HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2016
OF THE CONDITION AND AFFAIRS OF THE

CareFirst BlueChoice, Inc.

NAIC Group Code 0380 (Current) 0380 (Prior) NAIC Company Code 96202 Employer's ID Number 52-1358219

Organized under the Laws of District of Columbia, State of Domicile or Port of Entry DC

Country of Domicile United States of America

Licensed as business type: Health Maintenance Organization

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

Incorporated/Organized 06/22/1984 Commenced Business 03/01/1985

Statutory Home Office 840 First Street, NE (Street and Number), Washington , DC, US 20065 (City or Town, State, Country and Zip Code)

Main Administrative Office 10455 Mill Run Circle (Street and Number)
Owings Mills , MD, US 21117 (City or Town, State, Country and Zip Code), 410-581-3000 (Area Code) (Telephone Number)

Mail Address 10455 Mill Run Circle (Street and Number or P.O. Box), Owings Mills , MD, US 21117 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 10455 Mill Run Circle (Street and Number)
Owings Mills , MD, US 21117 (City or Town, State, Country and Zip Code), 410-998-7011 (Area Code) (Telephone Number)

Internet Website Address www.carefirst.com

Statutory Statement Contact William Vincent Stack (Name), 410-998-7011 (Area Code) (Telephone Number)
bill.stack@carefirst.com (E-mail Address), 410-998-6850 (FAX Number)

OFFICERS

President and Chief Executive Officer: Chester Emerson Burrell
Corp. Secretary, Exec. VP & Gen. Counsel: Meryl Davis Burgin
Corp. Treasurer & VP: Jeanne Ann Kennedy

OTHER

Gregory Mark Chaney, EVP & CFO	Jonathan David Blum, EVP, Medical Affairs	Harry Dietz Fox, EVP, Technical & Ops Support
Steven Jon Margolis, EVP, Small & Medium Group SBU	Wanda Kay Oneferu-Bey, EVP, Consumer Direct SBU	Brian David Pieninck, EVP, Large Group SBU
Fred Adrian Walton Plumb, EVP, SBU-FEHBP	Jennifer Ann Cryor Baldwin, SVP, Patient Centered Medical Home (PCMH)	Peter Andrew Berry #, SVP, Chief Actuary
Rita Ann Costello, SVP, Strategic Marketing	Michael Bruce Edwards, SVP, Networks Mgmt	Usha Nakhasi, SVP, Gen Mgr SBPASC/FEPOC
Rahul Rajkumar #, SVP, Chief Medical Officer	Gwendolyn Denise Skillern, SVP, General Auditor	Maria Harris Tildon, SVP, Public Policy
Michelle Judith Wright, SVP, Human Resources		

DIRECTORS OR TRUSTEES

Chester Emerson Burrell	Wendell Lee Johns	Ann Baldwin Mech #
Jack Allan Meyer	John Frederick Reim	

State of Maryland
County of Baltimore SS:

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.

Chester Emerson Burrell
President and Chief Executive Officer

Meryl Davis Burgin
Corp. Secretary, Exec. VP & Gen. Counsel

Jeanne Ann Kennedy
Corp. Treasurer & VP

Subscribed and sworn to before me this 21st day of February 2017

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.....

I. M. GILBERG
NOTARY PUBLIC
BALTIMORE COUNTY
MARYLAND
MY COMMISSION EXPIRES AUG. 12, 2019

ASSETS

		Current Year			Prior Year
		1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1.	Bonds (Schedule D)	605,227,028	0	605,227,028	658,981,058
2.	Stocks (Schedule D):				
	2.1 Preferred stocks	0	0	0	0
	2.2 Common stocks	140,765,817	0	140,765,817	139,314,535
3.	Mortgage loans on real estate (Schedule B):				
	3.1 First liens	0	0	0	0
	3.2 Other than first liens	0	0	0	0
4.	Real estate (Schedule A):				
	4.1 Properties occupied by the company (less $ 0 encumbrances)	0	0	0	0
	4.2 Properties held for the production of income (less $ 0 encumbrances)	0	0	0	0
	4.3 Properties held for sale (less $ 0 encumbrances)	0	0	0	0
5.	Cash ($ (33,019,594) , Schedule E - Part 1), cash equivalents ($ 0 , Schedule E - Part 2) and short-term investments ($ 39,796,334 , Schedule DA)	6,776,740	0	6,776,740	4,938,680
6.	Contract loans, (including $ 0 premium notes)	0	0	0	0
7.	Derivatives (Schedule DB)	0	0	0	0
8.	Other invested assets (Schedule BA)	0	0	0	0
9.	Receivables for securities	700,000	0	700,000	0
10.	Securities lending reinvested collateral assets (Schedule DL)	0	0	0	0
11.	Aggregate write-ins for invested assets	0	0	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11)	753,469,585	0	753,469,585	803,234,273
13.	Title plants less $ 0 charged off (for Title insurers only)	0	0	0	0
14.	Investment income due and accrued	4,432,710	0	4,432,710	4,863,272
15.	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection	92,551,935	14,419,344	78,132,591	80,569,512
	15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)	0	0	0	0
	15.3 Accrued retrospective premiums ($ 170,912) and contracts subject to redetermination ($ 3,408,214)	3,579,126	0	3,579,126	409,111
16.	Reinsurance:				
	16.1 Amounts recoverable from reinsurers	68,465,848	0	68,465,848	86,381,230
	16.2 Funds held by or deposited with reinsured companies	0	0	0	0
	16.3 Other amounts receivable under reinsurance contracts	394,009	0	394,009	366,676
17.	Amounts receivable relating to uninsured plans	0	0	0	0
18.1	Current federal and foreign income tax recoverable and interest thereon	25,109,617	0	25,109,617	379,897
18.2	Net deferred tax asset	17,303,643	352,783	16,950,860	15,836,021
19.	Guaranty funds receivable or on deposit	0	0	0	0
20.	Electronic data processing equipment and software	0	0	0	0
21.	Furniture and equipment, including health care delivery assets ($ 0)	0	0	0	0
22.	Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
23.	Receivables from parent, subsidiaries and affiliates	69,678,316	0	69,678,316	79,457,205
24.	Health care ($ 93,719,130) and other amounts receivable	129,908,444	4,580,967	125,327,477	105,493,324
25.	Aggregate write-ins for other than invested assets	1,740,920	1,740,920	0	0
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,166,634,153	21,094,014	1,145,540,139	1,176,990,521
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28.	Total (Lines 26 and 27)	1,166,634,153	21,094,014	1,145,540,139	1,176,990,521
	DETAILS OF WRITE-INS				
1101.		0	0	0	0
1102.		0	0	0	0
1103.		0	0	0	0
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501.	Prepaid Expenses	1,740,920	1,740,920	0	0
2502.		0	0	0	0
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)	1,740,920	1,740,920	0	0

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1	2	3	4
		Covered	Uncovered	Total	Total
1.	Claims unpaid (less $ 7,301,539 reinsurance ceded)	172,233,806	966,523	173,200,329	169,510,105
2.	Accrued medical incentive pool and bonus amounts	0	0	0	0
3.	Unpaid claims adjustment expenses	6,398,056	35,904	6,433,960	6,383,240
4.	Aggregate health policy reserves, including the liability of $ 44,130,000 for medical loss ratio rebate per the Public Health Service Act	124,694,962	0	124,694,962	110,751,639
5.	Aggregate life policy reserves	0	0	0	0
6.	Property/casualty unearned premium reserves	0	0	0	0
7.	Aggregate health claim reserves	0	0	0	0
8.	Premiums received in advance	80,286,614	0	80,286,614	76,361,179
9.	General expenses due or accrued	43,374,819	0	43,374,819	44,582,621
10.1	Current federal and foreign income tax payable and interest thereon (including $ 0 on realized capital gains (losses))	0	0	0	0
10.2	Net deferred tax liability	0	0	0	0
11.	Ceded reinsurance premiums payable	0	0	0	0
12.	Amounts withheld or retained for the account of others	6,692,893	0	6,692,893	7,535,540
13.	Remittances and items not allocated	1,011,181	0	1,011,181	649,905
14.	Borrowed money (including $ 0 current) and interest thereon $ 0 (including $ 0 current)	0	0	0	0
15.	Amounts due to parent, subsidiaries and affiliates	2,916,098	0	2,916,098	4,108,277
16.	Derivatives	0	0	0	0
17.	Payable for securities	0	0	0	0
18.	Payable for securities lending	0	0	0	0
19.	Funds held under reinsurance treaties (with $ 0 authorized reinsurers, $ 0 unauthorized reinsurers and $ 0 certified reinsurers)	0	0	0	0
20.	Reinsurance in unauthorized and certified ($ 0) companies	0	0	0	0
21.	Net adjustments in assets and liabilities due to foreign exchange rates	0	0	0	0
22.	Liability for amounts held under uninsured plans	2,354,836	0	2,354,836	6,372,273
23.	Aggregate write-ins for other liabilities (including $ 2,265,385 current)	7,051,431	0	7,051,431	9,631,104
24.	Total liabilities (Lines 1 to 23)	447,014,696	1,002,427	448,017,123	435,885,883
25.	Aggregate write-ins for special surplus funds	XXX	XXX	0	65,000,000
26.	Common capital stock	XXX	XXX	10,000	10,000
27.	Preferred capital stock	XXX	XXX	0	0
28.	Gross paid in and contributed surplus	XXX	XXX	50,615,750	50,615,750
29.	Surplus notes	XXX	XXX	0	0
30.	Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31.	Unassigned funds (surplus)	XXX	XXX	646,897,266	625,478,888
32.	Less treasury stock, at cost:				
	32.1 0 shares common (value included in Line 26 $ 0)	XXX	XXX	0	0
	32.2 0 shares preferred (value included in Line 27 $ 0)	XXX	XXX	0	0
33.	Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	697,523,016	741,104,638
34.	Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,145,540,139	1,176,990,521
	DETAILS OF WRITE-INS				
2301.	Reinsurance Payable	29,429	0	29,429	340,063
2302.	Legal Reserve	900,000	0	900,000	900,000
2303.	Amounts held for escheatment to State	4,007,868	0	4,007,868	6,003,880
2398.	Summary of remaining write-ins for Line 23 from overflow page	2,114,134	0	2,114,134	2,387,161
2399.	Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	7,051,431	0	7,051,431	9,631,104
2501.	Special Surplus 2016 Health Insurer Fee	XXX	XXX	0	65,000,000
2502.		XXX	XXX	0	0
2503.		XXX	XXX	0	0
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	65,000,000
3001.		XXX	XXX	0	0
3002.		XXX	XXX	0	0
3003.		XXX	XXX	0	0
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 Uncovered	2 Total	3 Total
1.	Member Months	XXX	8,157,601	8,377,513
2.	Net premium income (including $ 0 non-health premium income)	XXX	3,156,795,618	2,985,979,832
3.	Change in unearned premium reserves and reserve for rate credits	XXX	(56,344,003)	(1,784,926)
4.	Fee-for-service (net of $ 0 medical expenses)	XXX	0	0
5.	Risk revenue	XXX	0	0
6.	Aggregate write-ins for other health care related revenues	XXX	2,487,767	2,318,485
7.	Aggregate write-ins for other non-health revenues	XXX	0	0
8.	Total revenues (Lines 2 to 7)	XXX	3,102,939,382	2,986,513,391
	Hospital and Medical:			
9.	Hospital/medical benefits	8,058,224	1,699,055,817	1,663,499,963
10.	Other professional services	0	144,798,637	128,933,974
11.	Outside referrals	5,322,866	5,322,866	6,318,850
12.	Emergency room and out-of-area	492,076	73,238,669	65,754,994
13.	Prescription drugs	0	563,646,787	526,331,989
14.	Aggregate write-ins for other hospital and medical	0	0	0
15.	Incentive pool, withhold adjustments and bonus amounts	0	0	0
16.	Subtotal (Lines 9 to 15)	13,873,166	2,486,062,776	2,390,839,770
	Less:			
17.	Net reinsurance recoveries	0	42,229,807	101,438,269
18.	Total hospital and medical (Lines 16 minus 17)	13,873,166	2,443,832,969	2,289,401,501
19.	Non-health claims (net)	0	0	0
20.	Claims adjustment expenses, including $ 66,267,799 cost containment expenses	0	168,769,526	163,096,798
21.	General administrative expenses	0	568,736,255	550,752,510
22.	Increase in reserves for life and accident and health contracts (including $ 0 increase in reserves for life only)	0	0	0
23.	Total underwriting deductions (Lines 18 through 22)	13,873,166	3,181,338,750	3,003,250,809
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(78,399,368)	(16,737,418)
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	0	23,364,264	24,131,312
26.	Net realized capital gains (losses) less capital gains tax of $ 3,958,168	0	7,350,884	4,233,243
27.	Net investment gains (losses) (Lines 25 plus 26)	0	30,715,148	28,364,555
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $ 0) (amount charged off $ 0)]	0	0	0
29.	Aggregate write-ins for other income or expenses	0	19,751	177,611
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(47,664,469)	11,804,748
31.	Federal and foreign income taxes incurred	XXX	(1,562,763)	21,722,549
32.	Net income (loss) (Lines 30 minus 31)	XXX	(46,101,706)	(9,917,801)
	DETAILS OF WRITE-INS			
0601.	TDN Access fees	XXX	30,871	43,319
0602.	FEHBP OPMHMO Incentive	XXX	2,456,896	2,275,166
0603		XXX	0	0
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	2,487,767	2,318,485
0701.		XXX	0	0
0702.		XXX	0	0
0703		XXX	0	0
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.		0	0	0
1402.		0	0	0
1403.		0	0	0
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.	Miscellaneous Income/Expense	0	20,339	340,400
2902.	Fines and penalties	0	(588)	(162,789)
2903		0	0	0
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	19,751	177,611

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year	2 Prior Year
	CAPITAL AND SURPLUS ACCOUNT		
33.	Capital and surplus prior reporting year	741,104,638	757,050,329
34.	Net income or (loss) from Line 32	(46,101,706)	(9,917,801)
35.	Change in valuation basis of aggregate policy and claim reserves	0	0
36.	Change in net unrealized capital gains (losses) less capital gains tax of $ 990,693	1,815,117	(6,439,813)
37.	Change in net unrealized foreign exchange capital gain or (loss)	0	0
38.	Change in net deferred income tax	1,763,471	3,509
39.	Change in nonadmitted assets	(5,291,292)	408,414
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	0	0
44.	Capital Changes:		
	44.1 Paid in	0	0
	44.2 Transferred from surplus (Stock Dividend)	0	0
	44.3 Transferred to surplus	0	0
45.	Surplus adjustments:		
	45.1 Paid in	0	0
	45.2 Transferred to capital (Stock Dividend)	0	0
	45.3 Transferred from capital	0	0
46.	Dividends to stockholders	0	0
47.	Aggregate write-ins for gains or (losses) in surplus	4,232,788	0
48.	Net change in capital and surplus (Lines 34 to 47)	(43,581,622)	(15,945,691)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	697,523,016	741,104,638
	DETAILS OF WRITE-INS		
4701.	Correction of Errors, Net of taxes	3,485,459	0
4702.	Prior Year Miscellaneious Adjustments	747,329	0
4703.		0	0
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)	4,232,788	0

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	3,101,208,506	3,023,425,339
2.	Net investment income	27,734,426	29,130,377
3.	Miscellaneous income	2,487,767	2,318,485
4.	Total (Lines 1 through 3)	3,131,430,699	3,054,874,201
5.	Benefit and loss related payments	2,431,486,493	2,376,889,505
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7.	Commissions, expenses paid and aggregate write-ins for deductions	742,828,119	702,758,546
8.	Dividends paid to policyholders	0	0
9.	Federal and foreign income taxes paid (recovered) net of $ 3,958,168 tax on capital gains (losses)	27,125,124	11,135,116
10.	Total (Lines 5 through 9)	3,201,439,736	3,090,783,167
11.	Net cash from operations (Line 4 minus Line 10)	(70,009,037)	(35,908,966)
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	592,832,493	837,371,830
	12.2 Stocks	39,710,721	57,469,945
	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	31	0
	12.7 Miscellaneous proceeds	0	0
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	632,543,245	894,841,775
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	538,557,603	810,070,984
	13.2 Stocks	31,507,621	38,545,201
	13.3 Mortgage loans	0	0
	13.4 Real estate	0	0
	13.5 Other invested assets	0	0
	13.6 Miscellaneous applications	700,000	0
	13.7 Total investments acquired (Lines 13.1 to 13.6)	570,765,224	848,616,185
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)	61,778,021	46,225,590
	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	0	0
	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)	10,069,076	(34,804,862)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	10,069,076	(34,804,862)
	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)	1,838,060	(24,488,238)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	4,938,680	29,426,919
	19.2 End of year (Line 18 plus Line 19.1)	6,776,740	4,938,680

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

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1.	Net premium income	3,156,795,618	2,756,693,880	0	4,769,050	169,635	395,163,053	0	0	0	0
2.	Change in unearned premium reserves and reserve for rate credit	(56,344,003)	(45,057,167)	0	0	0	(11,286,836)	0	0	0	0
3.	Fee-for-service (net of $ 0 medical expenses)	0	0	0	0	0	0	0	0	0	XXX
4.	Risk revenue	0	0	0	0	0	0	0	0	0	XXX
5.	Aggregate write-ins for other health care related revenues	2,487,767	0	0	30,871	0	2,456,896	0	0	0	XXX
6.	Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7.	Total revenues (Lines 1 to 6)	3,102,939,382	2,711,636,713	0	4,799,921	169,635	386,333,113	0	0	0	0
8.	Hospital/medical benefits	1,699,055,817	1,474,146,671	0	0	0	224,909,146	0	0	0	XXX
9.	Other professional services	144,798,637	124,958,531	0	644,006	131,297	19,064,803	0	0	0	XXX
10.	Outside referrals	5,322,866	4,618,262	0	0	0	704,604	0	0	0	XXX
11.	Emergency room and out-of-area	73,238,669	63,543,845	0	0	0	9,694,824	0	0	0	XXX
12.	Prescription drugs	563,646,787	470,765,251	0	0	0	92,881,536	0	0	0	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	0	0	0	0	0	0	0	0	XXX
15.	Subtotal (Lines 8 to 14)	2,486,062,776	2,138,032,560	0	644,006	131,297	347,254,913	0	0	0	XXX
16.	Net reinsurance recoveries	42,229,807	45,938,589	0	(3,708,782)	0	0	0	0	0	XXX
17.	Total medical and hospital (Lines 15 minus 16)	2,443,832,969	2,092,093,971	0	4,352,788	131,297	347,254,913	0	0	0	XXX
18.	Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19.	Claims adjustment expenses including $ 66,267,799 cost containment expenses	168,769,524	152,935,261	0	1,025,523	203,874	14,604,866	0	0	0	0
20.	General administrative expenses	568,736,256	541,684,022	0	2,534,800	2,739,774	21,777,660	0	0	0	0
21.	Increase in reserves for accident and health contracts	0	0	0	0	0	0	0	0	0	XXX
22.	Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
23.	Total underwriting deductions (Lines 17 to 22)	3,181,338,749	2,786,713,254	0	7,913,111	3,074,945	383,637,439	0	0	0	0
24.	Total underwriting gain or (loss) (Line 7 minus Line 23)	(78,399,367)	(75,076,541)	0	(3,113,190)	(2,905,310)	2,695,674	0	0	0	0
	DETAILS OF WRITE-INS										
0501.	TDN Access Fees	30,871	0	0	30,871	0	0	0	0	0	XXX
0502.	FEHBP OPMHMO Incentive	2,456,896	0	0	0	0	2,456,896	0	0	0	XXX
0503.											XXX
0598.	Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599.	Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	2,487,767	0	0	30,871	0	2,456,896	0	0	0	XXX
0601.			XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.			XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.			XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698.	Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699.	Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.											XXX
1302.											XXX
1303.											XXX
1398.	Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399.	Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1.	Comprehensive (hospital and medical)	2,760,786,510	0	4,092,630	2,756,693,880
2.	Medicare Supplement	0	0	0	0
3.	Dental only	864,926	3,904,124	0	4,769,050
4.	Vision only	169,635	0	0	169,635
5.	Federal Employees Health Benefits Plan	395,163,053	0	0	395,163,053
6.	Title XVIII - Medicare	0	0	0	0
7.	Title XIX - Medicaid	0	0	0	0
8.	Other health	0	0	0	0
9.	Health subtotal (Lines 1 through 8)	3,156,984,124	3,904,124	4,092,630	3,156,795,618
10.	Life	0	0	0	0
11.	Property/casualty	0	0	0	0
12.	Totals (Lines 9 to 11)	3,156,984,124	3,904,124	4,092,630	3,156,795,618

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	2,548,607,336	2,202,648,151	0	627,653	131,297	345,200,235	0	0	0	0
1.2 Reinsurance assumed	3,705,162	0	0	3,705,162	0	0	0	0	0	0
1.3 Reinsurance ceded	66,453,559	66,453,559	0	0	0	0	0	0	0	0
1.4 Net	2,485,858,939	2,136,194,592	0	4,332,815	131,297	345,200,235	0	0	0	0
2. Paid medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	180,158,890	159,531,091	0	97,014	0	20,530,785	0	0	0	0
3.2 Reinsurance assumed	342,978	0	0	342,978	0	0	0	0	0	0
3.3 Reinsurance ceded	7,301,539	7,301,539	0	0	0	0	0	0	0	0
3.4 Net	173,200,329	152,229,552	0	439,992	0	20,530,785	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0
6. Net healthcare receivables (a)	63,631,574	63,631,574	0	0	0	0	0	0	0	0
7. Amounts recoverable from reinsurers December 31, current year	68,465,848	68,465,848	0	0	0	0	0	0	0	0
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	179,071,874	160,515,107	0	80,660	0	18,476,107	0	0	0	0
8.2 Reinsurance assumed	339,358	0	0	339,358	0	0	0	0	0	0
8.3 Reinsurance ceded	9,901,127	9,901,127	0	0	0	0	0	0	0	0
8.4 Net	169,510,105	150,613,980	0	420,018	0	18,476,107	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	86,381,230	86,381,230	0	0	0	0	0	0	0	0
12. Incurred Benefits:										
12.1 Direct	2,486,062,778	2,138,032,561	0	644,007	131,297	347,254,913	0	0	0	0
12.2 Reinsurance assumed	3,708,782	0	0	3,708,782	0	0	0	0	0	0
12.3 Reinsurance ceded	45,938,589	45,938,589	0	0	0	0	0	0	0	0
12.4 Net	2,443,832,971	2,092,093,972	0	4,352,789	131,297	347,254,913	0	0	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

(a) Excludes $ 34,656,900 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	9,335,610	8,113,732	0	0	0	1,221,878	0	0	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
1.4 Net	9,335,610	8,113,732	0	0	0	1,221,878	0	0	0	0
2. Incurred but Unreported:										
2.1 Direct	170,823,280	151,417,359	0	97,014	0	19,308,907	0	0	0	0
2.2 Reinsurance assumed	342,978	0	0	342,978	0	0	0	0	0	0
2.3 Reinsurance ceded	7,301,539	7,301,539	0	0	0	0	0	0	0	0
2.4 Net	163,864,719	144,115,820	0	439,992	0	19,308,907	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	0	0	0	0	0	0	0	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1 Direct	180,158,890	159,531,091	0	97,014	0	20,530,785	0	0	0	0
4.2 Reinsurance assumed	342,978	0	0	342,978	0	0	0	0	0	0
4.3 Reinsurance ceded	7,301,539	7,301,539	0	0	0	0	0	0	0	0
4.4 Net	173,200,329	152,229,552	0	439,992	0	20,530,785	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred In Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	140,849,187	2,013,260,787	1,434,165	150,795,386	142,283,352	150,613,979
2. Medicare Supplement	0	0	0	0	0	0
3. Dental Only	338,272	3,994,543	908	439,084	339,180	420,018
4. Vision Only	0	131,297	0	0	0	0
5. Federal Employees Health Benefits Plan	17,672,512	327,527,723	72,538	20,458,247	17,745,050	18,476,107
6. Title XVIII - Medicare	0	0	0	0	0	0
7 Title XIX - Medicaid	0	0	0	0	0	0
8. Other health	0	0	0	0	0	0
9. Health subtotal (Lines 1 to 8)	158,859,971	2,344,914,350	1,507,611	171,692,717	160,367,582	169,510,104
10. Healthcare receivables (a)	0	63,631,574	0	0	0	0
11. Other non-health	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts	0	0	0	0	0	0
13. Totals (Lines 9 - 10 + 11 + 12)	158,859,971	2,281,282,776	1,507,611	171,692,717	160,367,582	169,510,104

(a) Excludes $ 34,656,900 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 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	137,558	139,191	140,094	140,793	140,682
2.	2012	1,438,582	1,545,541	1,545,714	1,545,517	1,545,350
3.	2013	XXX	1,553,921	1,659,677	1,659,753	1,658,869
4.	2014	XXX	XXX	1,689,117	1,826,622	1,827,327
5.	2015	XXX	XXX	XXX	1,845,865	1,987,172
6.	2016	XXX	XXX	XXX	XXX	1,949,629

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 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	139,803	139,191	140,094	140,793	140,682
2.	2012	1,569,060	1,546,408	1,545,714	1,545,517	1,545,350
3.	2013	XXX	1,674,690	1,660,760	1,659,753	1,658,869
4.	2014	XXX	XXX	1,847,295	1,827,617	1,827,348
5.	2015	XXX	XXX	XXX	1,995,484	1,988,585
6.	2016	XXX	XXX	XXX	XXX	2,100,425

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

Years in which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2012	1,925,442	1,545,350	83,079	5.4	1,628,429	84.6	0	0	1,628,429	84.6
2.	2013	2,117,073	1,658,869	87,499	5.3	1,746,368	82.5	0	0	1,746,368	82.5
3.	2014	2,395,189	1,827,327	109,384	6.0	1,936,711	80.9	21	1	1,936,733	80.9
4.	2015	2,634,111	1,987,172	147,785	7.4	2,134,957	81.1	1,413	53	2,136,423	81.1
5.	2016	2,711,637	1,949,629	142,936	7.3	2,092,565	77.2	150,795	5,780	2,249,140	82.9

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Dental Only

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	627	631	632	632	631
2.	2012	10,084	10,770	10,775	10,775	10,775
3.	2013	XXX	9,767	10,431	10,436	10,438
4.	2014	XXX	XXX	7,712	8,048	8,055
5.	2015	XXX	XXX	XXX	4,781	5,110
6.	2016	XXX	XXX	XXX	XXX	3,995

Section B - Incurred Health Claims - Dental Only

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 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	630	631	632	632	631
2.	2012	10,880	10,772	10,775	10,775	10,775
3.	2013	XXX	10,486	10,432	10,436	10,438
4.	2014	XXX	XXX	8,200	8,057	8,055
5.	2015	XXX	XXX	XXX	5,192	5,111
6.	2016	XXX	XXX	XXX	XXX	4,434

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

Years in which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2012	15,040	10,775	3,483	32.3	14,258	94.8	0	0	14,258	94.8
2.	2013	15,407	10,438	2,260	21.7	12,698	82.4	0	0	12,698	82.4
3.	2014	9,781	8,055	1,808	22.4	9,863	100.8	0	0	9,863	100.8
4.	2015	5,525	5,110	1,571	30.7	6,681	120.9	1	0	6,682	120.9
5.	2016	4,769	3,995	958	24.0	4,953	103.9	439	39	5,431	113.9

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Vision Only

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	0	0	0	0	0
2.	2012	1,711	1,711	1,711	1,711	1,711
3.	2013	XXX	369	369	369	369
4.	2014	XXX	XXX	315	315	315
5.	2015	XXX	XXX	XXX	172	172
6.	2016	XXX	XXX	XXX	XXX	131

Section B - Incurred Health Claims - Vision Only

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 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	0	0	0	0	0
2.	2012	1,711	1,711	1,711	1,711	1,711
3.	2013	XXX	369	369	369	369
4.	2014	XXX	XXX	315	315	315
5.	2015	XXX	XXX	XXX	172	172
6.	2016	XXX	XXX	XXX	XXX	131

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

Years in which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2012	444	1,711	122	7.1	1,833	412.8	0	0	1,833	412.8
2.	2013	477	369	28	7.6	397	83.2	0	0	397	83.2
3.	2014	407	315	270	85.7	585	143.7	0	0	585	143.7
4.	2015	223	172	7	4.1	179	80.3	0	0	179	80.3
5.	2016	170	131	191	145.8	322	189.4	0	8	330	194.1

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	13,688	13,794	13,707	13,668	13,656
2.	2012	191,801	207,204	207,112	207,071	206,983
3.	2013	XXX	231,322	247,690	247,527	247,395
4.	2014	XXX	XXX	244,227	262,171	262,158
5.	2015	XXX	XXX	XXX	291,344	309,259
6.	2016	XXX	XXX	XXX	XXX	327,528

Section B - Incurred Health Claims - Federal Employees Health Benefits Plan Premium

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 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	13,762	13,794	13,707	13,668	13,656
2.	2012	204,747	207,293	207,112	207,071	206,983
3.	2013	XXX	247,107	247,761	247,527	247,395
4.	2014	XXX	XXX	262,802	262,318	262,159
5.	2015	XXX	XXX	XXX	309,674	309,331
6.	2016	XXX	XXX	XXX	XXX	347,986

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Federal Employees Health Benefits Plan Premium

Years in which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2012	222,649	206,983	7,540	3.6	214,523	96.4	0	0	214,523	96.4
2.	2013	266,353	247,395	8,213	3.3	255,608	96.0	0	0	255,608	96.0
3.	2014	292,836	262,158	10,783	4.1	272,941	93.2	1	0	272,942	93.2
4.	2015	344,336	309,259	13,629	4.4	322,888	93.8	72	3	322,963	93.8
5.	2016	383,876	327,528	13,650	4.2	341,178	88.9	20,458	552	362,188	94.4

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 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	151,873	153,616	154,433	155,093	154,969
2. 2012	1,642,178	1,765,226	1,765,312	1,765,074	1,764,819
3. 2013	XXX	1,795,379	1,918,167	1,918,085	1,917,071
4. 2014	XXX	XXX	1,941,371	2,097,156	2,097,855
5. 2015	XXX	XXX	XXX	2,142,162	2,301,713
6. 2016	XXX	XXX	XXX	XXX	2,281,283

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 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	154,195	153,616	154,433	155,093	154,969
2. 2012	1,786,398	1,766,184	1,765,312	1,765,074	1,764,819
3. 2013	XXX	1,932,652	1,919,322	1,918,085	1,917,071
4. 2014	XXX	XXX	2,118,612	2,098,307	2,097,877
5. 2015	XXX	XXX	XXX	2,310,522	2,303,199
6. 2016	XXX	XXX	XXX	XXX	2,452,976

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	2,163,575	1,764,819	94,224	5.3	1,859,043	85.9	0	0	1,859,043	85.9
2. 2013	2,399,310	1,917,071	98,000	5.1	2,015,071	84.0	0	0	2,015,071	84.0
3. 2014	2,698,213	2,097,855	122,245	5.8	2,220,100	82.3	22	1	2,220,123	82.3
4. 2015	2,984,195	2,301,713	162,992	7.1	2,464,705	82.6	1,486	56	2,466,247	82.6
5. 2016	3,100,452	2,281,283	157,735	6.9	2,439,018	78.7	171,692	6,379	2,617,089	84.4

UNDERWRITING AND INVESTMENT EXHIBIT

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

		1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
1.	Unearned premium reserves	0	0	0	0	0	0	0	0	0
2.	Additional policy reserves (a)	0	0	0	0	0	0	0	0	0
3.	Reserve for future contingent benefits	0	0	0	0	0	0	0	0	0
4.	Reserve for rate credits or experience rating refunds (including $ 0) for investment income	75,794,962	44,186,487	0	0	0	31,608,475	0	0	0
5.	Aggregate write-ins for other policy reserves	48,900,000	48,900,000	0	0	0	0	0	0	0
6.	Totals (gross)	124,694,962	93,086,487	0	0	0	31,608,475	0	0	0
7.	Reinsurance ceded	0	0	0	0	0	0	0	0	0
8.	Totals (Net)(Page 3, Line 4)	124,694,962	93,086,487	0	0	0	31,608,475	0	0	0
9.	Present value of amounts not yet due on claims	0	0	0	0	0	0	0	0	0
10.	Reserve for future contingent benefits	0	0	0	0	0	0	0	0	0
11.	Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12.	Totals (gross)	0	0	0	0	0	0	0	0	0
13.	Reinsurance ceded	0	0	0	0	0	0	0	0	0
14.	Totals (Net)(Page 3, Line 7)	0	0	0	0	0	0	0	0	0
	DETAILS OF WRITE-INS									
0501.	Risk adjustment payable	48,900,000	48,900,000	0	0	0	0	0	0	0
0502.										
0503.										
0598.	Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0
0599.	Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	48,900,000	48,900,000	0	0	0	0	0	0	0
1101.										
1102.										
1103.										
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199.	Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes $ 0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($ 0 for occupancy of own building)	2,003,344	5,022,147	10,971,448	0	17,996,939
2. Salary, wages and other benefits	16,449,331	39,545,441	93,494,856	0	149,489,628
3. Commissions (less $ 0 ceded plus $ 0 assumed)	0	0	145,937,490	0	145,937,490
4. Legal fees and expenses	0	0	2,607,769	0	2,607,769
5. Certifications and accreditation fees	0	0	0	0	0
6. Auditing, actuarial and other consulting services	85,724	4,231	2,108,357	0	2,198,312
7. Traveling expenses	256,879	825,805	2,836,889	0	3,919,573
8. Marketing and advertising	0	0	1,519,509	0	1,519,509
9. Postage, express and telephone	171,254	2,128,590	5,077,178	0	7,377,022
10. Printing and office supplies	120,525	989,645	2,447,068	0	3,557,238
11. Occupancy, depreciation and amortization	0	0	0	0	0
12. Equipment	10,364	60,655	1,051,286	0	1,122,305
13. Cost or depreciation of EDP equipment and software	1,416,442	12,652,476	63,723,002	0	77,791,920
14. Outsourced services including EDP, claims, and other services	39,612,537	17,792,138	72,553,992	0	129,958,667
15. Boards, bureaus and association fees	84,715	15,285	1,946,607	0	2,046,607
16. Insurance, except on real estate	132,583	446,838	700,205	0	1,279,626
17. Collection and bank service charges	0	0	478,588	0	478,588
18. Group service and administration fees	0	0	0	0	0
19. Reimbursements by uninsured plans	0	0	0	0	0
20. Reimbursements from fiscal intermediaries	0	0	0	0	0
21. Real estate expenses	0	0	0	0	0
22. Real estate taxes	0	0	212,509	0	212,509
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes	0	0	0	0	0
23.2 State premium taxes	0	0	46,557,292	0	46,557,292
23.3 Regulatory authority licenses and fees	799	905	4,086,785	0	4,088,489
23.4 Payroll taxes	1,014,571	2,563,052	4,989,374	0	8,566,997
23.5 Other (excluding federal income and real estate taxes)	3,855	19,909	74,149,323	0	74,173,087
24. Investment expenses not included elsewhere	0	0	0	1,044,095	1,044,095
25. Aggregate write-ins for expenses	4,904,876	20,434,610	31,286,728	0	56,626,214
26. Total expenses incurred (Lines 1 to 25)	66,267,799	102,501,727	568,736,255	1,044,095	(a) 738,549,876
27. Less expenses unpaid December 31, current year	0	6,433,960	45,488,948	0	51,922,908
28. Add expenses unpaid December 31, prior year	0	6,383,240	46,969,782	0	53,353,022
29. Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year	0	0	0	0	0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	66,267,799	102,451,007	570,217,089	1,044,095	739,979,990
DETAILS OF WRITE-INS					
2501. Charitable Contributions	108	998	8,589,303	0	8,590,409
2502. Service charges Inter-plan bank	(1)	1,064,004	(10,799)	0	1,053,204
2503. IPSBB Inter-plan bank ITS	0	3,322,748	0	0	3,322,748
2598. Summary of remaining write-ins for Line 25 from overflow page	4,904,769	16,046,860	22,708,224	0	43,659,853
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	4,904,876	20,434,610	31,286,728	0	56,626,214

(a) Includes management fees of $ 351,573,177 to affiliates and $ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 2,324,049	2,295,430
1.1	Bonds exempt from U.S. tax	(a) 0	0
1.2	Other bonds (unaffiliated)	(a) 18,900,819	18,460,138
1.3	Bonds of affiliates	(a) 0	0
2.1	Preferred stocks (unaffiliated)	(b) 0	0
2.11	Preferred stocks of affiliates	(b) 0	0
2.2	Common stocks (unaffiliated)	3,396,899	3,396,899
2.21	Common stocks of affiliates	0	0
3.	Mortgage loans	(c) 0	0
4.	Real estate	(d) 0	0
5	Contract Loans	0	0
6	Cash, cash equivalents and short-term investments	(e) 217,159	255,892
7	Derivative instruments	(f) 0	0
8.	Other invested assets	0	0
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	24,838,926	24,408,359
11.	Investment expenses		(g) 1,044,095
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13.	Interest expense		(h) 0
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		1,044,095
17.	Net investment income (Line 10 minus Line 16)		23,364,264
	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 $ 290,260 accrual of discount less $ 4,229,860 amortization of premium and less $ 1,903,706 paid for accrued interest on purchases.

(b) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued dividends on purchases.

(c) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.

(d) Includes $ 0 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.

(e) Includes $ 0 accrual of discount less $ 13,908 amortization of premium and less $ 32,554 paid for accrued interest on purchases.

(f) Includes $ 0 accrual of discount less $ 0 amortization of premium.

(g) Includes $. 0 investment expenses and $ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.

(h) Includes $ 0 interest on surplus notes and $ 0 interest on capital notes.

(i) Includes $ 0 depreciation on real estate and $ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	1,625,353	0	1,625,353	(24,717)	0
1.1	Bonds exempt from U.S. tax	0	0	0	0	0
1.2	Other bonds (unaffiliated)	2,831,762	0	2,831,762	28,052	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)	6,851,916	0	6,851,916	2,827,208	0
2.21	Common stocks of affiliates	0	0	0	(24,741)	0
3.	Mortgage loans	0	0	0	0	0
4.	Real estate	0	0	0	0	0
5.	Contract loans	0	0	0	0	0
6.	Cash, cash equivalents and short-term investments	31	0	31	0	0
7.	Derivative instruments	0	0	0	0	0
8.	Other invested assets	0	0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	11,309,062	0	11,309,062	2,805,802	0
	DETAILS OF WRITE-INS					
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT OF NON-ADMITTED ASSETS

		1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)	0	0	0
2.	Stocks (Schedule D):			
	2.1 Preferred stocks	0	0	0
	2.2 Common stocks	0	0	0
3.	Mortgage loans on real estate (Schedule B):			
	3.1 First liens	0	0	0
	3.2 Other than first liens	0	0	0
4.	Real estate (Schedule A):			
	4.1 Properties occupied by the company	0	0	0
	4.2 Properties held for the production of income	0	0	0
	4.3 Properties held for sale	0	0	0
5.	Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)	0	0	0
6.	Contract loans	0	0	0
7.	Derivatives (Schedule DB)	0	0	0
8.	Other invested assets (Schedule BA)	0	0	0
9.	Receivables for securities	0	0	0
10.	Securities lending reinvested collateral assets (Schedule DL)	0	0	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	0	0
14.	Investment income due and accrued	0	0	0
15.	Premiums and considerations:			
	15.1 Uncollected premiums and agents' balances in the course of collection	14,419,344	9,354,740	(5,064,604)
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
	15.3 Accrued retrospective premiums and contracts subject to redetermination	0	0	0
16.	Reinsurance:			
	16.1 Amounts recoverable from reinsurers	0	0	0
	16.2 Funds held by or deposited with reinsured companies	0	0	0
	16.3 Other amounts receivable under reinsurance contracts	0	0	0
17.	Amounts receivable relating to uninsured plans	0	0	0
18.1	Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2	Net deferred tax asset	352,783	694,845	342,062
19.	Guaranty funds receivable or on deposit	0	0	0
20.	Electronic data processing equipment and software	0	0	0
21.	Furniture and equipment, including health care delivery assets	0	0	0
22.	Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23.	Receivable from parent, subsidiaries and affiliates	0	0	0
24.	Health care and other amounts receivable	4,580,967	4,179,788	(401,179)
25.	Aggregate write-ins for other than invested assets	1,740,920	1,573,349	(167,571)
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	21,094,014	15,802,722	(5,291,292)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
28.	Total (Lines 26 and 27)	21,094,014	15,802,722	(5,291,292)
	DETAILS OF WRITE-INS			
1101.		0	0	0
1102.		0	0	0
1103.		0	0	0
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501.	Prepaid Expenses	1,740,920	1,573,349	(167,571)
2502.		0	0	0
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)	1,740,920	1,573,349	(167,571)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

	Source of Enrollment	Total Members at End of 1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	6 Current Year Member Months
1.	Health Maintenance Organizations	411,501	423,429	413,577	402,720	393,400	4,925,032
2.	Provider Service Organizations	0	0	0	0	0	0
3.	Preferred Provider Organizations	2	0	0	4	4	24
4.	Point of Service	278,970	266,770	267,029	271,464	275,143	3,226,453
5.	Indemnity Only	721	407	371	632	691	6,092
6.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
7.	Total	691,194	690,606	680,977	674,820	669,238	8,157,601
	DETAILS OF WRITE-INS						
0601.							
0602.							
0603.							
0698.	Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699.	Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of CareFirst BlueChoice, Inc. (CFBC or the Company) are presented on the basis of accounting practices prescribed or permitted by the District of Columbia Department of Insurance, Securities, and Banking (DISB).

The DISB recognizes only statutory accounting practices prescribed or permitted by the District of Columbia for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the District of Columbia Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the District of Columbia. The Company does not utilize any permitted practices.

For the years ended December 31, 2016 and 2015, there were no differences in net loss and surplus between NAIC SAP and practices prescribed by the District of Columbia.

				(*in thousands*)	
NET LOSS	SSAP #	F/S Page	F/S Line #	**2016**	**2015**
(1) State basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	**$ (46,102)**	$ (9,918)
(2) State Prescribed Practices that increase/(decrease) NAIC SAP				**-**	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP				**-**	-
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	**$ (46,102)**	$ (9,918)
SURPLUS					
(5) State basis (Page 3, Line 33, Columns 3&4)	XXX	XXX	XXX	**$ 697,523**	$ 741,105
(6) State Prescribed Practices that increase/(decrease) NAIC SAP				**-**	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP				**-**	-
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	**$ 697,523**	$ 741,105

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

The preparation of financial statements in conformity with statutory accounting practices requires management to make estimates and assumptions that affect the reported amounts in the accompanying statutory-basis financial statements and disclosures. Actual results could differ from those estimates.

C. Accounting Policy

Investments

Investment securities are carried in accordance with valuation criteria established by the NAIC, i.e. stocks (other than investments in subsidiaries) are carried at fair value and bonds at amortized cost. Adjustments reflecting the revaluation of stocks at the statement date are charged to unassigned funds (surplus), unless the adjustments are losses deemed to be other than temporary.

The Company periodically performs evaluations, on a lot-by-lot and security-by-security basis, of its investment holdings to evaluate whether any declines in the fair value of investments are other than temporary. This evaluation consists of a review of several factors, including but not limited to: length of time and extent that a security has been in an unrealized loss position; the existence of an event that would impair the issuer's future earnings potential; the near term prospects for recovery of the fair value of a security; and the intent and ability of the Company to hold the security until the fair value recovers. These reviews were conducted pursuant to the applicable Statements of Statutory Accounting Principles (SSAPs).

For equity securities and non mortgage-backed/asset-backed securities, the Company considers the various factors described above, including its intent and ability to hold the security for a period of time sufficient to recover its cost. When the Company lacks the intent or ability, the security's decline in fair value is deemed to be other than temporary and the entire difference between fair value and cost is recognized in investment income, net.

For mortgage-backed and asset-backed securities, the Company applies SSAP No. 43R *Loan-backed and Structured Securities*. Accordingly, any non-interest related impairment related to mortgage-backed and asset-backed securities that the Company does not intend to sell and has the intent and ability to retain until recovery is recognized in investment income, net, with the interest related impairment recognized in capital and surplus.

For mortgage-backed and asset-backed securities where the fair value is less than amortized cost, and that are deemed to have interest related declines, the Company has asserted that it has the intent and ability to retain the investment until recovery of its amortized cost basis. If such an assertion had not been made, the security's decline in fair value would be deemed to be other than temporary and the entire difference between fair value and amortized cost would be recognized in investment income, net.

For mortgage-backed and asset-backed securities, the difference between the projected future cash flows expected to be collected and the amortized cost basis is recognized as non-interest related other than temporary impairment (OTTI) in investment income, net. The Company uses its best estimate of the present value of cash flows expected to be collected from the security to determine the amount of non-interest loss. If fair value is less than the projected future cash flows expected to be collected, the interest related OTTI is recorded in capital and surplus.

When determining the collectability and the period over which the mortgage-backed and asset-backed securities are expected to recover, additional considerations are made when assessing the unique features that apply to certain structured

securities such as residential mortgage-backed, commercial mortgage-backed and asset-backed securities. These additional features include, but are not limited to: the quality of underlying collateral; expected prepayment speeds; current and forecasted loss severity; consideration of payment terms of underlying assets backing a particular security; and the payment priority within the tranche structure of the security.

Based on its evaluation, the Company has determined that there is no OTTI for bonds and stocks for the years ended December 31, 2016 and 2015.

Cash and Short-Term Investments

Cash and short-term investments consist of cash balances and short-term, highly liquid investments with remaining maturities of one year or less at the time of acquisition. Short-term investments are principally stated at amortized cost. In accordance with the Company's cash management policy of maximizing the amount of funds invested in income-earning assets, the Company routinely anticipates the timing and amount of future cash flows. This policy frequently results in the existence of negative book cash balances.

Bonds

Bonds consist primarily of U.S. Treasury and other U.S. government agencies securities, state and municipal securities, foreign governments securities (U.S. dollar-denominated), corporate bonds, mortgage-backed securities and asset-backed securities.

Bonds not backed by other loans are carried at amortized cost, except in cases where NAIC designation requires them to be carried at the lower of cost or fair value. Fair values for bonds are based on quoted market prices and other observable inputs for the same or similar investments (refer to Note 20). Changes in admitted asset carrying amounts of bonds, aside from OTTI, are charged directly to capital and surplus.

Mortgage-backed securities that are included within bonds are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from external sources and are based on the current interest rate and economic environment. The prospective adjustment method is used to value all such securities (refer to Note 20).

Stocks

Investments in unaffiliated common stock, primarily in publicly traded index funds, are carried at fair value. The fair values for common stocks are based on quoted market prices (refer to Note 20). Changes in admitted asset carrying amounts of stocks, aside from OTTI, are charged directly to capital and surplus.

Stocks also include the Company's investments in wholly-owned subsidiaries. The Company's insurance subsidiary is carried at its underlying audited statutory equity. The Company's non-insurance subsidiary is reported at its underlying GAAP equity when an admissible audit is available. Changes in unrealized gains and losses are charged directly to capital and surplus.

Redeemable preferred stocks are carried at cost, except in cases where NAIC designation requires them to be carried at lower of cost or fair value. Perpetual preferred stocks are valued using unit prices as reported in NAIC Valuations of Securities Manual except in cases where NAIC designation requires them to be carried at lower of cost or fair value (refer to Note 20).

Investment Dispositions

A primary objective in the management of the bond and stock portfolios is to maximize total return relative to underlying liabilities and respective liquidity needs. In achieving this goal, assets may be sold to take advantage of market conditions or other investment opportunities as well as tax considerations. Sales will generally produce realized gains and losses. In the ordinary course of business, the Company may sell securities for a number of reasons, including, but not limited to: (i) changes to the investment environment; (ii) expectation that the fair value could deteriorate further; (iii) desire to reduce exposure to an issuer or an industry; (iv) changes in credit quality; and (v) changes in expected cash flow. For purpose of computing realized gains and losses, the specific-identification method was used.

Risk Concentrations

Financial instruments that potentially subject the Company to credit risk consist primarily of investment securities and receivables. The Company receives advice through or assigns direct management of investments to professional investment managers selected for their expertise in various markets, within guidelines established by the Board of Directors. These guidelines include broad diversification of investments. Aside from the Federal Employee Health Benefits Program (FEHBP) discussed below, concentrations of credit risk and business volume with respect to commercial receivables are generally limited due to the large number of employer groups comprising the Company's customer base. As of December 31, 2016 and 2015, except for FEHBP, there were no significant concentrations of financial instruments in a single investee, industry or geographic location.

Health Care and Other Amounts Receivable

Health care and other amounts receivable consists of pharmacy rebates receivable, advances to providers, amounts due from the Office of Personnel Management (OPM) under the FEHBP contracts (refer to Summary of Significant Accounting Policies – Federal Employee Health Benefit Program).

NOTES TO FINANCIAL STATEMENTS

The Company has an agreement with a pharmacy benefit management company to provide pharmacy rebate management services including pharmaceutical manufacturer contracting and rebate billing. The Company accounts for pharmacy rebates in accordance with SSAP No. 84, *Health Care and Government Insured Plan Receivables* (SSAP 84). Per SSAP 84, pharmacy rebates may consist of estimated amounts and billed amounts. Any estimated amounts shall relate to actual prescriptions filled during the three months immediately preceding the reporting date. Any billed amounts that have not been collected within 90 days of the invoice date shall be nonadmitted.

The Company has advances on deposit with certain regulated hospitals in the state of Maryland. These advances permit the Company to earn discounts of 2.25% and 2.00% of allowed inpatient and outpatient charges, respectively, by these hospitals. These provider advances are reported at their realizable value.

Unpaid losses and loss adjustment expenses

The Company pays fees based upon negotiated contractual fee schedules to medical providers that provide physician and hospital services. The Company also negotiates contractual agreements with certain physicians and medical management groups to provide health care and ancillary services to its members. In addition, the Company has a contractual agreement with a pharmacy benefit management company to provide pharmacy benefits to its members. Cost of care is recognized in the period in which members receive medical services. In addition to actual benefits paid, cost of care includes the impact of accruals for estimates of reported and unreported claims, which are unpaid as of the balance sheet dates.

The liability for medical claims payable is computed in accordance with generally accepted actuarial practices and is based upon past claims payment experience, together with other current factors which, in management's judgment, require recognition in the calculation. The Company develops its estimates for care services incurred but not reported using an actuarial process that is consistently applied.

The actuarial model considers factors such as time from the dates of service to claims receipt, claims backlogs, seasonal variances in medical care consumption, provider rate changes, medical care utilization, medical cost trends, membership volume and demographics. Depending on the health care provider and type of service, the typical billing lag for services can vary significantly. Substantially all claims are known and settled within twelve months from the date of service.

The Company regularly re-examines its previously established unpaid claims estimates based on actual claim submissions and other changes in facts and circumstances. Due to the uncertainties inherent in the claims estimation process, it is at least reasonably possible that the actual claims paid could differ materially from the amounts accrued in the accompanying balance sheets – statutory basis.

Premium Deficiency Reserve

Premium deficiency reserve represents the Company's estimate of the amount that the expected incurred claims, claims adjustment expenses and certain general administrative costs exceed the expected premiums earned for the remainder of the contract period of the Company's in-force policies. For purposes of calculating the premium deficiency reserve, contracts are deemed to be short duration and are grouped in a manner consistent with the Company's method of marketing, servicing and measuring the profitability of such contracts. Once established, the premium deficiency reserve is released commensurate with actual claims experience over the remainder of the contract period. The Company does not consider anticipated investment income when calculating the reserve. The most recent evaluation date of this reserve is at December 31, 2016. The premium deficiency reserve is recorded as an offset to premiums earned and is included in the aggregate health policy reserves. The Company recorded a premium deficiency reserve in the amount of $0 and $9,590,000 as of December 31, 2016 and 2015, respectively.

Medical Loss Ratio Rebates

The Patient Protection and Affordable Care Act and a reconciliation measure, the Health Care and Education Reconciliation Act of 2010, which the Company refers to together as the Health Reform Legislation, established minimum medical loss ratio (MLR) regulations that require payment of premium rebates (MLR rebates) to employers and individuals covered under the Company's comprehensive medical insurance if certain minimum MLRs (85% for large group, 80% for small group and 80% for individual under 65) are not met. The MLR rebates are measured by jurisdiction at the market segment level (large group, small group and individual under 65). As of December 31, 2016 and 2015, the Company recorded an estimated MLR rebate accrual of $44,130,000 and $14,440,000, respectively, within the aggregate health policy reserves.

Premium Stabilization Programs

Health Reform Legislation includes three programs designed to stabilize health insurance markets (Premium Stabilization Programs): a permanent risk adjustment program; a transitional reinsurance program; and a temporary risk corridor program.

The risk adjustment program is a permanent program and applies to certain individual and small group products. Under the program, each covered member is assigned a risk score based upon demographic information and applicable diagnostic codes from the current year claims data, in order to determine an average risk score for each plan in a particular state and market risk pool. The issuers whose pools of insured enrollees have lower-than-average risk scores will transfer funds to those issuers whose pools have greater-than-average risk scores. The risk adjustment receivable or payable, if any, would be included within accrued retrospective premiums or aggregate health policy reserves and recorded as an adjustment to premiums earned. The Company developed an estimate of amounts to be recorded under the risk adjustment program considering data that is currently available. This data included calculation of member risk scores for the Company, third party analysis of state average risk scores and other data relevant to the Company's markets. Based on these factors, the Company recorded a net risk adjustment payable of $66,200,000 for the 2015 benefit year at December 31, 2015. On June 30, 2016, the Company received notification from the Centers for Medicare and Medicaid

Services (CMS) of a risk adjustment settlement of $31,858,000. During the settlement process, CMS collected $38,375,000 from the Company, resulting in a receivable of $6,517,000 recorded by the Company. The Company received $3,109,000 as of December 31, 2016. The remaining balance primarily represents a risk adjustment charge that CMS is in the process of collecting from a state of Maryland Consumer Operated and Oriented Plan (Co-op). While there has been uncertainty surrounding whether, and to what extent, the Co-op can pay CMS the balance it owes, the Co-op has not been placed in receivership and the Company expects to collect the remaining balance. For the 2016 benefit year, the Company excluded any amount related to the Co-op from its estimate due to a lack of credible data related to the Co-op in the third party analysis of state average risk scores. The Company recorded a net risk adjustment payable of $48,900,000 at December 31, 2016.

The transitional reinsurance program is a three-year program that is funded on a per capita basis from all commercial lines of business including insured and self-funded arrangements. The Company recorded its estimated liability for the reinsurance contribution of $18,139,000 and $30,327,000 for the 2016 and 2015 benefit years, respectively, of which $4,068,000 and $6,402,000 was recorded as a reduction of premiums earned and $14,071,000 and $23,925,000 was recorded as general and administrative expense in 2016 and 2015, respectively. The allocable portion of reinsurance contribution liability that was related to the FEHBP is chargeable to FEHBP contract. The reimbursable amount for FEHBP recognized for 2016 and 2015 is $1,646,000 and $2,481,000, respectively. Only issuers of individual products are eligible for reinsurance recoveries from the risk pools. The Company included actual paid claims and an estimate of unpaid claims in calculating the receivable, which is included within amounts recoverable from reinsurers and as a reduction of unpaid claims, respectively. These receivables are recorded as a reduction to cost of care. The federal coinsurance rate for the 2015 benefit year decreased from 80% to 50%. In 2015, the Maryland Health Benefit Exchange (MHBE) began operating a transitional reinsurance program, or the Supplemental Maryland Reinsurance Program (SMRP), which supplements the federal coinsurance rate resulting in a coinsurance rate of 80% capped at a funding limit approved by the state. The Company recorded a receivable of $96,282,000 for the 2015 benefit year at December 31, 2015. The final settlement amount for the 2015 benefit year is $90,513,000, of which $21,579,000 is related to the SMRP. The Company collected $64,099,000 from CMS as of December 31, 2016. The Company expects to collect the remaining balance from CMS and SMRP in 2017. For the 2016 benefit year, the federal coinsurance rate is 50% and the SMRP continues to supplement the federal coinsurance rate capping at 80% subject to a funding limit. The Company recorded a receivable of $49,354,000 for the 2016 benefit year at December 31, 2016, of which $13,018,000 is due from the SMRP.

The risk corridor program is a three-year program and is intended to limit the gains and losses of certain individual and small group qualified health plans. Issuers are required to calculate the U.S. Department of Health and Human Services (HHS) risk corridor ratio of allowable costs to the defined target amount. Qualified health plans with ratios below 97% are required to make payments to HHS, while plans with ratios greater than 103% expect to receive funds from HHS. The risk corridor receivable or payable, if any, would be included within accrued retrospective premiums or aggregate health policy reserves and recorded as an adjustment to premiums earned. In 2014, the Company calculated a potential risk corridor receivable of $18,658,000 but did not record the receivable due to the uncertainty of the program's funding. In 2015, the Company recorded a prorated amount at 12.6%, or $2,351,000, based upon a notification from CMS. In 2016, the Company recorded an additional $620,000 based upon a report issued by CMS. The total amount collected for the 2014 benefit year is $2,776,000 as of December 31, 2016. The remaining balance is subject to the risk corridor collections from the issuers in 2016 and the availability of federal government appropriations. The Company's calculated risk corridor receivable for the 2016 and 2015 benefit years is $46,400,000 and $24,218,000, respectively. The Company determined that no risk corridor receivable should be recorded due to the uncertainty of the program's funding. The Company recorded a risk corridor payable of $200,000 at December 31, 2015, which was adjusted in 2016 to $118,000 and paid to CMS. The Company recorded a risk corridor payable of $60,000 at December 31, 2016.

Health Insurer Fee

Health Reform Legislation imposes an annual health insurer fee (HIF) on health insurers that write certain types of risk health insurance products. The HIF is not deductible for income tax purposes. The Company estimated its liability for the HIF based on a ratio of the Company's applicable written premiums compared to the U.S. health insurance industry total applicable written premiums, both for the preceding calendar year. The Company recorded in full its estimated liability in general expenses due or accrued and general and administrative expense at the beginning of the year. The Company's 2016 and 2015 HIF of $52,878,000 and $53,014,000 was paid in September 2016 and 2015, respectively. The allocable portion of the HIF liability that was related to the premiums for insurance provided through the FEHBP is chargeable to FEHBP contract. The reimbursable amount for FEHBP recognized for 2016 and 2015 is $9,235,000 and $8,709,000, respectively.

Revenue Recognition

Premiums are recognized as earned on a monthly basis for the period the health care coverage is in effect. Premiums received in advance represent prepayments of premiums for future health care coverage.

Uncollected premiums primarily represent unpaid amounts earned from insured groups and individuals. A provision is made for potential adjustments, which arise as a result of review by management.

The Company earns a performance incentive, or FEHBP service charge, which is an amount determined and paid annually by OPM based on the performance of the Company. The amounts in the accompanying statements of operations represent the Company's best estimate.

Federal Employee Health Benefits Program

The Company has an experience-rated HMO contract with OPM to provide managed health care services under FEHBP. The excess of gross premiums for the life of the program over the charges for the life of the program is considered the special reserve under the contract between OPM and the Company. Each year, OPM also allocates additional funds to a contingency reserve, which may be utilized by the Company in the event that funds set aside from annual premiums are insufficient or fall below certain prescribed levels by OPM. Funds available to the Company are held at the U.S.

Treasury, including amounts unused from prior periods. Any funds which remain unused upon termination of the contract, after the claims run-out and reimbursement of allowable administrative expenses, would be returned to OPM for the benefit of FEHBP. The OPM contract renews automatically each year unless written notice of termination is given by either party.

The amounts being held in the special reserve are $31,608,000 and $20,322,000 as of December 31, 2016 and 2015, respectively. The amounts being held in the contingency reserve are $43,264,000 and $45,050,000 as of December 31, 2016 and 2015, respectively. Amounts incurred in excess of the total reserves held at the U.S Treasury for FEHBP would not be reimbursed to the Company.

The Company has recorded the amount of the special reserve being held by OPM as an asset, with an equivalent amount recorded as a rate stabilization reserve. These amounts are included in health care and other amounts receivable and aggregate health policy reserves, respectively.

FEHBP revenue earned was $386,333,000 and $346,611,000 for the years ended December 31, 2016 and 2015, respectively.

2. Accounting Changes and Corrections of Errors

During the first quarter of 2016, the Company recorded a correction to prior year's claims incurred to reflect certain updated information related to pharmacy rebates receivable, reinsurance recoverable from the transitional reinsurance program and previously unrecognized claims data. As a result of these corrections, amounts related to claims interest expense and taxes were also corrected. These adjustments resulted in assets increasing by $1,487,000, liabilities decreasing by $1,999,000, and surplus increasing by $3,486,000, net of taxes.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not applicable.

B. Statutory Merger

Not applicable.

C. Assumption Reinsurance

Not applicable.

D. Impairment Loss

Not applicable.

4. Discontinued Operations

Not applicable.

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

None.

B. Debt Restructuring

None.

C. Reverse Mortgages

None.

D. Loan-Backed Securities

(1) The Company records its investment in loan-backed securities using the prospective adjustment method. Prepayment assumptions for single and multi-class mortgage-backed/other asset-backed securities are obtained from broker survey values. The Company uses IDC to determine the fair value for such securities.

(2) The Company does not have any mortgage-backed/other asset-backed securities which are other-than-temporarily impaired where the Company intends to sell, or does not have the intent and ability to hold until recovery.

(3) For the year ended December 31, 2016, the Company did not recognize OTTI in mortgage-backed/other asset-backed securities that the Company has the intent to hold, but does not expect to recover the entire amortized cost basis of the securities. At December 31, 2016, the Company did not hold any mortgage-backed or other asset-backed securities where the present value of cash flows expected to be collected is less than the amortized cost basis.

(4) The following table shows the gross unrealized losses and fair value of the Company's mortgage-backed/other asset-backed securities with unrealized losses that are not deemed to be other than

temporarily impaired, aggregated by investment category and by length of time that individual securities have been in a continuous unrealized loss position (*in thousands*).

	Fair Value < 1 Year	Unrealized Losses < 1 Year	Fair Value > 1 Year	Unrealized Losses > 1 Year	Total Unrealized Losses
December 31, 2016					
Government sponsored enterprise mortgage-backed securities	**$ 130,338**	**$ 2,078**	**$ 10,732**	**$ 247**	**$ 2,325**
Other mortgage-backed and asset-backed securities	**25,388**	**119**	**2,410**	**68**	**187**
Total	**$ 155,726**	**$ 2,197**	**$ 13,142**	**$ 315**	**$ 2,512**

	Fair Value < 1 Year	Unrealized Losses < 1 Year	Fair Value > 1 Year	Unrealized Losses > 1 Year	Total Unrealized Losses
December 31, 2015					
Government sponsored enterprise mortgage-backed securities	$ 72,714	$ 656	$ 17,107	$ 319	$ 975
Other mortgage-backed and asset-backed securities	32,348	254	5,755	144	398
Total	$ 105,062	$ 910	$ 22,862	$ 463	$ 1,373

(5) See Note 1 *Accounting Policy – Investments*

E. Repurchase Agreements and/or Securities Lending Transactions

None.

F. Real Estate

None.

G. Low-Income Housing Tax Credits (LIHTC)

None.

H. Restricted Assets

(1) Restricted Assets (Including Pledged) (*in thousands*)

Restricted Asset Category	Total Gross (Admitted and Nonadmitted) Restricted from Current Year	Total Gross (Admitted and Nonadmitted) Restricted from Prior Year	Increase/ (Decrease)	Total Current Year Nonadmitted Restricted	Total Current Year Admitted Restricted	Percentage Gross (Admitted and Nonadmitted) Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	$ -	$ -	$ -	$ -	$ -	- %	- %
b. Collateral held under security lending agreements	-	-	-	-	-	-	-
c. Subject to repurchase agreements	-	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	-	-	-	-	-
i. FHLB capital stock	-	-	-	-	-	-	-
j. On deposit with states	1,097	999	98	-	1,097	< 1	< 1
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-
n. Other restricted assets	170	390	(220)	-	170	< 1	< 1
o. Total Restricted Assets	$ 1,267	$ 1,389	$ (122)	$ -	$ 1,267	< 1 %	< 1 %

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories

Not applicable.

(3) Detail of Other Restricted Assets (*in thousands*)

NOTES TO FINANCIAL STATEMENTS

Description of Assets	Total Gross (Admitted and Nonadmitted) Restricted from Current Year	Total Gross (Admitted and Nonadmitted) Restricted from Prior Year	Increase/ (Decrease)	Total Current Year Admitted Restricted	Percentage Gross (Admitted and Nonadmitted) Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
Deposit for certain downstream risk providers in accordance with MD Health General Section 19-713.2(d).	$ 170	$ 390	$ (220)	$ 170	< 1 %	< 1 %
Total	$ 170	$ 390	$ (220)	$ 170	< 1 %	< 1 %

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

Not applicable.

I. Working Capital Finance Investments

None.

J. Offsetting and Netting Assets and Liabilities

None.

K. Structured Notes *(in thousands)*

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Referenced Security (YES/NO)
891160-MJ-9	$ 95	$ 93	$ 95	NO
Total	$ 95	$ 93	$ 95	

L. 5* Securities

None.

6. Joint Ventures, Partnerships and Limited Liability Companies

A. – B. None.

7. Investment Income

A. Investment income due and accrued is excluded from surplus when amounts are over 90 days past due or collection is uncertain.

B. No amount of investment income due and accrued was non-admitted and excluded from surplus as of December 31, 2016 and 2015.

8. Derivative Instruments

None.

9. Income Taxes

The Company is part of a federal tax sharing agreement that exists among CFBC (and its related subsidiaries). Through this agreement and the tax allocation methodology, federal taxes have been allocated to the Company. The tax sharing agreement calls for allocation of current federal income tax liability to the Company on the basis of the percentage of the consolidated federal income tax liability attributable to the Company computed on a separate company basis to the total consolidated federal income tax liability. The agreement also provides that to the extent the Company's subsidiaries tax attributes (e.g., NOLs) reduce the consolidated federal income tax liability, CFBC shall pay the subsidiaries for use of such attributes in the year utilized. Amounts due from the subsidiaries for federal income taxes are settled quarterly.

Pursuant to this agreement, the Company and its subsidiaries have an enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

The following table shows the components of the net deferred tax asset and deferred tax liability recognized in the Company's financial statements by tax character (*in thousands*):

NOTES TO FINANCIAL STATEMENTS

	December 31, 2016			December 31, 2015			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	$ 19,350	$ -	$ 19,350	$ 17,276	$ 313	$ 17,589	$ 2,074	$ (313)	$ 1,761
Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
Adjusted gross deferred tax assets	19,350	-	19,350	17,276	313	17,589	2,074	(313)	1,761
Deferred tax assets nonadmitted	353	-	353	381	313	694	(28)	(313)	(341)
Subtotal net admitted deferred tax asset	18,997	-	18,997	16,895	-	16,895	2,102	-	2,102
Deferred tax liabilities	9	2,037	2,046	12	1,046	1,058	(3)	991	988
Net admitted deferred tax asset/(liability)	$ 18,988	$ (2,037)	$ 16,951	$ 16,883	$ (1,046)	$ 15,837	$ 2,105	$ (991)	$ 1,114

The amount of admitted adjusted gross deferred tax assets are as follows *(in thousands)*:

	December 31, 2016			December 31, 2015			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	$ 18,988	-	$ 18,988	$ 16,883	$ -	$ 16,883	$ 2,105	$ -	$ 2,105
b. Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets from a, above) After application of the Threshold Limitation. (Lesser of b.i. and b.ii. Below)	-	-	-	-	-	-	-	-	-
i. Adjusted gross DTA expected to be realized following the Balance Sheet Date	-	-	-	-	-	-	-	-	-
ii. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	NA	NA	102,086	NA	NA	108,790	NA	NA	(6,704
c. Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From a. and b. above) Offset by Gross Deferred Tax Liabilities.	9	-	9	12	-	12	(3)	-	(3
Deferred Tax Asset Admitted as the result of application of SSAP No. 101 Total (a.+b.+c.)	$ 18,997	$ -	$ 18,997	$ 16,895	$ -	$ 16,895	$ 2,102	$ -	$ 2,102

	2016	2015
Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount	788%	891%
Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation	$ 680,572	$ 725,269

The impact of tax planning strategies on adjusted gross DTA's and net admitted DTA's is as follows (*in thousands*):

	12/31/2016			12/31/2015			Change		
	Ordinary Percent	Capital Percent	Total Percent	Ordinary Percent	Capital Percent	Total Percent	Ordinary Percent	Capital Percent	Total Percent
Adjusted Gross DTAs amount	$ 19,350	$ -	$ 19,350	$ 17,276	$ 313	$ 17,589	$ 2,074	$ (313)	$ 1,761
Percentage of Adjusted Gross DTAs	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net Admitted Adjusted Gross DTAs	$ 18,997	$ -	$ 18,997	$ 16,895	$ -	$ 16,895	$ 2,102	$ -	$ 2,102
Percentage of Net Admitted Adjusted Gross DTAs	0%	0%	0%	0%	0%	0%	0%	0%	0%

The Company's tax-planning strategy does not include the use of reinsurance.

The provision for income taxes on earnings for the years ended December 31, 2016 and December 31, 2015 are as follows (*in thousands*):

	Dec. 31, 2016	Dec. 31, 2015
Federal (benefit) provision	$ (1,563)	$ 21,723
Federal income tax on net capital gains	3,958	2,279
Federal income taxes incurred	$ 2,395	$ 24,002

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows (*in thousands*):

NOTES TO FINANCIAL STATEMENTS

Deferred Tax Assets:	**Dec. 31, 2016**	**Dec. 31, 2015**	**Change**
Ordinary			
Unearned Revenues	$ 5,620	$ 5,242	$ 378
Unpaid Claims	523	3,921	(3,398)
Accrued Expenses	6,557	3,375	3,182
Nonadmitted assets	6,650	4,738	1,912
Subtotal	19,350	17,276	2,074
Nonadmitted	353	381	(28)
Admitted ordinary deferred tax assets	18,997	16,895	2,102
Capital			
Investments	-	313	(313)
Subtotal	-	313	(313)
Nonadmitted	-	313	(313)
Admitted capital deferred tax assets	-	-	-
Admitted deferred tax assets	18,997	16,895	2,102
Deferred Tax Liabilities:			
Ordinary			
Unpaid Claims	9	12	(3)
Subtotal	9	12	(3)
Capital			
Investments	2,037	1,046	991
Subtotal	2,037	1,046	991
Deferred Tax Liabilitites	2,046	1,058	988
Net deferred tax assets	$ 16,951	$ 15,837	$ 1,114

Deferred tax assets are reflected as admitted assets, subject to certain limitations. The components of the net deferred tax asset recognized in the Company's balance sheets—statutory basis are as follows (*in thousands*):

	Dec. 31, 2016	**Dec. 31, 2015**	**Change**
Adjusted gross deferred tax assets	$ 19,350	$ 17,589	$ 1,761
Total deferred tax liabilities	2,046	1,058	(988)
Net deferred tax assets	$ 17,304	$ 16,531	$ 773
Tax effect of unrealized gains(losses)			991
Change in net deferred income tax			$ 1,764

The reconciliation of the federal income tax rate to the actual effective rate is as follows (*in thousands*):

	Dec. 31, 2016	**Effective Tax Rate**
Provision computed at statutory rate	$ (15,297)	35.00%
Permanent book to tax and other reserve adjustment	18,316	-41.91%
Changes in contingency reserves	(474)	1.08%
Nonadmitted assets and other	(1,914)	4.39%
Total	$ 631	-1.44%
Federal income taxes incurred	$ 2,395	-5.48%
Change in net deferred income taxes	(1,764)	4.04%
Total statutory income taxes	$ 631	-1.44%

Beginning in 2014, Health Reform Legislation imposed an annual HIF on health insurers. The HIF is a nondeductible permanent item for income tax purposes thus increasing the company's effective tax rate.

The Company is subject to examination by the Internal Revenue Service and state taxing authorities. In general, the Company's tax years 2013 and forward remain open under the statutes of limitation and subject to examination.

The Company is exempt from all state income taxes in the jurisdictions for which it is registered to do business.

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

CareFirst BlueChoice, Inc. (CFBC or the Company) is a health maintenance organization (HMO) that provides managed health care products and services to individuals and to employees of businesses and governmental agencies in the Washington, D.C. metropolitan area, Northern Virginia and the state of Maryland. Benefits are provided to members through fee-for-service and capitation agreements with local area physicians, hospitals and other health care providers.

NOTES TO FINANCIAL STATEMENTS

CFBC has two wholly-owned subsidiaries; The Dental Network, Inc. (TDN) and CapitalCare, Inc. (CapCare). TDN is a licensed dental service corporation that provides dental health coverage to its subscribers through a network of dentists in the state of Maryland. Effective December 13, 2011, CapCare withdrew its HMO license and became a non-insurance entity, which is currently inactive.

CFBC and its subsidiaries are wholly-owned subsidiaries of CareFirst Holdings, LLC (CFH). CFH, a Maryland limited liability company, was formed on December 31, 2010 by contributed assets from CareFirst of Maryland, Inc. (CFMI) and Group Hospitalization and Medical Services, Inc. (GHMSI). CFMI and GHMSI are both affiliates of CareFirst, Inc. (CFI). These affiliates do business as CareFirst BlueCross BlueShield.

The Company has an operating relationship with CFMI and GHMSI, whereby CFMI and GHMSI provide a substantial portion of its administrative and corporate services for which expenses are allocated to the Company under an administrative agreement. Total charges for services provided by CFMI and GHMSI were $351,573,000 and $330,721,000 for the years ended December 31, 2016 and 2015, respectively. Included in the amounts above is rent expense, which is allocated from its affiliates for all operating leases, which totaled $13,814,000 and $13,144,000 for the years ended December 31, 2016 and 2015, respectively. These allocations are included in general and administrative expenses.

CFI performed a review and analysis of certain intercompany transactions with CFBC. The analysis identified services provided by CFMI and GHMSI that should include a profit mark-up on the costs charged to CFBC. Total charges to CFBC for the profit mark-up by CFMI and GHMSI were $41,453,000 and $37,217,000 for the years ended December 31, 2016 and 2015, respectively. These charges are recorded as an increase to general and administrative expenses.

The Company has arrangements with brokers through GHMSI. Under these arrangements GHMSI pays broker commissions and incentives and allocates a portion of these amounts to the Company based upon relevant statistics. Total broker fees allocated to the Company were $145,937,000 and $144,322,000 for the years ended December 31, 2016 and 2015, respectively.

The Company bears all of the in-network (HMO) underwriting risk and CFMI and GHMSI bear the out-of-network (indemnity) underwriting risk for certain fully insured point-of-service health care products. Cost of care for these products is charged directly to the Company, CFMI and GHMSI based upon the nature of the claims incurred. Premiums on these health care products are allocated between the Company, CFMI and GHMSI based on actual underwriting results such that the underwriting gain of the health care products, as a percentage of premiums earned, is shared equally between the Company and the respective indemnity insurer. Total premiums allocated from the Company for these products were $37,190,000 and $35,924,000 for the years ended December 31, 2016 and 2015, respectively.

CFBC blends the annual rate increases between its HMO products and CFMI's and GHMSI's preferred provider organization (PPO) products for certain large group accounts such that each product receives the same rate increase. The cost of care for these products is charged directly to CFBC and CFMI/GHMSI based upon the entity which insured the underlying products. CFBC has an agreement with CFMI and GHMSI in which premiums on these products are allocated between CFBC and CFMI/GHMSI based on actual loss ratio results such that the loss ratio of these products is shared equally between CFBC and the respective insurer of the PPO products. Total premiums allocated from CFBC for these products were $35,948,000 and $47,010,000 for the years ended December 31, 2016 and 2015, respectively.

As of December 31, 2016, the Company reported $69,678,000 and $2,916,000 as amounts due from and due to affiliates, respectively. These amounts are settled monthly.

11. Debt

A. – B. None.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Post-retirement Benefit Plans

A. – D. Defined Benefit Plan & Information about Plan Assets

Not applicable.

E. Defined Contribution Plans

Not applicable.

F. Multiemployer Plans

Not applicable.

G. Consolidated/Holding Company Plans

Not applicable.

H. Postemployment Benefits and Compensated Absences

Not applicable.

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

(1) – (3) Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

(1) The Company has 25,000 shares of common stocks authorized; 10,000 shares are issued and outstanding.

(2) The Company has no preferred stock authorized, issued or outstanding.

(3) – (8) Not applicable.

(9) The Company is subject to the HIF imposed by Health Reform Legislation. In accordance with SSAP No. 106 *Affordable Care Act Section 9010 Assessment* (SSAP 106) the Company's estimated HIF payable in the following year is required to be reclassified from unassigned surplus to special surplus. The Company's balance of special surplus funds represents the amount reclassified for the period. As a result of the 2017 HIF moratorium, there is no amount reclassified to special surplus in 2016.

(10) The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is $6,810,000.

(11) – (13) Not applicable.

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

None.

B. Assessments

None.

C. Gain Contingencies

None.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

None.

E. Joint and Several Liabilities

None.

F. All Other Contingencies

CFMI and GHMSI entered into an intercompany agreement that requires CFMI or GHMSI, or their respective affiliates, to provide the financial resources necessary to satisfy the respective statutory or regulatory reserve requirement, subject to specific limitations, if either CFMI or GHMSI or their respective affiliates fail to meet or maintain their respective statutory or regulatory reserve requirement as required by law, or if such transfer of financial resources is needed to satisfy any other legally enforceable obligation.

CFI has a commitment for a credit facility with a commercial bank under which certain of its affiliates, including the Company, may borrow up to a maximum amount of $60,000,000. There have been no draws made on this line of credit during 2016 or 2015.

Various lawsuits, including class action lawsuits and other claims, occur in the normal course of business and are pending against the Company. The Company records reserves for such matters when a loss is deemed to be probable and estimable. Management, after consultation with legal counsel, is of the opinion that the lawsuits and other claims, when resolved, will not have a material adverse effect on the accompanying statutory-basis financial statements; however, there can be no assurance in this regard.

The Company, along with the BCBSA and all of the other BCBSA licensees, has been named as a defendant in multiple suits that make up the Blue Cross Blue Shield Antitrust Litigation. This matter is part of a multi-district litigation combining several anti-trust cases that challenge the exclusive service areas outlined in the BCBSA license agreements. The Company has been cooperating in the joint defense with the BCBSA. These cases are pending in the U.S. District Court for the Northern District of Alabama. The Company has retained its own independent counsel to defend these cases; however, it is unable to predict the outcome of the matter or to reasonably estimate a range of possible loss.

15. Leases

A. – B. Not applicable.

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

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

A. Transfers of Receivables Reported as Sales

Not applicable.

B. Transfer and Servicing of Financial Assets

Not applicable.

C. Wash Sales

None.

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

A. ASO Plans

Not applicable.

B. ASC Plans

Not applicable.

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

Not applicable.

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

Not applicable.

20. Fair Value Measurements

A. Fair Value Measurement Valuation Techniques and Inputs

Included in various investment-related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain bonds and preferred stocks, when carried at the lower of cost or market. SSAP No. 100 *Fair Value* defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value. The fair value hierarchy is as follows:

- Level 1 – Quoted (unadjusted) prices for identical assets or liabilities in active markets.
- Level 2 – Other observable inputs, either directly or indirectly.
- Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

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. Management is responsible for the determination of fair value, and performs monthly analyses on the prices received from third parties to determine whether the prices appear to be reasonable estimates of fair value.

There were no transfers between levels during the years ended December 31, 2016 and 2015.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Bonds. The fair value of U.S. Treasury securities is determined by an active price for an identical security in an observable market and is therefore classified as Level 1. Other U.S. government agencies securities, state and municipal securities, foreign governments securities, corporate bonds, mortgage-backed securities and other asset-backed securities that are priced by independent pricing services using observable inputs are classified as Level 2. Observable inputs used for other U.S. government agencies securities include quoted prices for like or similar assets, benchmark yields, reported trades and credit spreads. Observable inputs used for state and municipal securities, foreign governments securities and corporate bonds include quoted prices for identical or similar assets that are traded in an active market, benchmark yields, new issuances, issuer ratings, reported trades of comparable securities and credit spreads. The fair value of mortgage-backed securities and other asset-backed securities is determined by a cash flow model which utilizes observable inputs such as quoted prices for identical or similar assets, benchmark yields, prepayment speeds, collateral performance, credit spreads and default rates at commonly quoted intervals.

Stocks. Fair values of publicly-traded index funds where market quotes are available but are not considered actively traded are classified as Level 2.

NOTES TO FINANCIAL STATEMENTS

(1) Fair Value Measurements at Reporting Date

The following tables present information about the fair value of the Company's financial instruments measured and reported at fair value (*in thousands*).

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Fair Value as of December 31, 2016
Assets				
Bonds	**$ –**	**$ 172**	**$ –**	**$ 172**
Common stocks				
Large capital equity index fund	**–**	**38,511**	**–**	**38,511**
Small capital equity index fund	**–**	**33,905**	**–**	**33,905**
International equity index fund	**–**	**33,093**	**–**	**33,093**
Publicly-traded fixed income index fund [(a)]	**–**	**34,718**	**–**	**34,718**
Total common stocks	**–**	**140,227**	**–**	**140,227**
Total assets measured and and reported at fair value	**$ –**	**$ 140,399**	**$ –**	**$ 140,399**

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Fair Value as of December 31, 2015
Assets				
Bonds	$ –	$ 484	$ –	$ 484
Common stocks				
Large capital equity index fund	–	63,756	–	63,756
Small capital equity index fund	–	28,231	–	28,231
International equity index fund	–	13,584	–	13,584
Publicly-traded fixed income index fund [(a)]	–	33,180	–	33,180
Total common stocks	–	138,751	–	138,751
Total assets measured and and reported at fair value	$ –	$ 139,235	$ –	$ 139,235

[(a)] Represent investments in U.S. Treasury inflation-protected securities.

(2) Fair Value Measurements in Level 3 of the Fair Value Hierarchy

Not applicable.

(3) Level 3 Transfers

Not applicable.

(4) Level 2 and 3 Valuation Techniques and Inputs

See Note 20A *Fair Value Measurement Valuation Techniques and Inputs* for Level 2 Valuation Techniques and Inputs.

(5) Derivatives

Not applicable.

B. Other Fair Value Disclosures

None.

C. Aggregate Fair Value of Financial Instruments

The following tables present information about the aggregate fair value of the Company's financial instruments (*in thousands*):

NOTES TO FINANCIAL STATEMENTS

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Aggregate Fair Value as of December 31, 2016	Admitted Assets as of December 31, 2016
Bonds	$ 56,911	$ 544,319	$ –	$ 601,230	$ 605,227
Common stocks	–	140,227	–	140,227	140,227
Total assets at fair value	$ 56,911	$ 684,546	$ –	$ 741,457	$ 745,454

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Aggregate Fair Value as of December 31, 2015	Admitted Assets as of December 31, 2015
Bonds	$ 72,354	$ 579,922	$ –	$ 652,276	$ 658,981
Common stocks	–	138,751	–	138,751	138,751
Total assets at fair value	$ 72,354	$ 718,673	$ –	$ 791,027	$ 797,732

D. Not Practicable to Estimate Fair Value

As of December 31, 2016 and 2015, the Company has no financial instruments for which it is not practicable to estimate fair value.

21. Other Items

A. Unusual or Infrequent Items

Not applicable.

B. Troubled Debt Restructuring: Debtors

Not applicable.

C. Other Disclosures

Not applicable.

D. Business Interruption Insurance Recoveries

Not applicable.

E. State Transferable and Non-transferable Tax Credits

Not applicable.

F. Subprime-Mortgage-Related Risk Exposure

(1) The Company categorizes mortgage securities with an average FICO score of less than 675 (credit score) as a subprime mortgage security. The Company has no subprime mortgage securities as of December 31, 2016.

(2) The Company does not engage in mortgage lending and therefore has no direct exposure through investments in subprime mortgage loans.

(3) The Company has no exposure in subprime mortgage lending through its fixed maturity and equity investments.

G. Retained Assets

Not applicable.

H. Insurance-Linked Securities (ILS) Contracts

Not applicable.

22. Events Subsequent

There have been no events occurring subsequent to the close of the books or accounts for this statement that would have a material effect on the financial condition of the Company.

23. Reinsurance

A. Ceded Reinsurance Report

The Company maintains a reinsurance agreement with CFMI and GHMSI providing stop-loss coverage. This coverage does not have an expiration date.

NOTES TO FINANCIAL STATEMENTS

The Company also maintains a quota-share reinsurance agreement with TDN. Under the terms of the agreement, the Company assumes all the underwriting risk on the business written by TDN. The Company assumed revenue from TDN in the amount of $3,935,000 and $4,355,000 and incurred an underwriting loss in the amount of $3,059,000 and $2,542,000 for the years ended December 31, 2016 and 2015, respectively.

B. Uncollectible Reinsurance

Not applicable.

C. Commutation of Ceded Reinsurance

Not applicable.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

Not applicable.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. – C. Not applicable.

D. See Note 1 *Accounting Policy – Medical Loss Ratio Rebates*.

Medical loss ratio rebates required pursuant to the Public Health Service Act are as follows *(in thousands)*:

	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred	$ –	$ 10,170	$ 4,768	$ –	$ 14,938
(2) Medical loss ratio rebates paid	–	–	498	–	498
(3) Medical loss ratio rebates unpaid	–	10,170	4,270	–	14,440
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	–
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	–
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	$ 14,440
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred	$ –	$ 41,834	$ 13,431	$ –	$ 55,265
(8) Medical loss ratio rebates paid	–	21,154	4,421	–	25,575
(9) Medical loss ratio rebates unpaid	–	30,850	13,280	–	44,130
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	–
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	–
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	$ 44,130

E. Risk-Sharing Provisions of the Affordable Care Act

(1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act (ACA) risk-sharing provisions?

Yes.

NOTES TO FINANCIAL STATEMENTS

(2) Impact of Risk-Sharing Provisions of the ACA on Admitted Assets, Liabilities and Revenue (*in thousands*):

		December 31, 2016	December 31, 2015
a.	Permanent ACA Risk Adjustment Program		
	Assets		
	1. Premium adjustments receivable due to ACA Risk Adjustment	**$ 3,408**	$ 79
	Liabilities		
	2. Risk adjustment user fees payable for ACA Risk Adjustment	**700**	391
	3. Premium adjustments payable due to ACA Risk Adjustment	**48,900**	66,200
	Operations (Revenue & Expense)		
	4. Reported as revenue in premium for accident and health contracts written due to ACA Risk Adjustment	**(14,558)**	(62,631)
	5. Reported in expenses as ACA risk adjustment user fees incurred	**701**	394
b.	Transitional ACA Reinsurance Program		
	Assets		
	1. Amounts recoverable for claims paid due to ACA Reinsurance	**$ 68,466**	$ 86,381
	2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	**7,302**	9,901
	3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	**-**	-
	Liabilities		
	4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	**3,632**	7,597
	5. Ceded reinsurance premiums payable due to ACA Reinsurance	**-**	-
	6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	**-**	-
	Operations (Revenue & Expense)		
	7. Ceded reinsurance premiums due to ACA Reinsurance	**4,068**	6,402
	8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	**45,939**	105,567
	9. ACA Reinsurance contributions – not reported as ceded premium	**14,071**	23,925
c.	Temporary ACA Risk Corridors Program		
	Assets		
	1. Accrued retrospective premium due from ACA Risk Corridors	**$ 171**	$ 330
	Liabilities		
	2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	**56**	200
	Operations (Revenue & Expense)		
	3. Effect of ACA Risk Corridors on net premium income	**-**	-
	4. Effect of ACA Risk Corridors on change in reserves for rate credits	**(618)**	(2,031)

NOTES TO FINANCIAL STATEMENTS

(3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance *(in thousands)*:

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 – 3 +7)	Cumulative Balance from Prior Years (Col 2 – 4 +8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable	$ 79	$ -	$ 3,188	$ -	$ (3,109)	$ -	$ 6,517	$ -	A	$ 3,408	$ -
2. Premium adjustments (payable)	-	66,200	-	38,375	-	27,825	-	(27,825)	B	-	-
3. Subtotal ACA Permanent Risk Adjustment Program	79	66,200	3,188	38,375	(3,109)	27,825	6,517	(27,825)		3,408	-
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	86,381	-	64,099	-	22,282	-	4,132	-	C	26,414	-
2. Amounts recoverable for claims unpaid (contra liability)	9,901	-	-	-	9,901	-	(9,901)	-	D	-	-
3. Amounts receivable relating to uninsured plans	-	-	-	-	-	-	-	-	E	-	-
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	-	7,597	-	7,577	-	20	-	(20)	F	-	-
5. Ceded reinsurance premiums payable	-	-	-	-	-	-	-	-	G	-	-
6. Liability for amounts held under uninsured plans	-	-	-	-	-	-	-	-	H	-	-
7. Subtotal ACA Transitional Reinsurance Program	96,282	7,597	64,099	7,577	32,183	20	(5,769)	(20)		26,414	-
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	330	-	755	-	(425)	-	596	-	I	171	-
2. Reserve for rate credits or policy experience rating refunds	-	200	-	122	-	78	-	(82)	J	-	(4)
3. Subtotal ACA Risk Corridors Program	330	200	755	122	(425)	78	596	(82)		171	(4)
d. Total for ACA Risk Sharing Provisions	$ 96,691	$ 73,997	$ 68,042	$ 46,074	$ 28,649	$ 27,923	$ 1,344	$ (27,927)		$ 29,993	$ (4)

Explanations of Adjustments:

A. True-up to reflect the 2015 actual based upon the risk adjustment results published by HHS.

B. True-up to reflect the 2015 actual based upon the risk adjustment results published by HHS.

C. Include run-out claims through 3/31/2016 and true-up to reflect funding limit of Supplemental Maryland Reinsurance Program.

D. Accrued receivable is now included in amounts recoverable for claims paid.

E. Not applicable.

F. True-up based on actual payment.

G. Not applicable.

H. Not applicable.

I. True-up of year-end estimate.

J. True-up of year-end estimate.

NOTES TO FINANCIAL STATEMENTS

(4) Roll-forward of Risk Corridors Asset and Liability Balances by Program Benefit Year (*in thousands*):

		Accrued as of December 31 of the prior reporting year		Received or Paid as of the Current Period on Business Written For the Risk Corridors Program Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
						Accrued Less Payments (Col 1 - 3)	Accrued Less Payments (Col 2 - 4)	Balances	Balances		Cumulative Balance (Col 1 – 3 +7)	Cumulative Balance (Col 2 – 4 +8)
		1	2	3	4	5	6	7	8		9	10
Risk Corridors Program Year:		Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
2014	Accrued Retrospective premium	$ 330	$ -	$ 755	$ -	$ (425)	$ -	$ 596	$ -	A	$ 171	$ -
	Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	B	-	-
2015	Accrued Retrospective premium	-	-	-	-	-	-	-	-	C	-	-
	Reserve for rate credits or policy experience rating refunds	-	200	-	122	-	78	-	(82)	D	-	(4)
2016	Accrued Retrospective premium	-	-	-	-	-	-	-	-	E	-	-
	Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	F	-	-
Total for Risk Corridors		$ 330	$ 200	$ 755	$ 122	$ (425)	$ 78	$ 596	$ (82)		$ 171	$ (4)

Explanations of Adjustments:

A. True-up of year-end estimate.

B. Not applicable.

C. Not applicable.

D. True-up of year-end estimate.

E. Not applicable.

F. Not applicable.

(5) ACA Risk Corridors Receivable as of Reporting Date *(in thousands)*:

Risk Corridors Program Year:	(A) Estimated Amount to be Filed or Final Amount Filed with CMS	(B) Non-Accrued Amounts for Impairment or Other Reasons	(C) Amounts received from CMS	(D) = (A) - (B) - (C) Asset Balance (Gross of Non-admissions)	(E) Non-admitted Amount	(F) = (D) - (E) Net Admitted Asset
2014	$ 18,658	$ 15,711	$ 2,776	$ 171	$ -	$ 171
2015	24,218	24,218	-	-	-	-
2016	46,400	46,400	-	-	-	-
Total	$ 89,276	$ 86,329	$ 2,776	$ 171	$ -	$ 171

25. Change in Incurred Claims and Claim Adjustment Expenses

As of December 31, 2016, $158,860,000 has been paid for incurred claims attributable to insured events for prior years. Reserves remaining for prior years are now $1,508,000 as a result of re-estimation of unpaid claims and unpaid claims adjustment expenses. Therefore, there has been a $9,143,000 favorable prior year development since December 31, 2015 to December 31, 2016, which includes a $731,000 favorable development in the Federal Employee Health Benefits Program line of business. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

A. – G. Not applicable.

27. Structured Settlements

Not applicable.

NOTES TO FINANCIAL STATEMENTS

28. Health Care Receivables

A. Pharmacy Rebates receivable are based on pharmacy utilization during the quarter as well as past experience of rebates received.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced / Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Contractual Due Date	Actual Rebates Collected within 91-180 Days of Invoicing/ Contractual Due Date	Actual Rebates Collected More Than 180 Days After Invoicing/ Contractual Due Date
12/31/2016	$ 30,134,402	$ 30,134,402	$ -	$ -	$ -
9/30/2016	28,927,828	28,927,828	-	-	-
6/30/2016	28,762,253	28,762,253	28,762,253	-	-
3/31/2016	26,689,468	26,689,468	26,689,468	-	-
12/31/2015	$ 25,812,571	$ 25,812,571	$ 25,812,571	$ -	$ -
9/30/2015	24,583,300	24,583,300	24,583,300	-	-
6/30/2015	21,701,444	21,701,444	21,701,444	-	-
3/31/2015	15,425,793	15,425,793	15,411,413	14,380	-
12/31/2014	$ 14,397,589	$ 14,397,589	$ 14,397,589	$ -	$ -
9/30/2014	13,512,869	13,512,869	13,512,869	-	-
6/30/2014	10,101,713	10,101,713	3,725,924	6,375,789	-
3/31/2014	9,302,671	9,302,671	2,247,979	6,812,401	242,291

B. Risk Sharing Receivables

Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserve

See Note 1 *Accounting Policy – Premium Deficiency Reserve*.

1. Liability carried for premium deficiency reserves: $0
2. Date of the most recent evaluation of this liability: December 31, 2016
3. Was anticipated investment income utilized in the calculation? No

31. Anticipated Salvage and Subrogation

The following discloses the anticipated subrogation used in computing the Company's unpaid claims liability *(in thousands)*:

Year	
2016	$ 3,798
2015	$ 3,479

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [X] No [ ]
If yes, complete Schedule Y, Parts 1, 1A and 2

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? ..... Yes [X] No [ ] N/A [ ]

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. 12/31/2013

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. 12/31/2013

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). 06/29/2015

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

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? ..... Yes [ ] No [X]
4.22 renewals? ..... Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]

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

1 Name of Entity	2 NAIC Company Code	3 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; ..... 0.0 %
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [X]

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

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [X]

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP
621 East Pratt Street
Baltimore, Maryland 21202

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? ..... Yes [ ] No [X]

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

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? ..... Yes [ ] No [X]

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

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? ..... Yes [X] No [ ] N/A [ ]

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
David Markowitz, FSA, MAAA, Actuary
10455 Mill Run Circle
Owings Mills, Maryland 21117

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [X]

12.11 Name of real estate holding company .....

12.12 Number of parcels involved 0

12.13 Total book/adjusted carrying value ..... $ 0

12.2 If, yes provide explanation:

13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**

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

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]

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 [X] No [ ]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).
The code was amended in 2015 with an effective date of January 1, 2016 to reflect best practices and new policies as part of a periodic update.

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [X]

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

GENERAL INTERROGATORIES

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? ..... Yes [ ] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? ..... Yes [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 [ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? ..... Yes [ ] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers ..... $ 0
- 20.12 To stockholders not officers ..... $ 0
- 20.13 Trustees, supreme or grand (Fraternal Only) ..... $ 0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers ..... $ 0
- 20.22 To stockholders not officers ..... $ 0
- 20.23 Trustees, supreme or grand (Fraternal Only) ..... $ 0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? ..... Yes [ ] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others ..... $ 0
- 21.22 Borrowed from others ..... $ 0
- 21.23 Leased from others ..... $ 0
- 21.24 Other ..... $ 0

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? ..... Yes [ ] No [X]

22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment $ 0
- 22.22 Amount paid as expenses ..... $ 0
- 22.23 Other amounts paid ..... $ 0

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [X] No [ ]

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... $ 0

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) ..... Yes [X] No [ ]

24.02 If no, give full and complete information relating thereto

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
n/a

24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? ..... Yes [ ] No [ ] N/A [X]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. ..... $ 0

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

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? ..... Yes [ ] No [ ] N/A [X]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? ..... Yes [ ] No [ ] N/A [X]

24.09 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? ..... Yes [ ] No [ ] N/A [X]

GENERAL INTERROGATORIES

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

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

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No [ ]

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

25.21	Subject to repurchase agreements	$ 0
25.22	Subject to reverse repurchase agreements	$ 0
25.23	Subject to dollar repurchase agreements	$ 0
25.24	Subject to reverse dollar repurchase agreements	$ 0
25.25	Placed under option agreements	$ 0
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	$ 0
25.27	FHLB Capital Stock	$ 0
25.28	On deposit with states	$ 1,097,192
25.29	On deposit with other regulatory bodies	$ 0
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	$ 0
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	$ 0
25.32	Other	$ 170,144

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

27.2 If yes, state the amount thereof at December 31 of the current year. $ 0

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

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

1 Name of Custodian(s)	2 Custodian's Address
SunTrust Bank	1445 New York Ave., Washington DC 20005
Bank of New York Mellon	1 Wall St., New York, N.Y. 10286

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

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

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

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

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

GENERAL INTERROGATORIES

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["…that have access to the investment accounts"; "…handle securities"]

1 Name of Firm or Individual	2 Affiliation
Dodge & Cox	U
T.Rowe Price	U
Vanguard	U
CareFirst (internally managed)	I

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes [X] No [ ]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [ ] No [X]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
15958	Vanguard	54930002789CX3L0CJP65	SEC	NO
104596	Dodge & Cox	549300SV2HIB7EJR0U84	SEC	NO
105496	T. Rowe Price	7HTL8AEQSEDX602FBU63	SEC	NO

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
922908-88-4	Vanguard Extended Market Index Institutional	33,904,541
922040-10-0	Vanguard Institutional Index Fund	38,510,521
921943-88-2	Vanguard Developed Markets Index Institutional	33,094,262
29.2999 - Total		105,509,324

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
Vanguard Extended Market Index Institutional	Liberty Global plc	203,427	12/31/2016
Vanguard Extended Market Index Institutional	Tesla Motors Inc.	203,427	12/31/2016
Vanguard Extended Market Index Institutional	Las Vegas Sands Corp.	169,523	12/31/2016
Vanguard Extended Market Index Institutional	Incyte Corp.	135,618	12/31/2016
Vanguard Extended Market Index Institutional	T-Mobile US Inc.	135,618	12/31/2016
Vanguard Institutional Index Fund	Apple Inc.	1,232,337	12/31/2016
Vanguard Institutional Index Fund	Microsoft Corp.	962,763	12/31/2016
Vanguard Institutional Index Fund	Alphabet Inc.	924,253	12/31/2016
Vanguard Institutional Index Fund	Exxon Mobil Corp.	731,700	12/31/2016
Vanguard Institutional Index Fund	Johnson & Johnson	616,168	12/31/2016
Vanguard Developed Markets Index Institutional	Royal Dutch Shell plc	463,320	12/31/2016
Vanguard Developed Markets Index Institutional	Nestle SA	463,320	12/31/2016
Vanguard Developed Markets Index Institutional	Samsung Electronics Co. Ltd.	364,037	12/31/2016
Vanguard Developed Markets Index Institutional	Novartis AG	364,037	12/31/2016
Vanguard Developed Markets Index Institutional	Roche Holding AG	330,943	12/31/2016

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	645,023,362	641,027,092	(3,996,270)
30.2 Preferred stocks	0	0	0
30.3 Totals	645,023,362	641,027,092	(3,996,270)

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

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No [ ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No [ ]

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? ..... $ 2,189,659

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

1 Name	2 Amount Paid
BlueCross BlueShield Association	1,449,320

34.1 Amount of payments for legal expenses, if any? ..... $ 0

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

1 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? ..... $ 0

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

1 Name	2 Amount Paid

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. $ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $ 0

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above $ 0

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. $ 0

1.6 Individual policies:

Most current three years:	
1.61 Total premium earned	$ 0
1.62 Total incurred claims	$ 0
1.63 Number of covered lives	0
All years prior to most current three years:	
1.64 Total premium earned	$ 0
1.65 Total incurred claims	$ 0
1.66 Number of covered lives	0

1.7 Group policies:

Most current three years:	
1.71 Total premium earned	$ 0
1.72 Total incurred claims	$ 0
1.73 Number of covered lives	0
All years prior to most current three years:	
1.74 Total premium earned	$ 0
1.75 Total incurred claims	$ 0
1.76 Number of covered lives	0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	3,156,795,618	2,985,979,832
2.2	Premium Denominator	3,156,795,618	2,985,979,832
2.3	Premium Ratio (2.1/2.2)	1.000	1.000
2.4	Reserve Numerator	297,895,291	280,261,744
2.5	Reserve Denominator	297,895,291	280,261,744
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 [X] No [ ]

5.2 If no, explain:

Aggregate level only (see attached footnote for more information).

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical	$ 0
5.32 Medical Only	$ 0
5.33 Medicare Supplement	$ 0
5.34 Dental & Vision	$ 0
5.35 Other Limited Benefit Plan	$ 0
5.36 Other	$ 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Intercompany Support Agreement from CareFirst of Maryland, Inc. and Group Hospitalization and Medical Services, Inc.

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	41,749
8.2 Number of providers at end of reporting year	43,663

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

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months	$ 1,305,531
9.22 Business with rate guarantees over 36 months	$ 0

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 ..... $ 0
10.22 Amount actually paid for year bonuses ..... $ 0
10.23 Maximum amount payable withholds ..... $ 0
10.24 Amount actually paid for year withholds ..... $ 0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, ... Yes [ ] No [X]
11.13 An Individual Practice Association (IPA), or, ... Yes [ ] No [X]
11.14 A Mixed Model (combination of above)? ..... Yes [ ] No [X]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? ..... Yes [X] No [ ]
11.3 If yes, show the name of the state requiring such minimum capital and surplus. ..... District of Columbia
11.4 If yes, show the amount required. ..... $ 152,275,487
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
See attached footnote for detail information.

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
State of Maryland
District of Columbia
Virginia: the cities of Alexandria and Fairfax; the town of Vienna; Arlington County and the areas of Fairfax and Prince William Counties in Virginia lying East of Route 123

13.1 Do you act as a custodian for health savings accounts? ..... Yes [ ] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date. ..... $ 0

13.3 Do you act as an administrator for health savings accounts? ..... Yes [ ] No [X]

13.4 If yes, please provide the balance of funds administered as of the reporting date. ..... $ 0

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? ..... Yes [ ] No [ ] N/A [X]
14.2 If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 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 ..... $ 0
15.2 Total Incurred Claims ..... $ 0
15.3 Number of Covered Lives 0

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

General Interrogatories
Part 2 - Health Interrogatories

Question 5.2 Explanation for stop loss reinsurance

Under the current terms of the contract, BlueChoice will pay claims in excess of a 105% loss ratio through a self-administered Annual Experience Fund. The Annual Experience Fund is created from the reinsurance premiums, which are currently $25,000. If stop loss claims (i.e., claims over a loss ratio of 105%) are greater than the Annual Experience Fund, CFMI and GHMSI will be liable for the deficit. CFMI and GHMSI will share the liability for the deficit based upon their respective ownership percentage of BlueChoice at the beginning of the calendar year.

Question 10.1 Incentive pool, withheld or bonus arrangements

In 2016, certain primary care physicians, who participated with the Company's Total Care and Cost Improvement program, which includes the Patient-Centered Medical Home program that was authorized by the Maryland Health Care Commission, and who met the criteria of the Outcomes Incentive Awards, received reimbursement increases through their fee schedules. The Company did not record any medical incentive pool amount in relation to the reimbursement increases as the impact from the change in fee schedules will be reported as claims and included in the unpaid claims liability when future provider claims are incurred. Therefore, no separate amount is payable to the providers.

Question 11.6 Minimum net worth requirements

<u>District of Columbia</u>
D.C. Code § 31-3412 requires a health maintenance organization to maintain a minimum net worth equal to the greater of:

(A) $1,000,000;
(B) 2% of annual dues revenues as reported on the most recent annual financial statement filed with the Commissioner on the first $150,000,000 of dues and 1% of annual dues in excess of $150,000,000;
(C) An amount equal to the sum of 3 months uncovered health care expenditures as reported on the most recent financial statement filed with the Commissioner; or
(D) An amount equal to the sum of:
(i) 8% of annual health care expenditures except those paid on a capitated basis or managed hospital payment basis as reported on the most recent financial statement filed with the Commissioner; and
(ii) 4% of annual hospital expenditures paid on a managed hospital payment basis as reported on the most recent financial statement filed with the Commissioner.

<u>Results</u>
(A) $1,000,000
(B) $32,504,516
(C) $3,468,292
(D) $152,275,487

The Company maintains at least the minimum net worth of $152,275,487, as calculated above, which represents the greater amount required by statute.

<u>Maryland</u>
Md. Code Ann., Health-Gen. § 19-710 requires health maintenance organizations to maintain a surplus that exceeds the liabilities of the health maintenance organization in an amount at least equal to the greater of $750,000 or 5 percent of the subscription charges, not to exceed $3,000,000, earned during the prior calendar year as recorded in the annual report filed with the Commissioner. The Company maintains at least the minimum surplus of $3,000,000, in accordance with the calculation below, which represents the maximum amount required by the statute.

Prior Year's Premium Written	$ 2,985,979,832
Less: FEHBP Premiums Written	$ 337,534,298
Prior Year's Risk Premiums Written	$ 2,648,445,534
Multiply by Applicable Rate for Maryland	5%
Minimum Statutory Reserve Requirement	$ 132,422,277

Virginia

Va. Code Ann. § 38.2-4302 requires health maintenance organizations to maintain a minimum net worth in an amount at least equal to the sum of uncovered expenses, but not less than $600,000, up to a maximum of $4,000,000; uncovered expenses shall be amounts determined from the most recently ended calendar quarter pursuant to regulations promulgated by the Commission. The Company maintains at least the minimum net worth of $3,456,855, in accordance with the calculation below, which represents the amount required by the statute.

Year-to-date uncovered expenses:	
December 31, 2016	$ 13,873,167
Less: September 30, 2016	$ 10,416,312
Minimum Statutory Reserve Requirement	$ 3,456,855

FIVE-YEAR HISTORICAL DATA

		1 2016	2 2015	3 2014	4 2013	5 2012
	Balance Sheet (Pages 2 and 3)					
1.	Total admitted assets (Page 2, Line 28)	1,145,540,139	1,176,990,521	1,152,312,506	1,043,163,124	992,377,412
2.	Total liabilities (Page 3, Line 24)	448,017,123	435,885,883	395,262,177	309,812,328	321,207,906
3.	Statutory minimum capital and surplus requirement	152,275,487	140,336,550	128,444,997	117,877,431	103,329,962
4.	Total capital and surplus (Page 3, Line 33)	697,523,016	741,104,638	757,050,329	733,350,796	671,169,508
	Income Statement (Page 4)					
5.	Total revenues (Line 8)	3,102,939,382	2,986,513,391	2,700,754,036	2,401,333,362	2,163,646,769
6.	Total medical and hospital expenses (Line 18)	2,443,832,969	2,289,401,501	2,105,228,222	1,911,857,575	1,770,700,981
7.	Claims adjustment expenses (Line 20)	168,769,526	163,096,798	130,452,826	105,307,341	97,726,483
8.	Total administrative expenses (Line 21)	568,736,255	550,752,510	489,860,126	330,911,969	298,017,058
9.	Net underwriting gain (loss) (Line 24)	(78,399,368)	(16,737,418)	(24,787,138)	53,256,477	(2,797,753)
10.	Net investment gain (loss) (Line 27)	30,715,148	28,364,555	28,100,959	29,413,713	32,334,632
11.	Total other income (Lines 28 plus 29)	19,751	177,611	1,517,774	206,041	56,053
12.	Net income or (loss) (Line 32)	(46,101,706)	(9,917,801)	22,090,620	69,214,184	25,940,441
	Cash Flow (Page 6)					
13.	Net cash from operations (Line 11)	(70,009,037)	(35,908,966)	20,130,296	35,710,249	(8,140,988)
	Risk-Based Capital Analysis					
14.	Total adjusted capital	697,523,016	741,104,638	757,050,329	733,350,796	671,169,508
15.	Authorized control level risk-based capital	86,393,461	81,357,604	75,696,361	68,588,628	64,847,786
	Enrollment (Exhibit 1)					
16.	Total members at end of period (Column 5, Line 7)	669,238	691,194	662,036	569,861	553,437
17.	Total members months (Column 6, Line 7)	8,157,601	8,377,513	7,718,910	6,780,748	6,537,829
	Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18.	Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19.	Total hospital and medical plus other non-health (Lines 18 plus Line 19)	78.8	76.7	78.0	79.7	81.8
20.	Cost containment expenses	2.1	2.1	1.8	1.8	1.7
21.	Other claims adjustment expenses	3.3	3.4	3.0	2.6	2.8
22.	Total underwriting deductions (Line 23)	102.6	100.6	101.0	97.9	100.1
23.	Total underwriting gain (loss) (Line 24)	(2.5)	(0.6)	(0.9)	2.2	(0.1)
	Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24.	Total claims incurred for prior years (Line 13, Col. 5)	160,367,582	157,274,142	124,846,192	125,746,746	154,193,923
25.	Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	169,510,104	178,395,323	138,229,712	146,541,167	169,890,253
	Investments In Parent, Subsidiaries and Affiliates					
26.	Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27.	Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28.	Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	538,983	563,724	549,876	551,353	515,576
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	0	0	0	0	0
31.	All other affiliated	0	0	0	0	0
32.	Total of above Lines 26 to 31	538,983	563,724	549,876	551,353	515,576
33.	Total investment in parent included in Lines 26 to 31 above.	0	0	0	0	0

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

If no, please explain:

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, etc.		1 Active Status	Direct Business Only 2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama	AL	N	0	0	0	0	0	0	0	0
2. Alaska	AK	N	0	0	0	0	0	0	0	0
3. Arizona	AZ	N	0	0	0	0	0	0	0	0
4. Arkansas	AR	N	0	0	0	0	0	0	0	0
5. California	CA	N	0	0	0	0	0	0	0	0
6. Colorado	CO	N	0	0	0	0	0	0	0	0
7. Connecticut	CT	N	0	0	0	0	0	0	0	0
8. Delaware	DE	N	0	0	0	0	0	0	0	0
9. District of Columbia	DC	L	388,206,593	0	0	0	0	0	388,206,593	0
10. Florida	FL	N	0	0	0	0	0	0	0	0
11. Georgia	GA	N	0	0	0	0	0	0	0	0
12. Hawaii	HI	N	0	0	0	0	0	0	0	0
13. Idaho	ID	N	0	0	0	0	0	0	0	0
14. Illinois	IL	N	0	0	0	0	0	0	0	0
15. Indiana	IN	N	0	0	0	0	0	0	0	0
16. Iowa	IA	N	0	0	0	0	0	0	0	0
17. Kansas	KS	N	0	0	0	0	0	0	0	0
18. Kentucky	KY	N	0	0	0	0	0	0	0	0
19. Louisiana	LA	N	0	0	0	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0	0	0	0
21. Maryland	MD	L	1,962,998,120	0	0	395,163,053	0	0	2,358,161,173	0
22. Massachusetts	MA	N	0	0	0	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0	0	0	0
24. Minnesota	MN	N	0	0	0	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0	0	0	0
26. Missouri	MO	N	0	0	0	0	0	0	0	0
27. Montana	MT	N	0	0	0	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0	0	0	0
34. North Carolina	NC	N	0	0	0	0	0	0	0	0
35. North Dakota	ND	N	0	0	0	0	0	0	0	0
36. Ohio	OH	N	0	0	0	0	0	0	0	0
37. Oklahoma	OK	N	0	0	0	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0	0	0	0
39. Pennsylvania	PA	N	0	0	0	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0	0	0	0
41. South Carolina	SC	N	0	0	0	0	0	0	0	0
42. South Dakota	SD	N	0	0	0	0	0	0	0	0
43. Tennessee	TN	N	0	0	0	0	0	0	0	0
44. Texas	TX	N	0	0	0	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0	0	0	0
47. Virginia	VA	L	410,616,358	0	0	0	0	0	410,616,358	0
48. Washington	WA	N	0	0	0	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0	0
57. Canada	CAN	N	0	0	0	0	0	0	0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal		XXX	2,761,821,071	0	0	395,163,053	0	0	3,156,984,124	0
60. Reporting entity contributions for Employee Benefit Plans		XXX	0	0	0	0	0	0	0	0
61. Total (Direct Business)		(a) 3	2,761,821,071	0	0	395,163,053	0	0	3,156,984,124	0
DETAILS OF WRITE-INS										
58001.		XXX								
58002.		XXX								
58003.		XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)		XXX	0	0	0	0	0	0	0	0

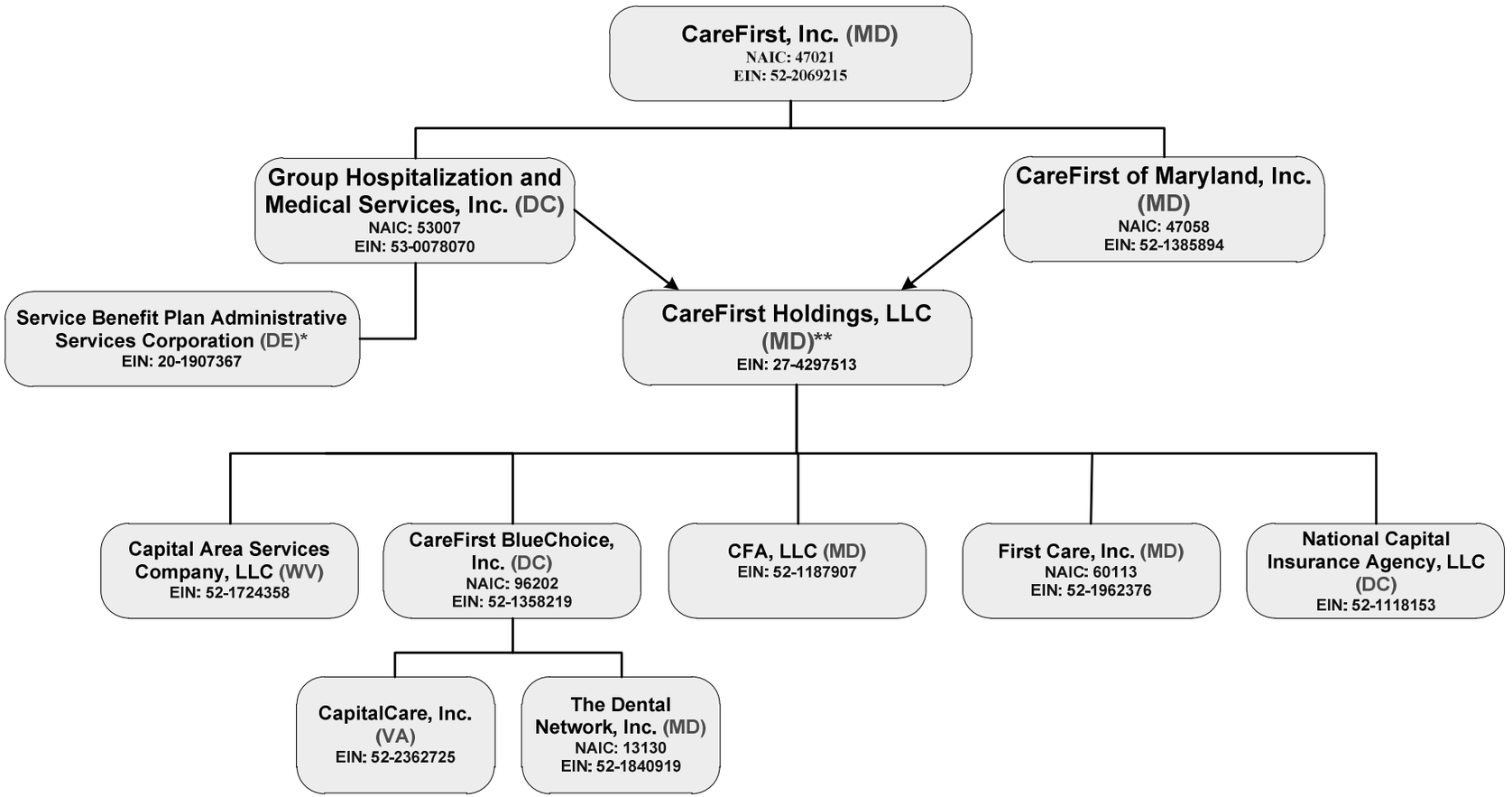
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

Enrollment and billing systems capture and report premiums by group situs.

(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



*__Service Benefit Plan Administrative Services Corporation__ is owned 90% by Group Hospitalization and Medical Services, Inc. and 10% by the Blue Cross and Blue Shield Association.
**__CareFirst Holdings, LLC__ is owned 50.001% by CareFirst of Maryland, Inc. and 49.999% by Group Hospitalization and Medical Services, Inc.

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Liabilities Line 23

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
2304.	Tax Contingency Reserve	1,853,372	0	1,853,372	2,387,161
2305.	Other Liabilities	260,762	0	260,762	0
2397.	Summary of remaining write-ins for Line 23 from overflow page	2,114,134	0	2,114,134	2,387,161

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

		Claim Adjustment Expenses		3	4	5
		1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
2504.	Interest claims expense	0	1,110,811	0	0	1,110,811
2505.	Miscellaneous Expense	(153,460)	(143,256)	(1,893,090)	0	(2,189,806)
2506.	Management Transfer Pricing - CFMI	3,542,181	9,768,926	15,257,680	0	28,568,787
2507.	Management Transfer Pricing - GHMSI	1,509,655	4,395,124	6,979,595	0	12,884,374
2508.	Reinsurance Assumed from TDN	6,393	915,255	2,364,039	0	3,285,687
2509.		0	0	0	0	0
2510.		0	0	0	0	0
2597.	Summary of remaining write-ins for Line 25 from overflow page	4,904,769	16,046,860	22,708,224	0	43,659,853

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business 7
Assets 2
Cash Flow 6
Exhibit 1 - Enrollment By Product Type for Health Business Only 17
Exhibit 2 - Accident and Health Premiums Due and Unpaid 18
Exhibit 3 - Health Care Receivables 19
Exhibit 3A - Analysis of Health Care Receivables Collected and Accrued 20
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus 21
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates 22
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates 23
Exhibit 7 - Part 1 - Summary of Transactions With Providers 24
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries 24
Exhibit 8 - Furniture, Equipment and Supplies Owned 25
Exhibit of Capital Gains (Losses) 15
Exhibit of Net Investment Income 15
Exhibit of Nonadmitted Assets 16
Exhibit of Premiums, Enrollment and Utilization (State Page) 30
Five-Year Historical Data 29
General Interrogatories 27
Jurat Page 1
Liabilities, Capital and Surplus 3
Notes To Financial Statements 26
Overflow Page For Write-ins 44
Schedule A - Part 1 ..... E01
Schedule A - Part 2 ..... E02
Schedule A - Part 3 ..... E03
Schedule A - Verification Between Years SI02
Schedule B - Part 1 ..... E04
Schedule B - Part 2 ..... E05
Schedule B - Part 3 ..... E06
Schedule B - Verification Between Years SI02
Schedule BA - Part 1 ..... E07
Schedule BA - Part 2 ..... E08
Schedule BA - Part 3 ..... E09
Schedule BA - Verification Between Years SI03
Schedule D - Part 1 ..... E10
Schedule D - Part 1A - Section 1 ..... SI05
Schedule D - Part 1A - Section 2 ..... SI08
Schedule D - Part 2 - Section 1 ..... E11
Schedule D - Part 2 - Section 2 ..... E12
Schedule D - Part 3 ..... E13
Schedule D - Part 4 ..... E14
Schedule D - Part 5 ..... E15
Schedule D - Part 6 - Section 1 ..... E16
Schedule D - Part 6 - Section 2 ..... E16
Schedule D - Summary By Country SI04
Schedule D - Verification Between Years SI03
Schedule DA - Part 1 ..... E17
Schedule DA - Verification Between Years SI10
Schedule DB - Part A - Section 1 ..... E18
Schedule DB - Part A - Section 2 ..... E19
Schedule DB - Part A - Verification Between Years SI11
Schedule DB - Part B - Section 1 ..... E20
Schedule DB - Part B - Section 2 ..... E21
Schedule DB - Part B - Verification Between Years SI11
Schedule DB - Part C - Section 1 ..... SI12
Schedule DB - Part C - Section 2 ..... SI13
Schedule DB - Part D - Section 1 ..... E22
Schedule DB - Part D - Section 2 ..... E23
Schedule DB - Verification SI14
Schedule DL - Part 1 ..... E24
Schedule DL - Part 2 ..... E25
Schedule E - Part 1 - Cash E26
Schedule E - Part 2 - Cash Equivalents E27
Schedule E - Part 3 - Special Deposits E28
Schedule E - Verification Between Years SI15

ANNUAL STATEMENT BLANK (Continued)

Schedule S - Part 1 - Section 2 31
Schedule S - Part 2 32
Schedule S - Part 3 - Section 2 33
Schedule S - Part 4 34
Schedule S - Part 5 35
Schedule S - Part 6 36
Schedule S - Part 7 37
Schedule T - Part 2 - Interstate Compact 39
Schedule T - Premiums and Other Considerations 38
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group 40
Schedule Y - Part 1A - Detail of Insurance Holding Company System 41
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates 42
Statement of Revenue and Expenses 4
Summary Investment Schedule SI01
Supplemental Exhibits and Schedules Interrogatories 43
Underwriting and Investment Exhibit - Part 1 8
Underwriting and Investment Exhibit - Part 2 9
Underwriting and Investment Exhibit - Part 2A 10
Underwriting and Investment Exhibit - Part 2B 11
Underwriting and Investment Exhibit - Part 2C 12
Underwriting and Investment Exhibit - Part 2D 13
Underwriting and Investment Exhibit - Part 3 14