tax asset .....   | 0  | 0                                      | 0  |
| 19. Guaranty funds receivable or on deposit .....   |  |  | 0  |
| 20. Electronic data processing equipment and software .....   |  |  | 0  |
| 21. Furniture and equipment, including health care delivery assets .....  |  |  | 0  |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates .....  |  |  | 0  |
| 23. Receivable from parent, subsidiaries and affiliates .....   |  |  | 0  |
| 24. Health care and other amounts receivable .....  | 9,870                                    | 572,962                                | 563,092  |
| 25. Aggregate write-ins for other than invested assets .....  | 0  | 0                                      | 0  |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts<br>(Lines 12 to 25) ..... | 9,870                                    | 572,962                                | 563,092  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....                                       |  |  | 0  |
| 28. Total (Lines 26 and 27) .....   | 9,870                                    | 572,962                                | 563,092  |
| DETAILS OF WRITE-INS  |  |  |  |
| 1101. ....  |  |  |  |
| 1102. ....  |  |  |  |
| 1103. ....  |  |  |  |
| 1198. Summary of remaining write-ins for Line 11 from overflow page .....   | 0  | 0                                      | 0  |
| 1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) .....  | 0  | 0                                      | 0  |
| 2501. ....  |  |  |  |
| 2502. ....  |  |  |  |
| 2503. ....  |  |  |  |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....   | 0  | 0                                      | 0  |
| 2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....  | 0  | 0                                      | 0  |

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

| Source of Enrollment   | Total Members at End of |                    |                     |                    |                   | 6<br>Current Year<br>Member Months |
|--|-------------------------|--------------------|---------------------|--------------------|-------------------|------------------------------------|
|  | 1<br>Prior Year         | 2<br>First Quarter | 3<br>Second Quarter | 4<br>Third Quarter | 5<br>Current Year |                                    |
| 1. Health Maintenance Organizations .....                                |                         |                    |                     |                    |                   |                                    |
| 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   |                         |                    |                     |                    |                   |                                    |
| DETAILS OF WRITE-INS   |                         |                    |                     |                    |                   |                                    |
| 0601. ....   |                         |                    |                     |                    |                   |                                    |
| 0602. ....   |                         |                    |                     |                    |                   |                                    |
| 0603. ....   |                         |                    |                     |                    |                   |                                    |
| 0698. Summary of remaining write-ins for Line 6 from overflow page ..... |                         |                    |                     |                    |                   |                                    |
| 0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)             |                         |                    |                     |                    |                   |                                    |

NONE

**UNISON HEALTH PLAN OF THE CAPITAL AREA, INC.**

**NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(In thousands except capital stock share data)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operation**

Unison Health Plan of the Capital Area, Inc. (the “Company”), licensed as a health maintenance organization (“HMO”), offers its enrollees a variety of managed care programs and products through contractual arrangements with health care providers. The Company is a wholly owned subsidiary of Three Rivers Holdings, Inc. (“TRH”). Effective May 30, 2008, TRH was acquired by AmeriChoice Corporation (“AmeriChoice”), which is a wholly owned subsidiary of UnitedHealth Group Incorporated (“UnitedHealth Group”). UnitedHealth Group is a publicly held company trading on the New York Stock Exchange.

The Company was incorporated on May 3, 2007, as a HMO and operations commenced in March 2008. The Company is certified as a HMO by the District of Columbia Department of Insurance, Securities and Banking (the “DISB”). The Company has entered into contracts with physicians, hospitals, and other health care provider organizations to deliver health care services for all enrollees.

The Company had a contract (the “Contract”) with the Government of the District of Columbia, Office of Contracting and Procurement (the “District”), to provide health care services to Medicaid and Health Care Alliance (“Alliance”), a program for uninsured children and adults, eligible beneficiaries in the District of Columbia. This contract represented 100% of the Company’s direct written premiums and was effective through April 30, 2013. The District executed an extension of the Company’s provider contract for the period from May 1, 2013 to June 30, 2013. Effective July 1, 2013, the contract has expired and the Company’s operations have been discontinued (see Note 4).

**A. Accounting Practices**

The statutory basis financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the DISB.

The DISB recognizes only statutory accounting practices, prescribed or permitted by the District of Columbia, for determining and reporting the financial condition and results of operations of a HMO, for determining its solvency under District of Columbia Insurance Law. The state prescribes the use of the National Association of Insurance Commissioners’ (“NAIC”) Accounting Practices and Procedures manual (“NAIC SAP”) in effect for the accounting periods covered in the statutory basis financial statements.

No significant differences exist between the practices prescribed or permitted by the State of District of Columbia and those prescribed or permitted by the NAIC SAP that materially affect the statutory basis net (loss) income and capital and surplus, as illustrated in the table below:

|   | State of Domicile    | 2014         | 2013          |
|---|----------------------|--------------|---------------|
| <b>Net Income</b>   |                      |              |               |
| (1) Company state basis   | District of Columbia | \$ (328,701) | \$ 11,355,094 |
| (2) State prescribed practices that increase/(decrease) NAIC SAP:<br>None | District of Columbia | -            | -             |
| (3) State permitted practices that increase/(decrease) NAIC SAP:<br>None  | District of Columbia | -            | -             |
| (4) NAIC SAP (1-2-3=4)  | District of Columbia | \$ (328,701) | \$ 11,355,094 |
| <b>Surplus</b>  |                      |              |               |
| (5) Company state basis   | District of Columbia | \$ 6,163,518 | \$ 16,143,001 |
| (6) State prescribed practices that increase/(decrease) NAIC SAP:<br>None | District of Columbia | -            | -             |
| (7) State permitted practices that increase/(decrease) NAIC SAP:<br>None  | District of Columbia | -            | -             |
| (8) NAIC SAP (5-6-7=8)  | District of Columbia | \$ 6,163,518 | \$ 16,143,001 |

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

The preparation of these statutory basis financial statements in conformity with the NAIC Annual Statement Instructions and the NAIC SAP include certain amounts that are based on the Company’s estimates and judgments. These estimates require the Company to apply complex assumptions and judgments, often because the Company must make estimates about the effects of matters that are inherently uncertain and will change in subsequent periods. The most significant estimates relate to hospital and medical benefits and claims unpaid. The Company adjusts these estimates each period as more current information becomes available. The impact of any changes in estimates is included in the determination of net (loss) income in the period in which the estimate is adjusted.

**C. Accounting Policy**

**Basis of Presentation** — The Company prepares its statutory basis financial statements on the basis of accounting practices prescribed or permitted by the DISB. These statutory practices differ from accounting principles generally accepted in the United States of America (“GAAP”).

Accounting policy disclosures that are required by the NAIC Annual Statement instructions are as follows:

- (1–2) Bonds and short-term investments are stated at amortized cost if they meet NAIC designation of one or two and stated at the lower of amortized cost or fair value if they meet an NAIC designation of three or higher. Amortization of bond premium or accretion of discount is calculated using the constant-yield interest method. Bonds and short-term investments are valued and reported using market prices published by the Securiteis Valuation Office of the NAIC (“SVO”) in accordance with the NAIC Valuations of Securities manual prepared by the SVO or an external pricing service;
- (3–4) The Company holds no common or preferred stock;
- (5) The Company holds no mortgage loans on real estate;
- (6) As of December 31, 2014 the company holds no loan-backed securities;
- (7) The Company holds no investments in subsidiaries, controlled, or affiliated entities;
- (8) The Company has no investment interests with respect to joint ventures, partnerships, or limited liability companies;
- (9) The Company holds no derivatives;
- (10) Premium deficiency reserves and the related expenses are recognized when it is probable that expected future health care expenses, claim adjustment expenses (“CAE”), direct administration costs, and an allocation of indirect administration costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts, and are recorded as aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Indirect administration costs arise from activities that are not specifically identifiable to a specific group of existing contracts, and therefore, those costs are fully allocated among the various contract groupings. The allocation of indirect administration costs to each contract

grouping is made proportionately to the expected margins remaining in the premiums after future health care expenses, CAE, and direct administration costs are considered. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated, and any adjustments are reflected as an increase in reserves for accident and health contracts in the accompanying statutory basis statements of operations in the period in which the change in estimate is identified. The Company anticipates investment income as a factor in the premium deficiency calculation (see Note 30);

- (11) CAE are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to United HealthCare Services, Inc. ("UHS") in exchange for administrative and management services. A detailed review of the administrative expenses of the Company and UHS is performed to determine the allocation between CAE and general administrative expenses to be reported in the statutory basis statement of operations. It is the responsibility of UHS to pay CAE in the event the Company ceases operations. The Company has recorded an estimate of unpaid claims adjustment expenses associated with incurred but unpaid claims, which is included in unpaid claims adjustment expenses in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Management believes the amount of the liability for unpaid claims adjustment expenses as of December 31, 2014 is adequate to cover the Company's cost for the adjustment and recording of unpaid claims; however, actual expenses may differ from those established estimates. Adjustments to the estimates for unpaid claims adjustment expenses are reflected in operating results in the period in which the change in estimate is identified;
- (12) The Company does not carry any fixed assets on the statutory basis financial statements;
- (13) Health care receivables consist of pharmacy rebates receivable estimated based on the most currently available data from the Company's claims processing systems and from data provided by the Company's affiliated pharmaceutical benefit manager, OptumRx, Inc. ("OptumRx"). Health care receivables also includes receivables for amounts due to the Company for claim overpayments to providers, hospitals and other health care organizations. Health care receivables are considered nonadmitted assets for statutory purposes if they do not meet admissibility requirements. Accordingly, the Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus (see Note 28).

The Company has also deemed the following to be significant accounting policies and differences between statutory practices and GAAP:

## **ASSETS**

### ***Cash and Invested Assets***

- Bonds include U.S. government and agency securities, city and county municipalities, and corporate debt securities, with a maturity of greater than one year at the time of purchase;
- Certain debt investments categorized as held to maturity are presented at the lower of amortized cost or fair value in accordance with the NAIC designations in the statutory basis financial statements, whereas under GAAP, these investments are shown at fair value or amortized cost, respectively;
- Cash and short-term investments in the statutory basis financial statements represent cash balances and investments with original maturities of one year or less from the time of acquisition, whereas under GAAP, the corresponding caption of cash, cash equivalents, and short-term investments includes cash balances and investments that will mature in one year or less from the balance sheet date;
- Cash represents cash held by the Company in disbursement accounts;
- Outstanding checks are required to be netted against cash balances or presented as cash overdrafts if in excess of cash balances in the statutory basis statements of admitted assets, liabilities, and capital and surplus as opposed to being presented as other liabilities under GAAP;
- Short-term investments represent money-market funds and corporate debt securities with a maturity of greater than three months but less than one year at the time of purchase;
- Realized capital gains and losses on sales of investments are calculated based upon specific identification of the investments sold. These gains and losses are reported as net realized capital gains less capital gains tax in the statutory basis statements of operations;
- The Company continually monitors the difference between amortized cost and estimated fair value of its investments. If any of the Company's investments experience a decline in value that the

Company has determined is other-than-temporary, or if the Company has determined it will sell a security that is in an impaired status, the Company will record a realized loss in net realized capital gains less capital gains tax in the statutory basis statements of operations. The new cost basis is not changed for subsequent recoveries in fair value. The prospective adjustment method is utilized for mortgage-backed securities for periods subsequent to the loss recognition. The Company has not recorded any other-than-temporary impairments ("OTTI") for the years ended December 31, 2014 and 2013;

- The statutory basis statements of cash flows reconciles cash and short-term investments with original maturities of one year or less from the time of acquisition; whereas under GAAP, cash flows reconcile the corresponding captions of cash and cash equivalents with maturities of three months or less. Short-term investments with a final maturity of one year or less from the balance sheet date are not included in the reconciliation of GAAP cash flows. The statutory basis statements of cash flows are prepared in accordance with the NAIC Annual Statement Instructions.

#### **Other Assets**

- **Investment Income Due and Accrued** — Investment income earned and due as of the reporting date, in addition to investment income earned but not paid or collected until subsequent periods, is reported as investment income due and accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company evaluates the collectability of the amounts due and amounts determined to be uncollectible are written off in the period in which the determination is made.
- **Uncollected Premiums** — The Company reports uncollected premium balances from its insured members as uncollected premium balances in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Uncollected premium balances that are over 90 days past due, with the exception of amounts due from government insured plans, are considered nonadmitted assets. In addition to those balances, current balances are also considered nonadmitted if the corresponding balance greater than 90 days past due is deemed more than inconsequential.
- **Net Deferred Tax Asset** — Statutory accounting provides for an amount to be recorded for deferred taxes on temporary differences between the financial reporting and tax bases of assets and liabilities, subject to a valuation allowance and admissibility limitations on deferred tax assets (see Note 9). In addition, under statutory accounting, the change in deferred tax assets and liabilities is recorded directly to unassigned surplus and deferred tax assets are subject to a valuation allowance and admissibility limitations of the assets in the statutory basis financial statements, whereas under GAAP, the change in deferred tax assets and liabilities is recorded as a component of the income tax provision within the income statement and is based on the ultimate recoverability of the deferred tax assets. Based on the admissibility criteria under statutory accounting, any deferred tax assets determined to be nonadmitted are charged directly to surplus and excluded from the statutory basis financial statements, whereas under GAAP, such assets are included in the balance sheets.
- **Receivables from Parent, Subsidiaries, and Affiliates, Net** — In the normal course of business, the Company has various transactions with related parties (see Note 10). The Company reports any unsettled amounts due as receivables from parent, subsidiaries, and affiliates, net, in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

#### **LIABILITIES**

- **Claims Unpaid** — Claims unpaid include claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services enrollees have received but for which claims have not yet been submitted, and payments and liabilities for physician, hospital, and other medical costs disputes.

The estimates for incurred but not yet reported claims are developed using an actuarial process that is consistently applied, centrally controlled, and automated. The actuarial models consider factors such as historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The Company estimates such liabilities for physician, hospital, and other medical cost disputes based upon an analysis of potential outcomes, assuming a combination of litigation and settlement strategies. These estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during 2014 and 2013. Management believes the amount of claims unpaid and aggregate health claim reserves is a best estimate for the Company's liability for unpaid claims and aggregate health claim reserves as of December 31, 2014; however, actual payments may differ from those established estimates. Adjustments to claims unpaid estimates and aggregate health claims reserves are reflected in the statutory basis statement of operations in the period in which the change in estimate is identified.

The Company contracts with hospitals, physicians, and other providers of health care under capitated or discounted fee for service arrangements, including a hospital per diem to provide



medical care services to enrollees. Some of these contracts are with related parties (see Note 10). Capitated providers are at risk for the cost of medical care services provided to the Company's enrollees; however, the Company is ultimately responsible for the provision of services to its enrollees should the capitated provider be unable to provide the contracted services.

- **Amounts Due to Parent, Subsidiaries, and Affiliates, Net** — In the normal course of business, the Company has various transactions with related parties (see Note 10). The Company reports any unsettled amounts owed as amounts due to parent, subsidiaries, and affiliates, net, in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

#### **CAPITAL AND SURPLUS AND MINIMUM STATUTORY REQUIREMENTS**

- **Nonadmitted Assets** - Certain assets, including health care receivables are considered nonadmitted assets for statutory purposes and are excluded from the statutory basis statements of admitted assets, liabilities, and capital and surplus and charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheets.
- **Restricted Cash Reserves** — The Company is required by the District of Columbia to maintain a minimum regulatory deposit (currently \$300,000). The Company is in compliance with this requirement as of December 31, 2014 and 2013, respectively. These restricted cash reserves consist principally of government obligations and are stated at amortized cost, which approximates fair value. These reserves are included in bonds in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Interest earned on these deposits accrues to the Company.
- **Minimum Capital and Surplus** — Under the laws of the District of Columbia, the DISB requires the Company to have an initial statutory capital and surplus of \$1,500,000 and shall maintain a minimum capital and surplus equal to the greatest of \$1,000,000, 2% of the first \$150,000,000 of annual premium revenue and 1% of annual premium revenue over \$150,000,000, three months of uncovered health care expenditures, or an amount equal to the sum of 8% of the annual health care expenditures (not including those expenditures paid on a capitated basis or those on a managed hospital plan basis), plus 4% of the annual hospital expenditures paid on a managed hospital payment basis. The minimum capital and surplus requirement is \$1,000,000 and \$5,143,921 for December 31, 2014 and 2013, respectively, which was based on health care expenditures as that produced the highest minimum requirement. The Company has \$6,163,518 and \$16,143,001 in total statutory basis capital and surplus as of December 31, 2014 and 2013, respectively, which is in compliance with the required amount.
- Risk-based capital ("RBC") is a regulatory tool for 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. The DISB requires the Company to maintain minimum capital and surplus equal to the greater of the state statute as outlined above or the company action level as calculated by the RBC formula. The Company has received an exemption from filing the RBC report at December 31, 2014 and was in compliance with the required amount at December 31, 2013.

#### **STATEMENTS OF OPERATIONS**

- **Net Premium Income** — Revenues consist of net premium income that is recognized in the period in which enrollees are entitled to receive health care services. Net premium income is shown net of reinsurance premiums paid and incurred.
- **Total Hospital and Medical Expenses** — Total hospital and medical expenses include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services enrollees have received but for which claims have not yet been submitted, and payments and liabilities for physician, hospital, and other medical costs disputes.
- **General Administrative Expenses** — Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. Costs for items not included within the scope of the management agreement are directly expensed as incurred. Premium taxes and assessments are also a component of general administrative expenses. A detailed review of the administrative expenses of the Company and UHS is performed to determine the allocation between claims adjustment expenses and general administrative expenses to be reported in the statutory basis statements of operations.
- The District of Columbia issued legislation during 2014 effective in 2014 to enact a Health Carrier Assessment to support the operation of the Health Benefit Exchange Authority. The first year of assessment is 1% of the prior year direct premiums for health carriers in the District of Columbia. The Company paid \$1,197,612 based upon 2013 direct written premiums which is recorded as general administrative expenses in the statutory basis statements of operations.



- **Net Investment Income Earned** — Net investment income earned includes investment income collected during the period, as well as the change in investment income due and accrued on the Company's holdings. Amortization of premium or discount on bonds and certain external investment management costs are also included in net investment income earned (see Note 7).
- Comprehensive income and its components are not separately presented in the statutory basis financial statements, whereas under GAAP, it is a requirement to present comprehensive income and its components in the financial statements.

## **REINSURANCE**

- **Reinsurance Ceded** — In the normal course of business, the Company seeks to limit its exposure to loss and to recover a portion of the benefits paid by ceding premium to other insurance enterprises under specific transfer of risk agreements. Effective March 1, 2013, the Company entered into a reinsurance agreement with Unimerica Insurance Company ("Unimerica"), an affiliate, (see Note 10) through which a contractual per member per month ("PMPM") rate of earned Medicaid member premiums and 100% of obligations relating to mental health and substance abuse treatments and services is ceded to the reinsurer. The Company remains primarily liable as the direct insurer on the risks reinsured. Reinsurance premiums paid and reinsurance premium incurred but not paid are deducted from net premium income in the statutory basis financial statements. Pursuant to the reinsurance agreement, any amounts recoverable from the reinsurer for claims paid or estimates of claims incurred but not yet paid are recorded as amounts recoverable from reinsurers and as a reduction to claims unpaid, respectively, in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as net reinsurance recoveries in the statutory basis statements of operations.

## **OTHER**

- **Vulnerability Due to Certain Concentrations** — The Company is subject to substantial federal and state government regulation, including licensing and other requirements relating to the offering of the Company's existing products in new markets and offerings of new products, both of which may restrict the Company's ability to expand its business.

Direct premiums written from the District on behalf of the Department of Health Care Finance ("DHCF") as a percentage of total direct premiums written are 100% as of December 31 2013.

**Recently Issued Accounting Standards** — The Company reviewed all recently issued guidance in 2013 and 2014 that has been adopted for 2014 or subsequent year's implementation and has determined that none of the items would have a significant impact to the statutory basis financial statements.

## **2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS**

No changes in accounting principles have been recorded during the years ended December 31, 2014 and 2013.

## **3. BUSINESS COMBINATIONS AND GOODWILL**

**A–D.** The Company was not party to a business combination during the years ended December 31, 2014 and 2013, and does not carry goodwill in its statutory basis statements of admitted assets, liabilities, and capital and surplus.

## **4. DISCONTINUED OPERATIONS**

**(1–4)** Effective July 1, 2013, the Company's contract with the District to provide health care services to Medicaid and Alliance eligible beneficiaries expired and operations were discontinued. This did not require regulatory approval and the results of the Company's discontinued operations have been reported consistently with the Company's reporting of continued operations. The Company is committed to maintaining adequate operating cash and required capital and surplus levels to fund the run-out of related claims. In addition, the parent company, TRH, is committed to and has the financial resources for the Company to meet all of its financial obligations. In the event of an immediate and material cash demand, capital infusions or subordinated revolving credit loans would be executed to address cash requirements. There are no restrictions which would preclude this from happening in a timely manner.

(5) The amounts related to discontinued operations and the effect on the Company’s statutory basis statements of admitted assets, liabilities, and capital and surplus and statutory basis statement of operations are as follows:

Balance Sheet as of December 31, 2014

|                                       |                           |              |
|---------------------------------------|---------------------------|--------------|
| Assets                                |                           |              |
| a. Line 5                             | Cash                      | \$ 2,654,719 |
| b. Line 28                            | Total                     | 6,362,336    |
| Liabilities, Surplus, and Other Funds |                           |              |
| c. Line 24                            | Total Liabilities         | 198,818      |
| d. Line 33                            | Total Capital and Surplus | 6,163,518    |
| e. Line 34                            | Total                     | \$ 6,362,336 |

Statement of Revenue and Expenses for the Year Ended December 31, 2014

|            |   |              |
|------------|---|--------------|
| f. Line 2  | Premium   | \$ -         |
| g. Line 22 | Increase in aggregate reserves for accident and health (current year less prior year) | -            |
| h. Line 31 | Federal and foreign income taxes incurred   | (204,527)    |
| i. Line 26 | Net realized capital gains (losses)   | 2,408        |
| j. Line 32 | Net (loss)  | \$ (328,701) |

5. INVESTMENTS AND OTHER INVESTED ASSETS

For purposes of calculating gross realized gains and losses on sales of investments, the amortized cost of each investment sold is used. The gross realized gains and losses on sales of long-term investments were \$50,463 and (\$46,358), respectively, for 2014 and \$53,905 and (\$102,721), respectively, for 2013. There were no gross realized gains and losses on sales of short-term investments for 2014 and \$0 and (\$633), respectively, for 2013. The net realized gain is included in net realized capital gains less capital gains tax in the statutory basis statements of operations. Total proceeds on the sale of long-term investments were \$9,594,110 and \$24,253,931 and for short-term investments were \$11,116,767 and \$30,899,703 in 2014 and 2013, respectively.

As of December 31, 2014 and 2013, the amortized cost, fair value, and gross unrealized holding gains and losses of the Company’s investments, excluding cash of \$2,654,719 and \$5,748,600, respectively, are as follows:

|  | 2014                |                                |  |  | Fair Value          |
|--|---------------------|--------------------------------|--|--|---------------------|
|  | Amortized Cost      | Gross Unrealized Holding Gains | Gross Unrealized Holding Losses < 1 year | Gross Unrealized Holding Losses > 1 year |                     |
| U.S. government and agency securities  | \$ 334,929          | \$ 2,100                       | \$ -                                     | \$ -                                     | \$ 337,029          |
| Corporate debt securities              | <u>2,944,017</u>    | <u>-</u>                       | <u>-</u>                                 | <u>-</u>                                 | <u>2,944,017</u>    |
| Total bonds and short-term investments | <u>\$ 3,278,946</u> | <u>\$ 2,100</u>                | <u>\$ -</u>                              | <u>\$ -</u>                              | <u>\$ 3,281,046</u> |

|  | 2014                |                                |  |  | Fair Value          |
|--|---------------------|--------------------------------|--|--|---------------------|
|  | Amortized Cost      | Gross Unrealized Holding Gains | Gross Unrealized Holding Losses < 1 year | Gross Unrealized Holding Losses > 1 year |                     |
| Less than one year                     | \$ 2,944,017        | \$ -                           | \$ -                                     | \$ -                                     | \$ 2,944,017        |
| One to five years                      | <u>334,929</u>      | <u>2,100</u>                   | <u>-</u>                                 | <u>-</u>                                 | <u>337,029</u>      |
| Total bonds and short-term investments | <u>\$ 3,278,946</u> | <u>\$ 2,100</u>                | <u>\$ -</u>                              | <u>\$ -</u>                              | <u>\$ 3,281,046</u> |

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Unison Health Plan of the Capital Area, Inc.

|  | 2013                 |                                |  |  |                      |
|--|----------------------|--------------------------------|--|--|----------------------|
|  | Amortized Cost       | Gross Unrealized Holding Gains | Gross Unrealized Holding Losses < 1 year | Gross Unrealized Holding Losses > 1 year | Fair Value           |
| U.S. government and agency securities  | \$ 4,530,413         | \$ 3,103                       | \$ (26,591)                              | \$ (14,151)                              | \$ 4,492,774         |
| City and county municipalities         | 450,000              | -                              | -  | -  | 450,000              |
| Corporate debt securities              | 5,547,618            | 24,696                         | (20,680)                                 | -  | 5,551,634            |
| Money-market funds                     | <u>3,050,468</u>     | <u>-</u>                       | <u>-</u>                                 | <u>-</u>                                 | <u>3,050,468</u>     |
| Total bonds and short-term investments | <u>\$ 13,578,499</u> | <u>\$ 27,799</u>               | <u>\$ (47,271)</u>                       | <u>\$ (14,151)</u>                       | <u>\$ 13,544,876</u> |

There were no unrealized holding losses where the individual securities have been in a continuous unrealized loss position as of December 31, 2014. The following table illustrates the fair value and gross unrealized holding losses, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of December 31, 2013:

|  | 2013                |                                 |                   |                                 |                     |                                 |
|--|---------------------|---------------------------------|-------------------|---------------------------------|---------------------|---------------------------------|
|  | < 1 year            |                                 | > 1 year          |                                 | Total               |                                 |
|  | Fair Value          | Gross Unrealized Holding Losses | Fair Value        | Gross Unrealized Holding Losses | Fair Value          | Gross Unrealized Holding Losses |
| U.S. government and agency securities  | \$ 2,438,082        | \$ (26,591)                     | \$ 320,693        | \$ (14,151)                     | \$ 2,758,774        | \$ (40,742)                     |
| Corporate debt securities              | <u>2,046,856</u>    | <u>(20,680)</u>                 | <u>-</u>          | <u>-</u>                        | <u>2,046,856</u>    | <u>(20,680)</u>                 |
| Total bonds and short-term investments | <u>\$ 4,484,938</u> | <u>\$ (47,271)</u>              | <u>\$ 320,693</u> | <u>\$ (14,151)</u>              | <u>\$ 4,805,630</u> | <u>\$ (61,422)</u>              |

The unrealized losses on investments in U.S. government and agency securities and corporate debt securities at December 31, 2013, were mainly caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities. The Company evaluates impairment at each reporting period for each of the securities whereby the fair value of the investment is less than its amortized cost. The contractual cash flows of the U.S. government and agency obligations are either guaranteed by the U.S. government or an agency of the U.S. government. It is expected that the securities would not be settled at a price less than the cost of the investment, and the Company does not intend to sell the investment until the unrealized loss is fully recovered. The Company evaluated the credit ratings of the municipalities and local agency obligations and corporate obligations, noting whether a significant deterioration since purchase or other factors that may indicate an OTTI, such as the length of time and extent to which fair value has been less than cost, the financial condition, and near-term prospects of the issuer as well as specific events or circumstances that may influence the operations of the issuer and the Company's intent to sell the investment. Additionally, the Company evaluated its intent and ability to retain mortgage-backed securities for a period of time sufficient to recover the amortized cost. As a result of these reviews, no OTTI was recorded by the Company as of December 31, 2014 and 2013, respectively.

**A–C.** The Company has no mortgage loans, real estate loans, restructured debt, or reverse mortgages. The Company also has no real estate property occupied by the Company, real estate property held for the production of income, or real estate property held for sale.

**D. Loan-Backed Securities**

- (1) U.S. government and agency securities and corporate debt securities include mortgage-backed securities, which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of mortgage-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors.
- (2) The Company did not recognize any OTTI on mortgage-backed securities as of December 31, 2014 and 2013.
- (3) The Company did not have any mortgage-backed securities with an OTTI to report by CUSIP as of December 31, 2014 or 2013.

- (4) The following table illustrates the fair value, gross unrealized losses, and length of time that the mortgage-backed securities have been in a continuous unrealized loss position as of December 31, 2014 and 2013:

|  | 2014        |
|--|-------------|
| The aggregate amount of unrealized losses:                             |             |
| 1. Less than 12 months   | \$ -        |
| 2. 12 Months or Longer   | \$ -        |
| The aggregate related fair value of securities with unrealized losses: |             |
| 1. Less than 12 months   | \$ -        |
| 2. 12 Months or longer   | \$ -        |
|  | 2013        |
| The aggregate amount of unrealized losses:                             |             |
| 1. Less than 12 months   | \$ (17,445) |
| 2. 12 Months or Longer   | \$ (14,151) |
| The aggregate related fair value of securities with unrealized losses: |             |
| 1. Less than 12 months   | \$ 863,088  |
| 2. 12 Months or Longer   | \$ 320,693  |

- (5) The Company believes that it will collect all principal and interest due on all investments that have an amortized cost in excess of fair value. The unrealized losses as of December 31, 2014 were primarily caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities.

- E. Repurchase Agreements and/or Securities Lending Transactions — Not applicable.
- F. Real Estate — Not applicable.
- G. Low-Income Housing Tax Credits — Not applicable

H. Restricted Assets

a. Restricted assets – including pledged as of December 31, 2014 and 2013:

|  | 1   | 2   | 3                                      | 4   | 5  | 6  |
|--|---|---|--|---|--|--|
|  | Total Gross<br>Restricted<br>from Current<br>Year | Total Gross<br>Restricted<br>from Prior<br>Year | Increase/<br>(Decrease)<br>(1 minus 2) | Total<br>Current Year<br>Admitted<br>Restricted | Percentage<br>Gross<br>Restricted to<br>Total Assets | Percentage<br>Admitted<br>Restricted to<br>Total<br>Admitted<br>Assets |
| Restricted Asset Category  |   |   |  |   |  |  |
| a. Subject to contractual obligation for which liability is not shown              | \$ -  | \$ -  | \$ -                                   | \$ -  | 0%   | 0%   |
| b. Collateral held under security lending agreements                               | -   | -   | -                                      | -   | 0%   | 0%   |
| c. Subject to repurchase agreements  | -   | -   | -                                      | -   | 0%   | 0%   |
| d. Subject to reverse repurchase agreements  | -   | -   | -                                      | -   | 0%   | 0%   |
| e. Subject to dollar repurchase agreements   | -   | -   | -                                      | -   | 0%   | 0%   |
| f. Subject to dollar reverse repurchase agreements                                 | -   | -   | -                                      | -   | 0%   | 0%   |
| g. Placed under option contracts   | -   | -   | -                                      | -   | 0%   | 0%   |
| h. Letter stock or securities restricted as to sale - excluding FHLB capital stock | -   | -   | -                                      | -   | 0%   | 0%   |
| i. FHLB capital stock  | -   | -   | -                                      | -   | 0%   | 0%   |
| j. On deposit with state   | \$ 334,929  | \$ 342,101                                      | \$ (7,172)                             | \$ 334,929                                      | 5%   | 5%   |
| k. On deposit with other regulatory bodies   | -   | -   | -                                      | -   | 0%   | 0%   |
| l. Pledged as collateral to FHLB (including assets backing funding agreements)     | -   | -   | -                                      | -   | 0%   | 0%   |
| m. Pledged as collateral not captured in other categories                          | -   | -   | -                                      | -   | 0%   | 0%   |
| n. Other restricted assets   | -   | -   | -                                      | -   | 0%   | 0%   |
| o. Total Restricted Assets   | <u>\$ 334,929</u>                                 | <u>\$ 342,101</u>                               | <u>\$ (7,172)</u>                      | <u>\$ 334,929</u>                               | <u>0%</u>  | <u>0%</u>  |

(2-3) The Company has no assets pledged as collateral not captured in other categories and no other restricted assets as of December 31, 2014 or 2013.

I. Working Capital Finance Investments — Not applicable.

J. Offsetting and Netting of Assets and Liabilities

The Company does not have any offsetting or netting of assets and liabilities as it relates to derivatives, repurchase and reverse repurchase agreements, and securities borrowing and securities lending activities.

K. Structured Notes

The Company does not have any structured notes.

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

A–B. The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of admitted assets and did not recognize any impairment write-down for its investments in joint ventures, partnerships, and limited liability companies during the statement periods.

7. INVESTMENT INCOME

A. The Company has admitted all investment income due and accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

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The components of net investment income earned as of December 31, 2014 and 2013 are as follows:

|                                       | 2014             | 2013              |
|---------------------------------------|------------------|-------------------|
| Bonds                                 | \$ 52,386        | \$ 273,886        |
| Cash and short-term investments       | <u>1,385</u>     | <u>5,216</u>      |
| Total investment income earned        | 53,771           | 279,102           |
| Expenses — investment management fees | <u>(5,482)</u>   | <u>(24,415)</u>   |
| Net investment income earned          | <u>\$ 48,289</u> | <u>\$ 254,687</u> |

B. There were no investment income amounts excluded from the statutory basis financial statements.

8. DERIVATIVE INSTRUMENTS

A–F. The Company has no derivative instruments.

9. INCOME TAXES

A. Deferred Tax Asset/Liability

(1) The components of the net deferred tax asset at December 31, 2014 and 2013, are as follows:

|   | 2014            |             |                 | 2013              |             |                   | Change              |             |                     |
|---|-----------------|-------------|-----------------|-------------------|-------------|-------------------|---------------------|-------------|---------------------|
|   | 1               | 2           | 3               | 4                 | 5           | 6                 | 7                   | 8           | 9                   |
|   | Ordinary        | Capital     | (Col 1+2)       | Ordinary          | Capital     | (Col 4+5)         | (Col 1-4)           | (Col 2-5)   | (Col 7+8)           |
|   |                 |             | Total           |                   |             | Total             | Ordinary            | Capital     | Total               |
| (a) Gross deferred tax assets   | \$ 3,497        | \$ -        | \$ 3,497        | \$ 217,548        | \$ 1        | \$ 217,549        | \$ (214,051)        | \$ (1)      | \$ (214,052)        |
| (b) Statutory valuation allowance adjustments                             | -               | -           | -               | -                 | 1           | 1                 | -                   | (1)         | (1)                 |
| (c) Adjusted gross deferred tax assets (1a–1b)                            | 3,497           | -           | 3,497           | 217,548           | -           | 217,548           | (214,051)           | -           | (214,051)           |
| (d) Deferred tax assets nonadmitted                                       | -               | -           | -               | -                 | -           | -                 | -                   | -           | -                   |
| (e) Subtotal net admitted deferred tax asset (1c–1d)                      | 3,497           | -           | 3,497           | 217,548           | -           | 217,548           | (214,051)           | (1)         | (214,051)           |
| (f) Deferred tax liabilities  | -               | -           | -               | 179               | -           | 179               | (179)               | -           | (179)               |
| (g) Net admitted deferred tax asset/ (net deferred tax liability) (1e–1f) | <u>\$ 3,497</u> | <u>\$ -</u> | <u>\$ 3,497</u> | <u>\$ 217,369</u> | <u>\$ -</u> | <u>\$ 217,369</u> | <u>\$ (213,872)</u> | <u>\$ -</u> | <u>\$ (213,872)</u> |

(2) The components of the adjusted gross deferred tax assets admissibility calculation under SSAP No. 101, *Income Taxes — A Replacement of SSAP No. 10R and SSAP No. 10*, are as follows:

| Admission Calculation<br>Components SSAP No. 101   | 2014            |              |                         | 2013              |              |                         | Change                |                      |                    |
|--|-----------------|--------------|-------------------------|-------------------|--------------|-------------------------|-----------------------|----------------------|--------------------|
|  | 1<br>Ordinary   | 2<br>Capital | 3<br>(Col 1+2)<br>Total | 4<br>Ordinary     | 5<br>Capital | 6<br>(Col 4+5)<br>Total | (Col 1-4)<br>Ordinary | (Col 2-5)<br>Capital | (Col 7+8)<br>Total |
| (a) Federal income taxes paid in prior years recoverable through loss carrybacks   | \$ 3,497        | \$ -         | \$ 3,497                | \$ 217,549        | \$ -         | \$ 217,549              | \$(214,052)           | \$ -                 | \$(214,052)        |
| (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.<br>(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          | 924,003                 | XXX               | XXX          | 2,388,845               | 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>\$ 3,497</u> | <u>\$ -</u>  | <u>\$ 3,497</u>         | <u>\$ 217,549</u> | <u>\$ -</u>  | <u>\$ 217,549</u>       | <u>\$(214,052)</u>    | <u>\$ -</u>          | <u>\$(214,052)</u> |

(3) The ratio percentage and adjusted capital and surplus used to determine the recovery period and threshold limitations for the admission calculation are presented below:

|  | 2014 | 2013      |
|--|------|-----------|
| (a) Ratio percentage used to determine recovery period and threshold limitation amount                                 | - %  | 423 %     |
| (b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)(2) above | \$ - | \$ 15,926 |

(4) There was no impact to the gross deferred tax assets as a result of tax-planning strategies.

B. Unrecognized Deferred Tax Liabilities

(1–4) There are no unrecognized deferred tax liabilities.

C. Significant Components of Income Taxes

(1) The current federal income taxes incurred for the years ended December 31, 2014 and 2013 are as follows:

|   | 1<br>2014           | 2<br>2013           | 3<br>(Col 1-2)<br>Change |
|---|---------------------|---------------------|--------------------------|
| 1. Current income tax                               |                     |                     |                          |
| (a) Federal   | \$ (204,527)        | \$ 5,849,046        | \$ (6,053,573)           |
| (b) Foreign   | -                   | -                   | -                        |
| (c) Subtotal  | (204,527)           | 5,849,046           | (6,053,573)              |
| (d) Federal income tax on net capital gains         | 1,698               | (15,742)            | 17,440                   |
| (e) Utilization of capital loss carryforwards       | -                   | -                   | -                        |
| (f) Other   | -                   | -                   | -                        |
| (g) Total federal and foreign income taxes incurred | <u>\$ (202,829)</u> | <u>\$ 5,833,304</u> | <u>\$ (6,036,133)</u>    |

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(2-4) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 2014 and 2013, are as follows:

|   | 1        | 2          | 3                   |
|---|----------|------------|---------------------|
|   | 2014     | 2013       | (Col 1-2)<br>Change |
| 2. Deferred tax assets:   |          |            |                     |
| (a) Ordinary  |          |            |                     |
| (1) Discounting of unpaid losses                                  | \$ 42    | \$ 17,012  | \$ (16,970)         |
| (2) Unearned premium reserve                                      | -        | -          | -                   |
| (3) Policyholder reserves   | -        | -          | -                   |
| (4) Investments   | -        | -          | -                   |
| (5) Deferred acquisition costs                                    | -        | -          | -                   |
| (6) Policyholder dividends accrual                                | -        | -          | -                   |
| (7) Fixed assets  | -        | -          | -                   |
| (8) Compensation and benefits accrual                             | -        | -          | -                   |
| (9) Pension accrual   | -        | -          | -                   |
| (10) Receivables - nonadmitted                                    | 3,455    | 200,537    | (197,082)           |
| (11) Net operating loss carryforward                              | -        | -          | -                   |
| (12) Tax credit carryforward                                      | -        | -          | -                   |
| (13) Other (including items <5% of total ordinary tax assets)     | -        | -          | -                   |
| (99) Subtotal   | 3,497    | 217,549    | (214,052)           |
| (b) Statutory valuation allowance adjustment                      | -        | 1          | (1)                 |
| (c) Nonadmitted   | -        | -          | -                   |
| (d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)        | 3,497    | 217,548    | (214,051)           |
| (e) Capital   |          |            |                     |
| (1) Investments   | -        | -          | -                   |
| (2) Net capital loss carryforward                                 | -        | -          | -                   |
| (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)                        | 3,497    | 217,548    | (214,051)           |
| 3. Deferred tax liabilities:                                      |          |            |                     |
| (a) Ordinary  |          |            |                     |
| (1) Investments   | -        | 179        | (179)               |
| (2) Fixed assets  | -        | -          | -                   |
| (3) Deferred and uncollected premium                              | -        | -          | -                   |
| (4) Policyholder reserves   | -        | -          | -                   |
| (5) Other (including items <5% of total ordinary tax liabilities) | -        | -          | -                   |
| (99) Subtotal   | -        | 179        | (179)               |
| (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)                        | -        | 179        | (179)               |
| 4. Net deferred tax assets/liabilities (2i - 3c)                  | \$ 3,497 | \$ 217,369 | \$ (213,872)        |

The Company assessed the potential realization of the gross deferred tax asset and as a result no statutory valuation allowance was required and no allowance was established as of December 31, 2014 and 2013.



- D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 35% to net (loss) income before federal income taxes, plus capital gains tax/less capital gains tax (benefit). A summarization of the significant items causing this difference as of December 31, 2014 and 2013 are as follows:

|   | 2014             | 2013                |
|---|------------------|---------------------|
| Tax provision at the federal statutory rate | \$ (186,036)     | \$ 6,015,938        |
| Tax-exempt interest                         | -                | (21,989)            |
| Change in statutory valuation allowance     | (1)              | (383,706)           |
| Tax effect of nonadmitted assets            | <u>197,082</u>   | <u>5,601</u>        |
| Total statutory income taxes                | <u>\$ 11,045</u> | <u>\$ 5,615,844</u> |
| Federal income taxes incurred               | \$ (204,527)     | \$ 5,849,046        |
| Capital gains tax                           | 1,698            | (15,742)            |
| Change in net deferred income tax           | <u>213,874</u>   | <u>(217,460)</u>    |
| Total statutory income taxes                | <u>\$ 11,045</u> | <u>\$ 5,615,844</u> |

- E. At December 31, 2014, the Company had no net operating loss carryforwards.

Current federal income taxes recoverable of \$397,827 and \$1,976,696 as of December 31, 2014 and 2013, respectively, are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Federal income taxes recovered (paid), net of refunds were \$1,781,696 and (\$8,405,058) in 2014 and 2013, respectively.

Federal income taxes incurred of \$0 and \$5,833,304 for 2014 and 2013, respectively, are available for recoupment in the event of future net losses.

The Company has not admitted any aggregate amounts of deposits that are included within Section 6603 ("Deposits made to suspend running of interest on potential underpayments, etc.") of the Internal Revenue Service Code ("IRS").

- F. The Company is included in the consolidated federal income tax return with its ultimate parent, UnitedHealth Group. The entities included within the consolidated return are included in NAIC Statutory Statement Schedule Y — Information Concerning Activities of Insurer Members Of A Holding Company Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The IRS has completed exams on UnitedHealth Group's consolidated income tax returns for fiscal years 2013 and prior. UnitedHealth Group's 2014 tax return is under advance review by the IRS under its Compliance Assurance Program. With the exception of a few states, UnitedHealth Group is no longer subject to income tax examinations prior to 2007 in major state and foreign jurisdictions. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

- G. **Tax Contingencies** — Not applicable.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

A–L. **Material Related Party Transactions**

Pursuant to the terms of a Management Agreement (the "Agreement"), UHS will provide management services to the Company under a fee structure, which is based on a percentage of premium charge representing UHS' expenses for services or use of assets provided to the Company. These services may include, but are not limited to, integrated personal health management solutions, such as disease management, treatment decision support, and wellness services, including a 24-hour call-in service, access to a network of transplant providers, and discount program services. Management fees under this arrangement totaled \$0 and \$11,658,869 in 2014 and 2013, respectively, and are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations. Direct expenses not covered under the Agreement, such as audit fees, legal fees, DISB exam fees, and premium taxes and assessments, are paid by UHS on behalf of the Company. UHS is reimbursed by the Company for these direct expenses.

Management believes that its transactions with affiliates are fair and reasonable; however, operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

The Company expensed as hospital and medical expenses, general administrative expenses, and claims adjustment expenses \$0 and \$448,703 in capitation fees to related parties during 2013, respectively. UHS' subsidiaries and divisions provide various services to enrollees of the Company during the year. OptumHealth Care Solutions, Inc. provides chiropractic, physical therapy and complex medical conditions services. United Behavioral Health provides mental health and substance abuse services.

The capitation expenses, administrative services, and access fees paid to related parties, that are included as hospital and medical expenses, general administrative expenses, and claims adjustment expenses in the statutory basis statements of operations for the year ended December 31, 2013, are shown below:

|                                  | 2013              |
|----------------------------------|-------------------|
| United Behavioral Health         | 414,676           |
| OptumHealth Care Solutions, Inc. | <u>34,027</u>     |
| Total                            | <u>\$ 448,703</u> |

The Company contracts with OptumRx to provide administrative services related to pharmacy management and pharmacy claims processing for its enrollees. Fees (recoveries) related to these agreements, which are calculated on a per-claim basis, of (\$13,100) and \$357,627 in 2014 and 2013, respectively, are included in general administrative expenses and claims adjustment expenses in the statutory basis statements of operations.

Effective January 1, 2013 the Company has an agreement with OptumInsight, Inc., an affiliate of the Company, for claim analytics, recovery of medical expense overpayments, retroactive fraud, waste and abuse, subrogation and premium audit services. All recoveries are returned to the Company by OptumInsight, Inc. on a monthly basis and a capitated service fee is charged to the Company as a PMPM. Service fees of \$113,024 are included in claims adjustment expenses and general administrative expenses in the statutory basis statements of operations for the years ended December 31, 2013, respectively.

Effective March 1, 2013 the Company entered into a reinsurance agreement with an affiliated entity, Unimerica, to cede obligations relating to physical health and mental health treatments and services. The agreement has been approved by the DISB.

The Company holds a \$10,000,000 subordinated revolving credit agreement with UnitedHealth Group at an interest rate of London InterBank Offered Rate ("LIBOR") plus a margin of 0.50%. This credit agreement is subordinate to the extent it does not conflict with any credit facility held by either party. The credit agreement is for a one-year term and automatically renews annually, unless terminated by either party. No amounts were outstanding under the line of credit as of December 31, 2014 and 2013.

At December 31, 2014 the Company reported \$25,678 as receivables from parent, subsidiaries, and affiliates. At December 31, 2013 the Company reported \$345,736, as amounts due to parent, subsidiaries, and affiliates, which are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. These balances are generally settled within 90 days from the incurred date. Any balances due to the Company that are not settled within 90 days are considered nonadmitted assets.

The Company has entered into a Tax Sharing Agreement with UnitedHealth Group (see Note 9).

The Company paid a \$10,000,000 and \$25,000,000 extraordinary return of capital in June 20, 2014 and December 27, 2013, respectively, to its parent (see Note 13).

The Company does not have any amount deducted from the value of an upstream intermediate entity or ultimate parent owned, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated entity.

The Company does not have any investments in a subsidiary, controlled, or affiliated entity that exceeds 10% of admitted assets.

The Company does not have any investments in impaired subsidiary, controlled, or affiliated entities.

The Company does not have any investments in foreign insurance subsidiaries.

The Company does not hold any investments in a downstream noninsurance holding company.

The Company has not extended any guarantees or undertakings for the benefit of an affiliate or related party.

11. DEBT

A–B. The Company had no outstanding debt with third parties or outstanding federal home loan bank agreements during 2014 and 2013.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES, AND OTHER POSTRETIREMENT BENEFIT PLANS

A–I. The Company has no defined benefit plans, defined contribution plans, multiemployer plans, consolidated/holding company plans, postemployment benefits, or compensated absences plans and is not impacted by the Medicare Modernization Act on postretirement benefits, since all personnel are employees of UHS, which provides services to the Company under the terms of a management agreement (see Note 10).

13. CAPITAL AND SURPLUS, SHAREHOLDERS’ DIVIDEND RESTRICTIONS, AND QUASI-REORGANIZATIONS

- (1–2) The Company has 10,000 shares authorized and 1,000 shares issued and outstanding of \$1 stated value common stock. The Company has no preferred stock outstanding. All issued and outstanding shares of common stock are held by the Company’s parent, TRH.
- (3) Under the laws of the District of Columbia, each registered insurer shall report to the Commissioner of the DISB all dividends and other distributions to shareholders within 15 business days following the declaration thereof. An extraordinary dividend or other extraordinary distribution to its shareholders cannot be made until (i) 30 days after the Mayor of the District of Columbia (“Mayor”) has received notice of the declaration and has not within this period disapproved such payment, or (ii) the Mayor shall have approved the payment within the 30-day period. An extraordinary dividend or distribution includes any dividend or distribution of cash or other property, whose fair market value together with that of other dividends or distributions made within the preceding 12 months, exceeds the lesser of (i) 10% of such insurer’s surplus as regards policyholders as of the 31st day of December of the preceding year, or (ii) net income, not including realized capital gains, for the 12-month period ending the 31st day of December of the preceding year, but shall not include pro rata distributions of any class of the insurer’s own securities. In determining whether a dividend or distribution is extraordinary, an insurer may carryforward net income from the previous two calendar years that has not already been paid out as dividends. The carryforward shall be computed by taking the net income from the second and third preceding calendar years, not including realized capital gains, less dividends paid in the second and immediate preceding calendar years
- (4) The Company paid a \$10,000,000 and \$25,000,000 extraordinary return of capital in June 20, 2014 and December 27, 2013, respectively, to its parent, TRH, which was approved by the DISB and recorded as a reduction to gross paid-in and contributed surplus in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company did not receive any capital infusions during 2014 or 2013.
- (5) The amount of ordinary dividends that may be paid out during any given period are subject to certain restrictions as specified by state statute.
- (6) There are no restrictions placed on the Company’s unassigned deficit.
- (7) The Company is not a mutual reciprocal or a similarly organized entity and does not have advances to surplus not repaid.
- (8) The Company does not hold any stock, including stock of affiliated companies for special purposes, such as conversion of preferred stock, employee stock options, or stock purchase warrants.
- (9) The Company does not have any special surplus funds.
- (10) The portion of unassigned deficit represented (or reduced) by each item below is as follows:

|                           | 2014              | 2013                | Change            |
|---------------------------|-------------------|---------------------|-------------------|
| Net deferred income taxes | \$ 3,497          | \$ 217,369          | \$ (213,872)      |
| Nonadmitted assets        | <u>(9,870)</u>    | <u>(572,962)</u>    | <u>563,092</u>    |
| Total                     | <u>\$ (6,373)</u> | <u>\$ (355,593)</u> | <u>\$ 349,220</u> |

(11-13) The Company does not have any outstanding surplus notes and has never been a party to a quasi-reorganization.

#### 14. LIABILITIES, CONTINGENCIES and ASSESSMENTS

##### A. Contingent Commitments

The Company has no contingent commitments.

##### B. Assessments

The Company is not aware of any assessments, potential or accrued, that could have a material financial effect on the operations of the entity.

##### C. Gain Contingencies

The Company is not aware of any gain contingencies that should be disclosed in the statutory basis financial statements.

##### D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits — Not applicable.

##### E. Joint and Several Liabilities — Not applicable.

##### F. All Other Contingences

Because of the nature of its businesses, the Company is frequently made party to a variety of legal actions and regulatory inquiries, including class actions and suits brought by members, care providers, consumer advocacy organizations, customers and regulators, relating to the Company's businesses, including management and administration of health benefit plans and other services.

The Company records liabilities for its estimates of probable costs resulting from these matters where appropriate. Estimates of costs resulting from legal and regulatory matters involving the Company are inherently difficult to predict, particularly where the matters: involve indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or represent a shift in regulatory policy; involve a large number of claimants or regulatory bodies; are in the early stages of the proceedings; or could result in a change in business practices. Accordingly, the Company is often unable to estimate the losses or ranges of losses for those matters where there is a reasonable possibility or it is probable that a loss may be incurred. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect on the statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

The Company's business is regulated at the federal, state, and local levels. The laws and rules governing the Company's business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Further, the Company must obtain and maintain regulatory approvals to market and sell many of its products.

Health Reform Legislation and the related federal and state regulations will continue to impact how the Company does business and could restrict revenue and enrollment growth in certain products and market segments, restrict premium growth rates for certain products and market segments, increase the Company's medical and administrative costs, expose the Company to an increased risk of liability (including increasing the Company's liability in federal and state courts for coverage determinations and contract interpretation), or put the Company at risk for loss of business. In addition, the Company's statutory basis results of operations, financial condition, and cash flows could be materially adversely affected by such changes. The Health Reform Legislation may create new or expand existing opportunities for business growth, but due to its complexity, the long term impact of the Health Reform Legislation remains difficult to predict and is not yet fully known.

The Company routinely evaluates the collectability of all receivable amounts included within the statutory basis statements of admitted assets, liabilities, and capital and surplus. Impairment reserves are established for those amounts where collectability is uncertain. Based on the Company's past experience, exposure related to uncollectible balances and the potential of loss for those balances not currently reserved for is not material to the Company's statutory basis financial condition.

There are no assets the Company considers impaired.

#### 15. LEASES

**A–B.** According to the management agreement between the Company and UHS (see Note 10), operating leases for the rental of office facilities and equipment are the responsibility of UHS. Fees associated with the lease agreements are included as a component of the Company's management fee.



**16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK**

(1–4) The Company does not hold any financial instruments with off-balance-sheet risk or concentrations of credit risk.

**17. SALE, TRANSFER, AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES**

A–C. The Company did not participate in any transfer of receivables, financial assets, or wash sales.

**18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS**

A–B. The Company has no operations from Administrative Services Only Contracts or Administrative Services Contract in 2014 and 2013.

C. Pursuant to the Health Reform Legislation, effective for calendar years 2014 and 2013, the state has elected to administer the additional primary care physicians (“PCP”) funds through non-risk reconciled payments for enhanced rates model (see Note 21). Under this model, the state’s capitation rate is not inclusive of the enhanced rate. The Company is reimbursed at agreed upon intervals for all of the enhanced payment amounts in the determined period. There is no risk to the Company because any excess or shortfall is 100% remitted or received back from the state. The Company recorded a payable in liability for amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus of \$0 and \$47,081 as of December 31, 2014 and 2013 respectively, for cost reimbursements and payments to providers under this program.

**19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD-PARTY ADMINISTRATORS**

The Company did not have any direct premiums written or produced by managing general agents or third-party administrators in 2014 and 2013.

**20. FAIR VALUE MEASUREMENT**

The NAIC SAP defines fair value, establishes a framework for measuring fair value, and outlines the disclosure requirements related to fair value measurements. The fair value hierarchy is as follows:

*Level 1* — Quoted (unadjusted) prices for identical assets in active markets.

*Level 2* — Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.);
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc.);
- Inputs that are derived principally from or corroborated by other observable market data.

*Level 3* — Unobservable inputs that cannot be corroborated by observable market data.

The estimated fair values of bonds and short-term investments are based on quoted market prices, where available. The Company obtains one price for each security, primarily from a third-party pricing service (“pricing service”), which generally uses quoted prices or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, non-binding broker quotes, benchmark yields, credit spreads, default rates, and prepayment speeds. As the Company is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the Company compares the prices received from the pricing service to a secondary pricing source, prices reported by its custodian, its investment consultant, and third-party investment advisors. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to test the reasonableness of the reported prices. The Company’s internal price verification procedures and review of fair value methodology documentation provided by independent pricing services have not historically resulted in an adjustment in the prices obtained from the pricing service.

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest-level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

A. Fair Value

(1–5) The Company does not have any financial assets that are measured and reported at fair value on the statutory basis statements of admitted assets, liabilities, and capital and surplus at December 31, 2014 and 2013.

B. Fair Value Combination — Not applicable.

C. Aggregate Fair Value Hierarchy

The aggregate fair value by hierarchy of all financial instruments as of December 31, 2014 and 2013 is presented in the table below:

| Types of<br>Financial Investment       | 2014                    |                    |            |           |           | Not<br>Practical<br>Carrying<br>Value |
|--|-------------------------|--------------------|------------|-----------|-----------|---------------------------------------|
|  | Aggregate<br>Fair Value | Admitted<br>Assets | (Level 1)  | (Level 2) | (Level 3) |                                       |
| U.S. government and agency securities  | \$ 337,029              | \$ 334,929         | \$ 337,029 | \$ -      | \$ -      | \$ -                                  |
| Money-market funds                     | 2,944,017               | 2,944,017          | 2,944,017  | -         | -         | -                                     |
| Total bonds and short-term investments | 3,281,046               | 3,278,946          | 3,281,046  | \$ -      | \$ -      | \$ -                                  |

| Types of<br>Financial Investment       | 2013                    |                    |             |             |           | Not<br>Practical<br>Carrying<br>Value |
|--|-------------------------|--------------------|-------------|-------------|-----------|---------------------------------------|
|  | Aggregate<br>Fair Value | Admitted<br>Assets | (Level 1)   | (Level 2)   | (Level 3) |                                       |
| U.S. government and agency securities  | \$4,492,773             | \$4,530,413        | \$2,050,423 | \$2,442,350 | \$ -      | \$ -                                  |
| City and county municipalities         | 450,000                 | 450,000            | -           | 450,000     | -         | -                                     |
| Corporate debt securities              | 5,551,634               | 5,547,618          | -           | 5,551,634   | -         | -                                     |
| Money-market funds                     | 3,050,468               | 3,050,468          | 3,050,468   | -           | -         | -                                     |
| Total bonds and short-term investments | 13,544,875              | 13,578,499         | 5,100,891   | 8,443,984   | \$ -      | \$ -                                  |

Included as Level 1 in U.S. government and agency securities in the fair value hierarchy table above are U.S. Treasury securities of \$337,029 and \$2,050,423 as of December 31, 2014 and December 31, 2013, respectively.

There are no commercial paper investments included in corporate debt securities in the fair value hierarchy table as of December 31, 2014 and 2013.

D. Not Practicable to Estimate Fair Value — Not applicable.

21. OTHER ITEMS

Effective for calendar years 2013 the ACA has mandated that certain practicing primary care physicians (“PCPs”) are eligible to receive increased payments for specified primary care services provided to Medicaid eligible individuals. This is to encourage PCPs to serve the Medicaid population.

ACA requires that the managed care organizations (“MCO’s”) reimburse PCPs at a rate of no less than 100 percent of Medicare fee schedule rates for specified services. The federal government will finance the difference between the state Medicaid fee schedule rate and the corresponding Medicare fee schedule rate (“enhanced rate payment”) during calendar year 2013. The state will in turn fund the enhanced rate payments to the MCO’s as part of an enhanced Medicaid capitation monthly premium or as a lump sum payment of the rate differential, depending on the model selected by each state and approved by CMS.

- A. The Company did not encounter any extraordinary items for the years ended December 31, 2014 or 2013.
- B. The Company has no troubled debt restructurings as of December 31, 2014 or 2013.
- C. The Company does not have any amounts not recorded in the statutory basis financial statements that represent segregated funds held for others. The Company also does not have any exposures related to forward commitments.
- D. The Company has not received any business interruption insurance recoveries during 2014 and 2013.
- E. The Company has no transferrable or non-transferable state tax credits.

F. Sub-Prime Mortgage-Related Risk Exposure

- (1) The investment policy for the Company limits investments in asset-backed securities, which includes sub-prime issuers. Further, the policy limits investments in private-issuer mortgage securities to 10% of the portfolio, which also includes sub-prime issuers. The exposure to unrealized losses on sub-prime issuers is due to changes in market prices. There are no realized losses due to not receiving anticipated cash flows. The investments covered are rated NAIC rating of 1 or 2.
- (2) The Company has no direct exposure through investments in subprime mortgage loans.
- (3) The Company has no direct exposure through other investments.
- (4) The Company has no underwriting exposure to sub-prime mortgage risk through mortgage guaranty or financial guaranty insurance coverage.

G. The Company does not have any retained asset accounts for beneficiaries.

22. SUBSEQUENT EVENTS

TYPE I – Recognized Subsequent Events:

Subsequent events have been evaluated through February 27, 2015, which is the date these statutory basis financial statements were available for issuance.

There are no events subsequent to December 31, 2014, that require disclosure.

TYPE II – Nonrecognized Subsequent Events:

Subsequent events have been evaluated through February 27, 2015, which is the date these statutory basis financial statements were available for issuance.

On January 1, 2015, the Company will not be subject to the annual fee under section 9010 of the ACA. This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity’s net premiums written during the preceding calendar year to the amount of the health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity’s portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, of the year the fee is due. As of December 31, 2014, the Company has not written health insurance and therefore has no health insurance industry fee payable on September 30,2015.

|  | Current Year   | Prior Year |
|--|----------------|------------|
| A. ACA fee assessment payable for the upcoming year  | \$ -           | \$ -       |
| B. ACA fee assessment paid   | \$ -           | \$ -       |
| C. Premium written subject to ACA 9010 assessment  | \$ -           | \$ -       |
| D. Total Adjusted Capital before surplus adjustment  | \$ 6,163,518   |            |
| E. Authorized Control Level before surplus adjustment  | \$ -           |            |
| F. Total Adjusted Capital after surplus adjustment   | \$ 6,163,518   |            |
| G. Authorized Control Level after surplus adjustment   | \$ -           |            |
| H. Would reporting the ACA assessment as of December 31, 2014, have triggered an RBC action level (YES/NO/Not Applicable)? | Not Applicable |            |

There are no other events subsequent to December 31, 2014 that require disclosure.

23. REINSURANCE

The Company does not have any unaffiliated reinsurance agreements (external reinsurance) in place as of December 31, 2014 or 2013.

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 any other person not primarily engaged in the insurance business?

Yes ( )      No (x)

**Section 2 — Ceded Reinsurance Report— Part A**

- (1) Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( )      No (x)

- (2) Does the reporting entity have any reinsurance agreements in effect 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) What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.

The Company estimates there should be no aggregate reduction in surplus for termination of all reinsurance agreements as of December 31, 2014.

- (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** — During 2014 and 2013, there were no uncollectible reinsurance recoverables.

**C. Commutation of Ceded Reinsurance** — There was no commutation of reinsurance in 2014 or 2013.

**D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation** — Not applicable.

**24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION**

**A–B.** The Company does not have any retrospectively rated contracts as of December 31, 2014 or 2013.

**C.** The Contract with the District of Columbia includes a provision for which a stated percentage of total direct premiums written can be eligible for a performance guarantee payment, based on various quality measures. The total direct premiums written, subject to this redetermination feature was approximately \$0 and \$119,761,202, which represents 100% of the Company’s total direct premiums written, as of December 31, 2014 and 2013, respectively.

**D.** Pursuant to the Health Reform Legislation, the Company does not have any business subject to specific minimum loss ratio requirements as of December 31, 2014 and 2013 (see note 14).



25. CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

Changes in estimates related to the prior year incurred claims are included in total hospital and medical expenses in the current year in the statutory basis statements of operations. The following tables disclose paid claims, incurred claims, and the balance in the claims unpaid and health care receivables for 2014 and 2013:

|  | 2014                               |                                   |                       |
|--|------------------------------------|-----------------------------------|-----------------------|
|  | Current Year<br>Incurred<br>Claims | Prior Years<br>Incurred<br>Claims | Total                 |
| Beginning of year claim reserve  | \$ -                               | \$ (4,561,771)                    | \$ (4,561,771)        |
| Paid claims, net of health care receivable and<br>reinsurance recoveries collected                                 | -                                  | 2,935,614                         | 2,935,614             |
| End of year claim reserve  | -                                  | 13,133                            | 13,133                |
| Incurred claims excluding the change in health care receivables<br>and reinsurance recoverables as presented below | -                                  | (1,613,024)                       | (1,613,024)           |
| Beginning of year health care receivables  | -                                  | 590,522                           | 590,522               |
| End of year health care receivables  | -                                  | (9,870)                           | (9,870)               |
| Total incurred claims  | <u>\$ -</u>                        | <u>\$ (1,032,372)</u>             | <u>\$ (1,032,372)</u> |

\*Health care receivable excludes provider loans and advances of \$0

|   | 2013                               |                                   |                      |
|---|------------------------------------|-----------------------------------|----------------------|
|   | Current Year<br>Incurred<br>Claims | Prior Years<br>Incurred<br>Claims | Total                |
| Beginning of year claim reserve   | \$ -                               | \$ (30,124,536)                   | \$ (30,124,536)      |
| Paid claims, net of health care receivable and<br>reinsurance recoveries collected                                | 87,094,520                         | 24,412,678                        | 111,507,198          |
| End of year claim reserve   | 1,422,140                          | 3,139,631                         | 4,561,771            |
| Incurred claims excluding the change in health care receivable<br>and reinsurance recoverables as presented below | 88,516,660                         | (2,572,227)                       | 85,944,433           |
| Beginning of year health care receivables   | -                                  | 823,762                           | 823,762              |
| End of year health care receivables and reinsurance recoverables  | (293,180)                          | (297,342)                         | (590,522)            |
| Total incurred claims   | <u>\$ 88,223,480</u>               | <u>\$ (2,045,807)</u>             | <u>\$ 86,177,673</u> |

\*Health care receivable excludes provider loans and advances of \$0

The liability for claims unpaid and health care receivables as of December 31, 2013 were \$3,971,988. As of December 31, 2014, \$2,935,614 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years, net of health care receivables are \$3,263, as a result of re-estimation of unpaid claims. Therefore, there has been \$1,032,372 favorable prior year development since December 31, 2013 to December 31, 2014. The primary drivers consist of favorable development of \$559,498 as a result of a provider settlement, \$271,332 as from the audit recovery of claims, and \$113,948 as a result of change in the provision for adverse deviations in experience. At December 31, 2013, the Company recorded \$2,045,807 of favorable development related to \$2,090,984 in retroactivity for inpatient, outpatient, physician, and pharmacy claims. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

The Company (recovered) incurred claims adjustment expenses of \$(12,685) and \$7,815,810 in 2014 and 2013, respectively. These costs are included in the management service fees paid by the Company to UHS as a part of its management agreement (see Note 10). The following tables disclose paid CAE, incurred CAE, and the balance in the unpaid claim adjustment expenses reserve for 2014 and 2013:

|   | 2014              | 2013                |
|---|-------------------|---------------------|
| Total claims adjustment expenses                    | \$ (12,685)       | \$ 7,815,810        |
| Less current year unpaid claims adjustment expenses | 23                | (11,579)            |
| Add prior year unpaid claims adjustment expenses    | <u>11,579</u>     | <u>546,131</u>      |
| Total claims adjustment expenses paid               | <u>\$ (1,083)</u> | <u>\$ 8,350,362</u> |

26. INTERCOMPANY POOLING ARRANGEMENTS

A–G. The Company did not have any intercompany pooling arrangements in 2014 or 2013.

27. STRUCTURED SETTLEMENTS

A–B. The Company did not have structured settlements in 2014 or 2013.

28. HEALTH CARE AND OTHER AMOUNTS RECEIVABLE

- A. Pharmacy rebates receivable are recorded when reasonably estimated or billed by the pharmaceutical benefit manager in accordance with pharmacy rebate contract provisions. Information used to support rebates billed to the manufacturer is based on utilization information gathered by the pharmaceutical benefit manager and adjusted for significant changes in pharmaceutical contract provisions.

The Company evaluates admissibility of all pharmacy rebates receivable based on the administration of each underlying pharmaceutical benefit management agreement. The Company has nonadmitted all pharmacy rebates receivable that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

For each pharmacy management agreement for which a portion of the total pharmacy rebates receivable can be admitted based on the admissibility criteria, the transaction history is summarized as follows:

| Quarter    | Estimated Pharmacy Rebates as Reported on Financial Statements | Pharmacy Rebates as Billed or Otherwise Confirmed | Actual Rebates Received within 90 Days of Billing | Actual Rebates Received within 91 to 180 Days of Billing | Actual Rebates Received More than 180 Days After Billing |
|------------|--|---|---|--|--|
| 12/31/2014 | \$ -   | \$ -  | \$ -  | \$ -   | \$ -   |
| 9/30/2014  | -  | -   | -   | -  | -  |
| 6/30/2014  | -  | -   | -   | -  | -  |
| 3/31/2014  | -  | -   | -   | -  | -  |
| 12/31/2013 | 1,440  | -   | -   | -  | -  |
| 9/30/2013  | 23,849   | (1,875)   | (800)   | (650)  | (309)  |
| 6/30/2013  | 174,566  | 223,782   | 35,240  | 122,557  | 53,682   |
| 3/31/2013  | 136,619  | 183,341   | 4,219   | 139,377  | 25,510   |
| 12/31/2012 | 161,144  | 174,705   | 13,547  | 112,342  | 40,859   |
| 9/30/2012  | 151,229  | 166,169   | 19,078  | 138,878  | 6,630  |
| 6/30/2012  | 157,990  | 168,171   | 22,170  | 118,276  | 24,443   |
| 3/31/2012  | 138,072  | 175,224   | 6,989   | 127,093  | 40,303   |

Of the amount reported as health care receivables, \$16,821 relates to provider overpayment receivables as of December 31, 2013. This decrease is primarily due to decreased membership from the discontinuation of business.

B. The Company does not have any risk-sharing receivables.

29. PARTICIPATING POLICIES

The Company did not have any participating contracts in 2014 or 2013.

30. PREMIUM DEFICIENCY RESERVES

The Company has not recorded any premium deficiency reserves as of December 31, 2014 or 2013. The analysis of premium deficiency reserves was completed as of December 31, 2014 and 2013. The Company did consider anticipated investment income when calculating the premium deficiency reserves.

The following table summarizes the Company's premium deficiency reserves as of December 31, 2014 and 2013:

|  |   |
|--|---|
|  | 2014  |
| 1. Liability carried for premium deficiency reserves               | \$ -  |
| 2. Date of the most recent evaluation of this liability            | 12/31/2014  |
| 3. Was anticipated investment income utilized in this calculation? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
|  | 2013  |
| 1. Liability carried for premium deficiency reserves               | \$ -  |
| 2. Date of the most recent evaluation of this liability            | 12/31/2013  |
| 3. Was anticipated investment income utilized in this calculation? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written, the Company has no salvage. As of December 31, 2014 and 2013, the Company had no specific accruals established for outstanding subrogation, as it is considered a component of the actuarial calculations used to develop the estimates of claims unpaid and aggregate health claim reserves.

\* \* \* \* \*

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? .....  
If yes, complete Schedule Y, Parts 1, 1A and 2

Yes [ X ] No [ ]

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 [ ]

1.3

State Regulating? .....

District of Columbia

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: .....

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made. ....

12/31/2011

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. ....

12/31/2011

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....

06/21/2013

3.4

By what department or departments?  
District of Columbia Department of Insurance, Securities and Banking .....

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? .....

Yes [ ] No [ ] N/A [ X ]

3.6

Have all of the recommendations within the latest financial examination report been complied with? .....

Yes [ ] No [ ] N/A [ X ]

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.11 sales of new business? .....  
4.12 renewals? .....

Yes [ ] No [ X ]  
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? .....  
4.22 renewals? .....

Yes [ ] No [ X ]  
Yes [ ] No [ X ]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? .....

Yes [ ] No [ X ]

5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

|                     |                        |                        |
|---------------------|------------------------|------------------------|
| 1<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|                     |                        |                        |

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? .....

Yes [ ] No [ X ]

6.2

If yes, give full information: .....

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? .....

Yes [ ] No [ X ]

7.2

If yes,  
7.21 State the percentage of foreign control; ..... %  
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

|                  |                     |
|------------------|---------------------|
| 1<br>Nationality | 2<br>Type of Entity |
|                  |                     |

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Unison Health Plan of the Capital Area, Inc.

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [ ] No [ X ]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [ X ] No [ ]
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

| 1                | 2                      | 3   | 4   | 5    | 6   |
|------------------|------------------------|-----|-----|------|-----|
| Affiliate Name   | Location (City, State) | FRB | OCC | FDIC | SEC |
| Optum Bank, Inc. | Salt Lake City, UT     | NO  | NO  | YES  | NO  |

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Baker Tilly Virchow Krause, LLP  
225 South Sixth Street Suite 2300  
Minneapolis, MN 55402
- 10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [ ] No [ X ]
- 10.2

If the response to 10.1 is yes, provide information related to this exemption:
- 10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes [ ] No [ X ]
- 10.4

If the response to 10.3 is yes, provide information related to this exemption:
- 10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [ X ] No [ ] N/A [ ]
- 10.6

If the response to 10.5 is no or n/a, please explain
11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Unison Health Plan of the Capital Area, Inc. has been granted an exemption from filing the 2014 Actuarial Opinion.
- 12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [ ] No [ X ]
- 12.11

Name of real estate holding company
- 12.12

Number of parcels involved
- 12.13

Total book/adjusted carrying value

\$
- 12.2

If, yes provide explanation:
13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [ ] No [ ]
- 13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [ ] No [ ]
- 13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [ ] No [ ] N/A [ ]
- 14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [ X ] No [ ]
- (a)

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b)

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c)

Compliance with applicable governmental laws, rules and regulations;
- (d)

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e)

Accountability for adherence to the code.
- 14.11

If the response to 14.1 is No, please explain:
- 14.2

Has the code of ethics for senior managers been amended?

Yes [ ] No [ X ]
- 14.21

If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [ ] No [ X ]
- 14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).

## GENERAL INTERROGATORIES

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

|     |  |           |          |
|-----|--|-----------|----------|
| 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 with the official duties of such person? ..... | Yes [ X ] | No [   ] |

## INVESTMENT

- 27.2

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Unison Health Plan of the Capital Area, Inc.

GENERAL INTERROGATORIES

24.10 For the reporting entity’s security lending program state the amount of the following as December 31 of the current year:

|        |  |    |   |
|--------|--|----|---|
| 24.101 | Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.                   | \$ | 0 |
| 24.102 | Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. | \$ | 0 |
| 24.103 | Total payable for securities lending reported on the liability page.                                       | \$ | 0 |

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes ☒ No ☐

|      |  |   |    |         |
|------|--|---|----|---------|
| 25.2 | If yes, state the amount thereof at December 31 of the current year: | 25.21 Subject to repurchase agreements  | \$ |         |
|      |  | 25.22 Subject to reverse repurchase agreements  | \$ |         |
|      |  | 25.23 Subject to dollar repurchase agreements   | \$ |         |
|      |  | 25.24 Subject to reverse dollar repurchase agreements                                 | \$ |         |
|      |  | 25.25 Placed under option agreements  | \$ |         |
|      |  | 25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock | \$ |         |
|      |  | 25.27 FHLB Capital Stock  | \$ |         |
|      |  | 25.28 On deposit with states  | \$ | 334,929 |
|      |  | 25.29 On deposit with other regulatory bodies   | \$ |         |
|      |  | 25.30 Pledged as collateral - excluding collateral pledged to an FHLB                 | \$ |         |
|      |  | 25.31 Pledged as collateral to FHLB - including assets backing funding agreements     | \$ |         |
|      |  | 25.32 Other   | \$ |         |

25.3 For category (25.26) provide the following:

| 1                     | 2           | 3      |
|-----------------------|-------------|--------|
| Nature of Restriction | Description | 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?

Yes ☐ No ☐ N/A ☐

If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes ☐ No ☒

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

\$

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes ☒ No ☐

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

| 1                       | 2   |
|-------------------------|---|
| Name of Custodian(s)    | Custodian's Address   |
| Bank of New York Mellon | Global Liquidity Services, 1 Wall St, 14th Floor New York, NY 10286 |
| Northern Trust          | 50 S. LaSalle, Chicago, IL 60675                                    |

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       | 2           | 3                       |
|---------|-------------|-------------------------|
| Name(s) | Location(s) | 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              | 2             | 3              | 4                          |
|----------------|---------------|----------------|----------------------------|
| Old Custodian  | New Custodian | Date of Change | Reason                     |
| Northern Trust |               | 07/24/2014     | Plan is being consolidated |

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

| 1   | 2                                    | 3  |
|---|--------------------------------------|--|
| Central Registration Depository Number(s) | Name                                 | Address  |
| 166176                                    | McDonnell Investment Management, LLC | 1515 West 22nd Street, Suite 1100, Oak Brook, IL 60523 |

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Unison Health Plan of the Capital Area, Inc.

GENERAL INTERROGATORIES

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

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

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

| 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 .....            | 3,278,946                  | 3,281,046  | 2,100   |
| 30.2 Preferred stocks ..... | 0                          |            | 0   |
| 30.3 Totals                 | 3,278,946                  | 3,281,046  | 2,100   |

- 30.4 Describe the sources or methods utilized in determining the fair values:  
For those securities that had prices in the ANIC SVO ISIS database, those prices were used; for those securities that did not have prices in the NAIC SVO ISIS database, pricing was obtained from HUB which is an external data source vender. Hub utilizes various pricing sources. .
- 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 [ X ]
- 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 [ ]
- 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 [ X ] No [ ]
- 32.2 If no, list exceptions:  
.....



ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Unison Health Plan of the Capital Area, Inc.

GENERAL INTERROGATORIES

OTHER

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

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<br>Name | 2<br>Amount Paid |
|-----------|------------------|
|           |                  |

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

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

| 1<br>Name | 2<br>Amount Paid |
|-----------|------------------|
|           |                  |

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? .....\$ .....245,697

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

| 1<br>Name                     | 2<br>Amount Paid |
|-------------------------------|------------------|
| Crowell and Moring, LLP ..... | 245,697          |

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [ ] No [ X ]

1.2

If yes, indicate premium earned on U.S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

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

117,527,147

2.2

Premium Denominator

0

117,527,147

2.3

Premium Ratio (2.1/2.2)

0.000

1.000

2.4

Reserve Numerator

13,133

4,561,771

2.5

Reserve Denominator

13,133

4,561,771

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 [ X ]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [ X ] No [ ]

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [ ] No [ ]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [ ] No [ X ]

5.2

If no, explain:  
The Company is not required by statute or by the District of Columbia, Office of Managed Care, to have stop-loss insurance.

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$

5.32

Medical Only

\$

5.33

Medicare Supplement

\$

5.34

Dental & Vision

\$

5.35

Other Limited Benefit Plan

\$

5.36

Other

\$

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:  
Hold Harmless clauses in network agreements and Medicaid contract.

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [ X ] No [ ]

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

3,801

8.2

Number of providers at end of reporting year

2,506

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [ ] No [ X ]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months.

\$

9.22

Business with rate guarantees over 36 months

\$

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Unison Health Plan of the Capital Area, Inc.

GENERAL INTERROGATORIES

10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? .....

Yes [ ] No [ X ]

10.2

If yes:

10.21

Maximum amount payable bonuses.....

\$ .....

10.22

Amount actually paid for year bonuses.....

\$ .....

10.23

Maximum amount payable withholds.....

\$ .....

10.24

Amount actually paid for year withholds.....

\$ .....

11.1

Is the reporting entity organized as:

11.12

A Medical Group/Staff Model, .....

Yes [ ] No [ X ]

11.13

An Individual Practice Association (IPA), or, ..

Yes [ ] No [ X ]

11.14

A Mixed Model (combination of above)? .....

Yes [ X ] No [ ]

11.2

Is the reporting entity subject to Minimum Net Worth Requirements? .....

Yes [ X ] 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. ....

\$ 1,500,000

11.5

Is this amount included as part of a contingency reserve in stockholder's equity? .....

Yes [ ] No [ X ]

11.6

If the amount is calculated, show the calculation

12. List service areas in which 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 [ X ]

13.2

If yes, please provide the amount of custodial funds held as of the reporting date. ....

\$ .....

13.3

Do you act as an administrator for health savings accounts? .....

Yes [ ] No [ X ]

13.4

If yes, please provide the balance of funds administered as of the reporting date. ....

\$ .....

14.1

Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? .....

Yes [ ] No [ X ] N/A [ ]

14.2

If the answer to 14.1 is yes, please provide the following:

| 1<br>Company Name | 2<br>NAIC<br>Company<br>Code | 3<br>Domiciliary<br>Jurisdiction | 4<br>Reserve<br>Credit | Assets Supporting Reserve Credit |                          |            |
|-------------------|------------------------------|----------------------------------|------------------------|----------------------------------|--------------------------|------------|
|                   |                              |                                  |                        | 5<br>Letters of<br>Credit        | 6<br>Trust<br>Agreements | 7<br>Other |
| .....             |                              |                                  |                        |                                  |                          |            |

15.

Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded):

15.1

Direct Premium Written .....

\$ .....

15.2

Total Incurred Claims .....

\$ .....

15.3

Number of Covered Lives .....

.....

|   |
|---|
| *Ordinary Life Insurance Includes   |
| Term(whether full underwriting, limited underwriting, jet issue, "short form app")        |
| Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app") |
| Variable Life (with or without secondary gurantee)  |
| Universal Life (with or without secondary gurantee)                                       |
| Variable Universal Life (with or without secondary gurantee)                              |

FIVE-YEAR HISTORICAL DATA

|  | 1<br>2014   | 2<br>2013    | 3<br>2012   | 4<br>2011    | 5<br>2010    |
|--|-------------|--------------|-------------|--------------|--------------|
| <b>Balance Sheet</b> (Pages 2 and 3)   |             |              |             |              |              |
| 1. Total admitted assets (Page 2, Line 28) .....   | 6,362,336   | 21,595,792   | 64,385,980  | 68,896,523   | 54,234,368   |
| 2. Total liabilities (Page 3, Line 24) .....   | 198,818     | 5,452,791    | 34,831,537  | 44,351,111   | 35,957,572   |
| 3. Statutory surplus .....   | 1,500,000   | 5,143,921    | 12,134,895  | 11,159,454   | 7,891,766    |
| 4. Total capital and surplus (Page 3, Line 33) .....   | 6,163,518   | 16,143,001   | 29,554,443  | 24,545,412   | 18,276,796   |
| <b>Income Statement</b> (Page 4)   |             |              |             |              |              |
| 5. Total revenues (Line 8) .....   | 0           | 117,527,147  | 202,955,552 | 180,131,975  | 131,191,895  |
| 6. Total medical and hospital expenses (Line 18) .....   | (1,032,373) | 86,177,674   | 177,749,520 | 178,476,241  | 122,622,352  |
| 7. Claims adjustment expenses (Line 20) .....  | (12,685)    | 7,815,810    | 8,610,674   | 6,274,038    | 5,332,881    |
| 8. Total administrative expenses (Line 21) .....   | 1,628,983   | 6,550,503    | 17,247,183  | 17,026,051   | 10,586,217   |
| 9. Net underwriting gain (loss) (Line 24) .....  | (583,925)   | 16,983,160   | 4,794,175   | (22,574,676) | (10,846,974) |
| 10. Net investment gain (loss) (Line 27) .....   | 50,697      | 220,980      | 120,710     | 7,575        | 16,387       |
| 11. Total other income (Lines 28 plus 29) .....  | 0           | 0            | 0           | 0            | 12,845       |
| 12. Net income or (loss) (Line 32) .....   | (328,701)   | 11,355,094   | 5,216,828   | (15,063,196) | (8,346,634)  |
| <b>Cash Flow</b> (Page 6)  |             |              |             |              |              |
| 13. Net cash from operations (Line 11) .....   | (2,928,995) | (15,984,187) | (5,421,695) | (4,359,005)  | 4,315,844    |
| <b>Risk-Based Capital Analysis</b>   |             |              |             |              |              |
| 14. Total adjusted capital .....   | 6,163,518   | 16,143,001   | 29,554,443  | 24,545,412   | 18,276,796   |
| 15. Authorized control level risk-based capital .....  | 17,260      | 3,766,377    | 7,268,350   | 7,307,816    | 5,248,584    |
| <b>Enrollment</b> (Exhibit 1)  |             |              |             |              |              |
| 16. Total members at end of period (Column 5, Line 7) .....  |             | 0            | 56,114      | 55,098       | 54,659       |
| 17. Total members months (Column 6, Line 7) .....  |             | 350,049      | 669,076     | 646,926      | 546,825      |
| <b>Operating Percentage</b> (Page 4)<br>(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) .....                           | 0.0         | 73.3         | 87.6        | 99.1         | 93.5         |
| 20. Cost containment expenses .....  | 0.0         | 3.9          | 2.7         | 2.5          | 2.8          |
| 21. Other claims adjustment expenses .....   | 0.0         | 2.7          | 1.5         | 1.0          | 1.2          |
| 22. Total underwriting deductions (Line 23) .....  | 0.0         | 85.5         | 97.6        | 112.5        | 108.3        |
| 23. Total underwriting gain (loss) (Line 24) .....   | 0.0         | 14.5         | 2.4         | (12.5)       | (8.3)        |
| <b>Unpaid Claims Analysis</b><br>(U&I Exhibit, Part 2B)  |             |              |             |              |              |
| 24. Total claims incurred for prior years (Line 13, Col. 5) .....  | 2,939,615   | 27,254,967   | 21,693,242  | 21,283,962   | 8,155,583    |
| 25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)] .....                                | 3,971,988   | 29,300,772   | 31,847,335  | 27,879,929   | 16,037,528   |
| <b>Investments In Parent, Subsidiaries and Affiliates</b>  |             |              |             |              |              |
| 26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1) .....   |             |              |             | 0            | 0            |
| 27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1) .....                                      |             |              |             |              |              |
| 28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1) .....   |             |              |             |              |              |
| 29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10) ..... | 0           | 0            | 0           | 0            | 0            |
| 30. Affiliated mortgage loans on real estate .....   |             |              |             |              |              |
| 31. All other affiliated .....   |             |              |             |              |              |
| 32. Total of above Lines 26 to 31 .....  | 0           | 0            | 0           | 0            | 0            |
| 33. Total investment in parent included in Lines 26 to 31 above.   |             |              |             |              |              |

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [        ] No [        ]  
If no, please explain: .....

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Unison Health Plan of the Capital Area, Inc.

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

| Allocated by States and Territories  |               |                            |                      |                    |   |  |                             |                           |                        |
|--|---------------|----------------------------|----------------------|--------------------|---|--|-----------------------------|---------------------------|------------------------|
| States, etc.   | 1             | Direct Business Only       |                      |                    |   |  |                             |                           |                        |
|  | Active Status | 2                          | 3                    | 4                  | 5   | 6  | 7                           | 8                         | 9                      |
|  |               | 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 |
| 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            | XXX                        |                      |                    |   |  |                             |                           |                        |
| 59. Subtotal .....   | XXX           |                            |                      |                    |   |  |                             |                           |                        |
| 60. Reporting entity contributions for Employee Benefit Plans .....        | XXX           |                            |                      |                    |   |  |                             |                           |                        |
| 61. Total (Direct Business) .....  | (a)           |                            |                      |                    |   |  |                             |                           |                        |
| DETAILS OF WRITE-INS   |               |                            |                      |                    |   |  |                             |                           |                        |
| 58001. ....  | XXX           |                            |                      |                    |   |  |                             |                           |                        |
| 58002. ....  | XXX           |                            |                      |                    |   |  |                             |                           |                        |
| 58003. ....  | XXX           |                            |                      |                    |   |  |                             |                           |                        |
| 58998. Summary of remaining write-ins for Line 58 from overflow page ..... | XXX           |                            |                      |                    |   |  |                             |                           |                        |
| 58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above) .....  | XXX           |                            |                      |                    |   |  |                             |                           |                        |

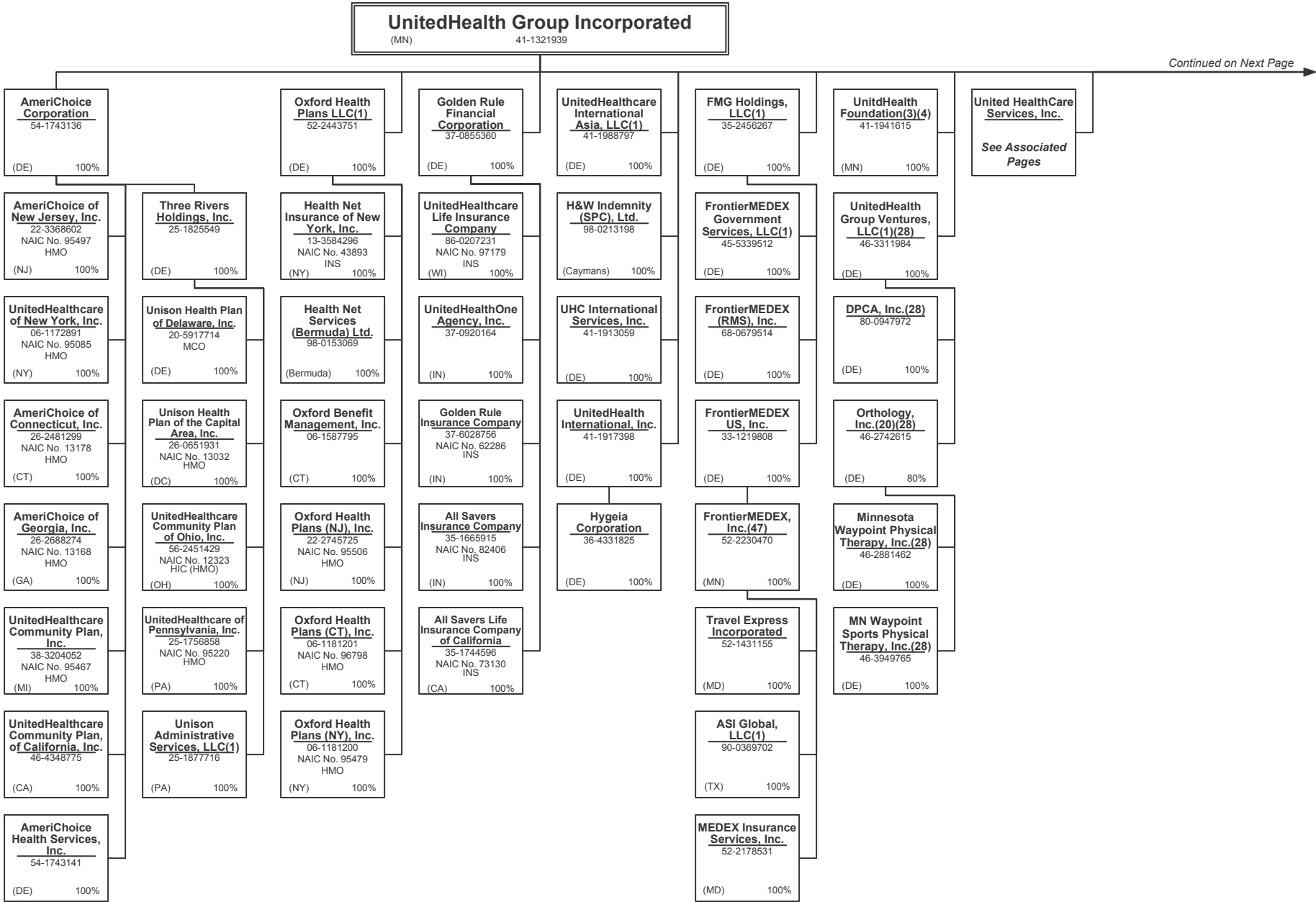
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

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

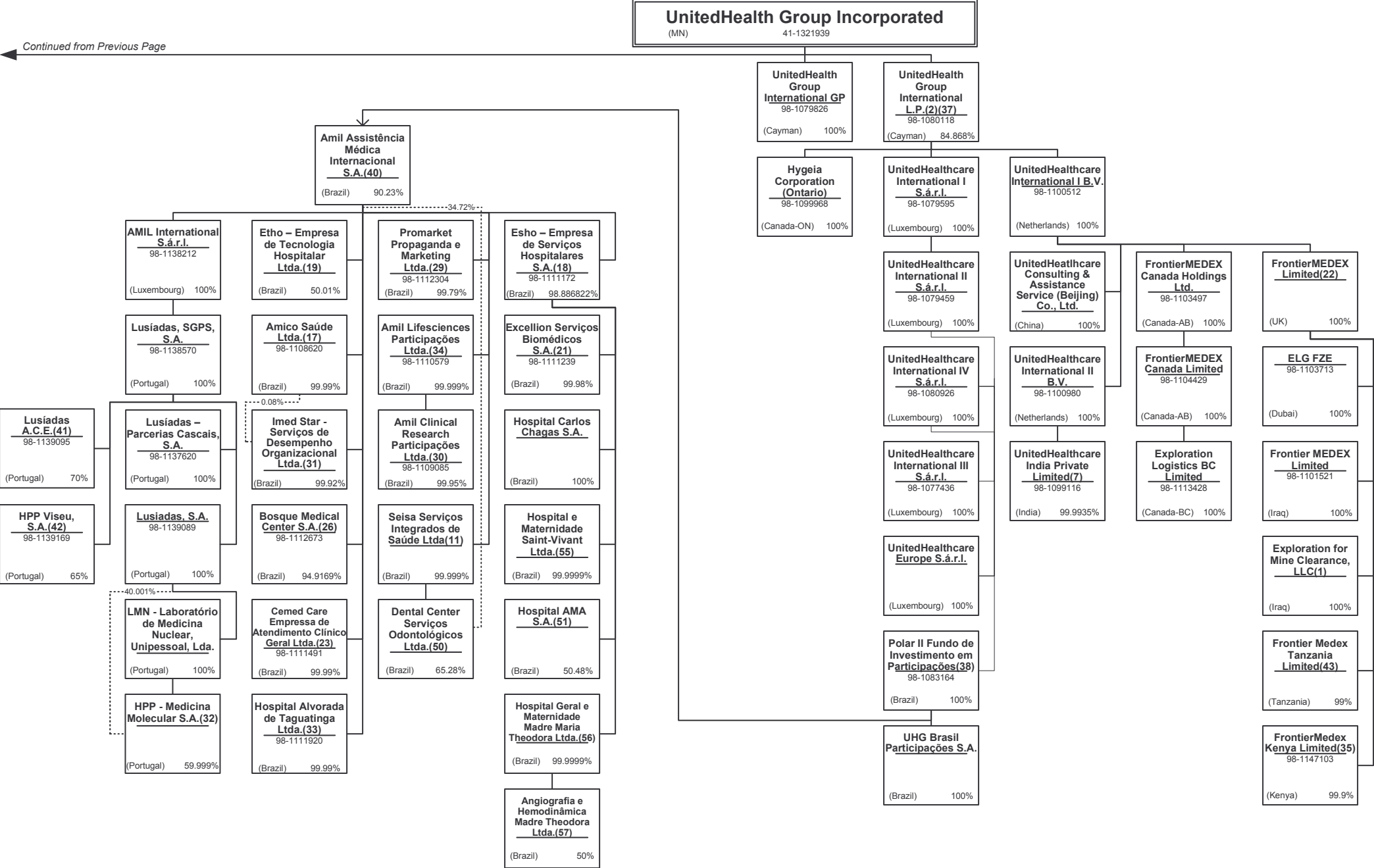
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



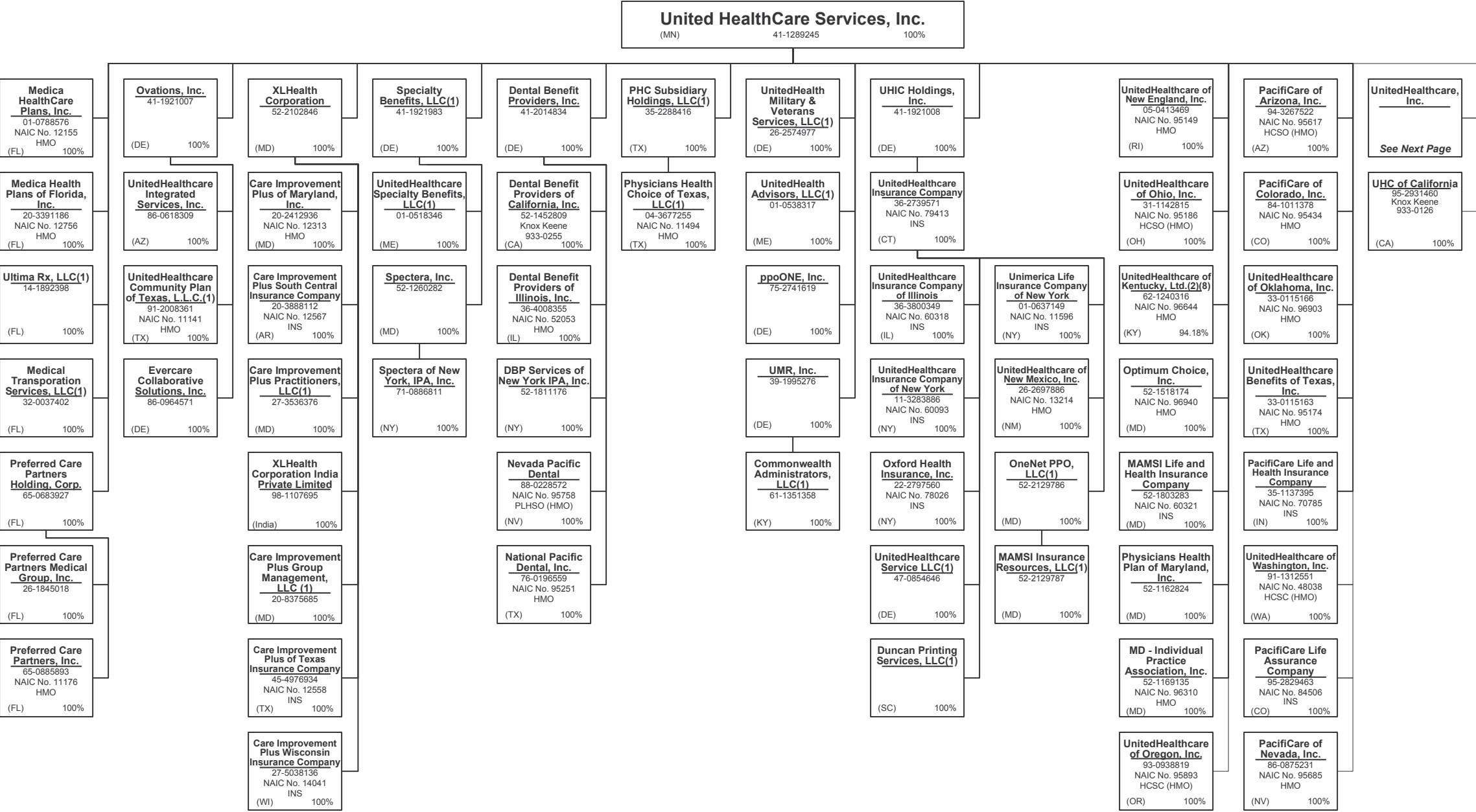
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

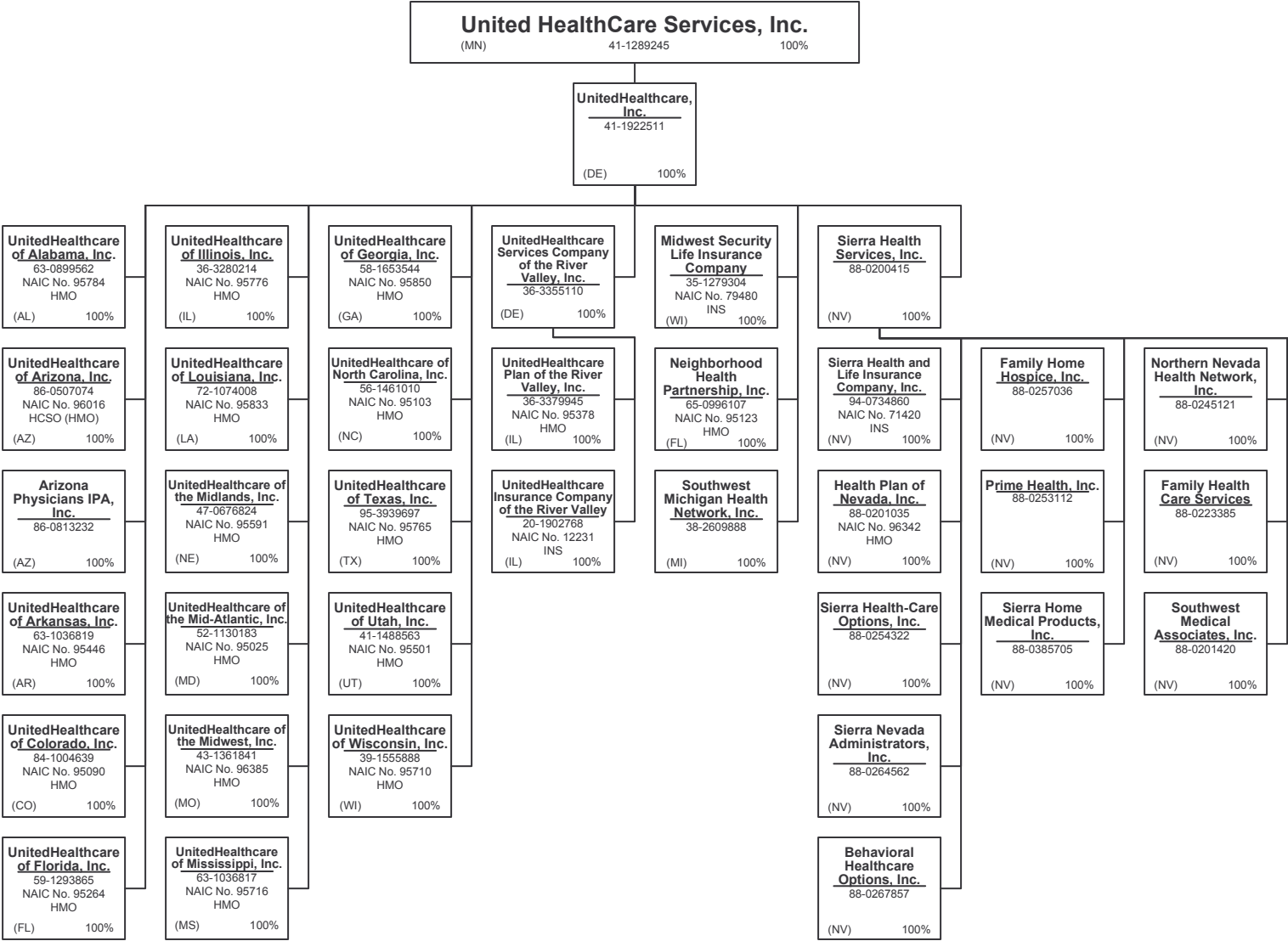
PART 1 - ORGANIZATIONAL CHART





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

PART 1 - ORGANIZATIONAL CHART



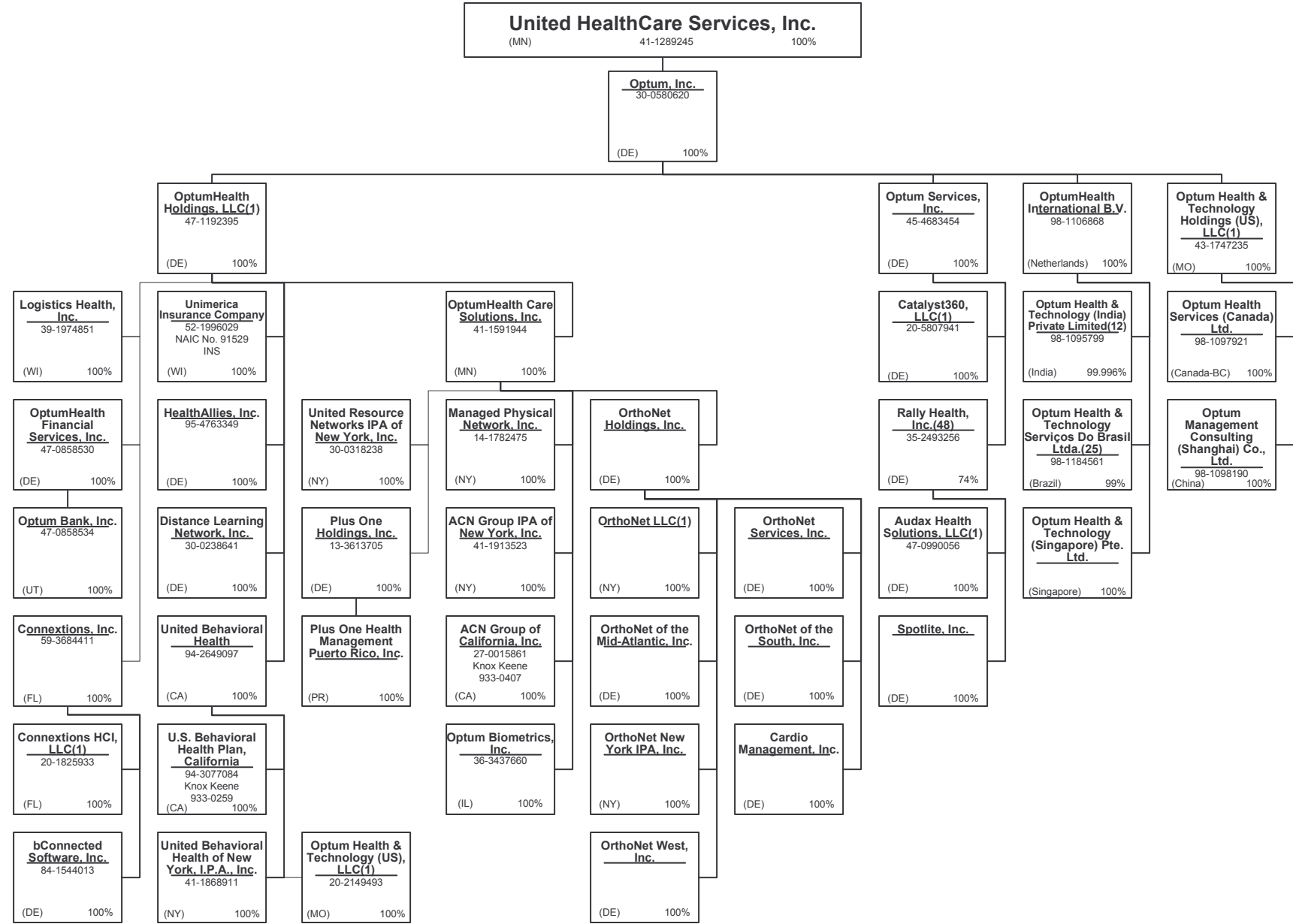
**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

|   |            |      |
|---|------------|------|
| <b>United HealthCare Services, Inc.</b> |            |      |
| (MN)                                    | 41-1289245 | 100% |



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

PART 1 - ORGANIZATIONAL CHART



## 40.6

## 40.6



ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Unison Health Plan of the Capital Area, Inc.

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

PART 1 - ORGANIZATIONAL CHART

Notes

All legal entities on the Organization Chart are Corporations unless otherwise indicated.

- (1) Entity is a Limited Liability Company
- (2) Entity is a Partnership
- (3) Entity is a Non-Profit Corporation
- (4) Control of the Foundation is based on sole membership, not the ownership of voting securities
- (5) Perdicaris Participações Ltda. Is 99.9999% owned by Esho – Empresa de Serviços Hospitalares S.A. and 0.0001% owned by ISO Hospital Dia S.A.
- (6) UnitedHealth Group Information Services Private Limited is 99.37% owned by Optum Global Solutions International B.V. The remaining 0.63% is owned by UnitedHealth International, Inc.
- (7) United Healthcare India Private Limited is 99.9935% owned by UnitedHealthcare International II B.V. and 0.0065% owned by UnitedHealth International, Inc.
- (8) General partnership interests are held by United HealthCare Services, Inc. (89.77%) and by UnitedHealthcare, Inc. (10.23%). United HealthCare Services, Inc. also holds 100% of the limited partnership interests. When combined, United HealthCare Services, Inc. owns 94.18% and UnitedHealthcare, Inc. owns 5.83% of the company.
- (9) Branch office located in Abu Dhabi, UAE.
- (10) WellMed Medical Management, Inc. is 80% owned by Collaborative Care Holdings, LLC and 20% owned by WMG Healthcare Partners, L.P.
- (11) Seisa Serviços Integrados de Saúde Ltda is 99.999994% owned by Amil Assistência Médica Internacional S.A. and 0.000006% owned by Dental Center Serviços Odontológicos Ltda.
- (12) Optum Health & Technology (India) Private Limited is 99.996% owned by OptumHealth International B.V. and 0.004 % owned by United Behavioral Health.
- (13) INSPIRIS of Texas Physicians Group is a Texas non-profit (taxable) whose sole member is Inspiris Services Company.
- (14) PrimeCare of Citrus Valley, Inc. is 80% owned by PrimeCare Medical Network, Inc. and 20% owned by Citrus Valley Medical Associates, Inc.
- (15) TBD
- (16) QSSI Technologies India Private Limited is 99.9% owned by Quality Software Services, Inc. and 0.1% owned by an Indian citizen.
- (17) Amico Saúde Ltda. is 99.9999996% owned by Amil Assistência Médica Internacional S.A. and 0.0000004% owned by an officer of Amil.
- (18) Esho – Empresa de Serviços Hospitalares S.A. is 98.886822% owned by Amil Assistência Médica Internacional S.A.; 0.042571% owned by Treasury Shares and 1.070607% owned by external shareholders.

- (19) Etho – Empresa de Tecnologia Hospitalar Ltda. 50.01% owned by Amil Assistência Médica Internacional S.A.and 49.99% owned by an external shareholder.
- (20) Orthology, Inc. is 80% owned by UnitedHealth Group Ventures, LLC and 20% owned by external shareholders.(21) Excellion Serviços Biomédicos S.A.is 99.98% owned by Esho – Empresa de Serviços Hospitalares S.A and 0.02% owned by external shareholders.
- (22) Branch offices in Iraq and Uganda.
- (23) Cemed Care Empresa de Atendimento Clínico Geral Ltda. Is 99.999999% owned by Amil Assistência Médica Internacional S.A. and 0.000001% owned by an officer of Amil.
- (24) Optum 360, LLC is 75% owned by Optum Rocket, Inc. and 25% owned by an external interest holder.
- (25) Optum Health & Technology Serviços Do Brasil Ltda. is 99% owned byOptumHealth International B.V. and 1 % owned by OptumInsight, Inc.
- (26) Bosque Medical Center S.A. is 94.917% owned by Amil Assistência Médica Internacional S.A.and 5.083% owned by Esho – Empresa de Serviços Hospitalares S.A.
- (27) AHJV, Inc. is 75% owned by NAMM Holdings, Inc. and 25% owned by Humana, Inc.
- (28) Entity is majority-owned by UHG or one of its affiliates. Corporate secretarial services for this entity are the responsibility of the portfolio company.
- (29) Promarket Propaganda e Marketing Ltda.is 99.79% owned by Amil Assistência Médica Internacional S.A and 0.21% owned by Amico Saúde Ltd.
- (30) Amil Clinical Research Participações Ltda. is 99.95% owned by Amil Lifesciences Participações Ltda. and 0.05% owned by an officer of Amil.
- (31) Imed Star Serviços de Desempenho Organizacional Ltda.is 99.92% owned by Amil Assistência Médica Internacional S.A and 0.08% owned by Amico Saúde Ltd.
- (32) HPP – Medicina Molecular, S.A. is 59.99852% owned by LMN - Laboratórios de Medicina Nuclear, Unipessoal, Lda. And 40.00148% owned by Lusiadas, S.A.
- (33) Hospital Alvorada Taguatinga Ltda. Is 99.99% owned by Amil Assistência Médica Internacional S.A. and 0.000001% owned by an officer of Amil.
- (34) Amil Lifesciences Participações Ltda. Is 99.99928% owned by Amil Assistência Médica Internacional S.A and 0.00072% owned by an officer of Amil.
- (35) FrontierMedex Kenya Limited is 99.9% owned by FrontierMEDEX Limited and 0.1% owned by UnitedHealthcare International I B.V.
- (36) Optum360 Services, Inc. is 75% owned by Optum Rocket, Inc. and 25% owned by an external interest holder.
- (37) The limited partners of UnitedHealth Group International, L.P. include FMG Holdings, LLC (14.9292%), Hygeia Corporation (DE) (0.2028%) and UnitedHealth Group Incorporated (84.868%). UnitedHealth Group International GP is the general partner of UnitedHealth Group International, L.P.
- (38) Polar II Fundo de Investimento em Participações is a Brazilian private equity investment fund incorporated in the form of a closed-end condominium.

- (39) TBD
- (40) Amil Assistência Médica Internacional S.A. is 90.23% owned by Polar II Fundo de Investimento em Participações and the remaining 9.77% is owned by the former controlling shareholders of Amil Assistência Médica Internacional S.A.
- (41) Lusiadas A.C.E. is 67% owned by Lusiadas, SGPS, S.A., 10% owned by Lusiadas, S.A., 10% owned by Lusiadas – Parcerias Cascais, S.A., 5% owned by LMN - Laboratórios de Medicina Nuclear, Unipessoal, Lda., 5% owned by HPP – Medicina Molecular, S.A. and 3% owned by HPP Viseu, S.A.
- (42) HPP Viseu, S.A. is 65% owned by Lusiadas, SGPS, S.A. The remaining 35% is jointly owned VISABEIRA Saúde - Serviços de Saúde, S.A.,VISABEIRA Participações Financeiras, SGPS, S.A., VISABEIRA Investimentos Financeiros SGPS, S.A. and Ciclorama - Estudos, Projectos e Produções, Lda.
- (43) Frontier Medex Tanzania Limited is 99% owned by FrontierMEDEX Limited. The remaining 1% is owned by an officer of FrontierMEDEX Limited.
- (44) TBD
- (45) Liaison office located in Beijing.
- (46) Branch office located in Hong Kong.
- (47) Representative office in Beijing
- (48) The remaining 26% is owned by internal and external investors.
- (49) Branch office located in Hong Kong.
- (50) Dental Center Serviços Odontológicos Ltda. is 65.28% owned by Seisa Serviços Integrados de Saúde Ltda. and 34.72% owned by Amil Assistência Médica Internacional S.A.
- (51) Hospital AMA S.A. is 50.48% owned by Esho – Empresa de Serviços Hospitalares S.A. and 49.52% owned by Seisa Serviços Integrados de Saúde Ltda.
- (52) WESTMED Practice Partners LLC is 86.15% owned by Collaborative Care Holdings, LLC and 13.85% owned by external shareholders.
- (53) ProHealth Medical Management, LLC is 80% owned by Collaborative Care Holdings, LLC and 20% owned by an external shareholder.
- (54) PROHEALTH FITNESS OF LAKE SUCCESS, LLC IS 82.62% owned by ProHealth Medical Management, LLC and 17.38% by an external shareholder.
- (55) Hospital e Maternidade Saint-Vivant Ltda. is 99.9999% owned by Esho – Empresa de Serviços Hospitalares S.A. and 0.00001% owned by Cemed Care Empresa de Atendimento Clínico Geral Ltda.
- (56) Hospital Geral e Maternidade Madre Maria Theodora Ltda. is 99.9999% owned by Esho – Empresa de Serviços Hospitalares S.A. and 0.00001% owned by Cemed Care Empresa de Atendimento Clínico Geral Ltda.
- (57) Angiografia e Hemodinâmica Madre Theodora Ltda. Is 50% owned by Hospital Geral e Maternidade Madre Maria Theodora Ltda. And 50% owned by 28 individual partners.

OVERFLOW PAGE FOR WRITE-INS

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

|  | Claim Adjustment Expenses            |  | 3                                     | 4                      | 5       |
|--|--------------------------------------|--|---------------------------------------|------------------------|---------|
|  | 1<br>Cost<br>Containment<br>Expenses | 2<br>Other Claim<br>Adjustment<br>Expenses |                                       |                        |         |
|  |                                      |  | General<br>Administrative<br>Expenses | Investment<br>Expenses | Total   |
| 2504. Miscellaneous Losses .....                                       |                                      |  |                                       |                        | 0       |
| 2505. Professional Fees\Consulting .....                               | (1)                                  | (97)                                       | 0                                     |                        | (98)    |
| 2506. Sundry General Expenses .....                                    | (5)                                  | (1,027)                                    | (2)                                   |                        | (1,034) |
| 2597. Summary of remaining write-ins for Line 25 from<br>overflow page | (6)                                  | (1,124)                                    | (2)                                   | 0                      | (1,132) |

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