



# ANNUAL STATEMENT

## For the Year Ending DECEMBER 31, 2019

### OF THE CONDITION AND AFFAIRS OF THE

# CLOVER INSURANCE COMPANY

NAIC Group Code 4918 , 4918 NAIC Company Code 86371 Employer's ID Number 31-0522223  
(Current Period) (Prior Period)

Organized under the Laws of New Jersey , State of Domicile or Port of Entry NJ

Country of Domicile United States

Licensed as business type: Life, Accident & Health[] Property/Casualty[  Hospital, Medical & Dental Service or Indemnity[ ]  
 Dental Service Corporation[  Vision Service Corporation[  Health Maintenance Organization[ ]  
 Other[  Is HMO Federally Qualified? Yes[  No[] N/A[ ]

Incorporated/Organized 10/25/1947 Commenced Business 02/06/1948

Statutory Home Office 30 Montgomery Street, 15th Floor , Jersey City, NJ, US 07302  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 30 Montgomery Street, 15th Floor  
(Street and Number)  
Jersey City, NJ, US 07302 (201)432-2133  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 30 Montgomery Street, 15th Floor , Jersey City, NJ, US 07302  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 30 Montgomery Street, 15th Floor  
(Street and Number)  
Jersey City, NJ, US 07302 (201)432-2133  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.cloverhealth.com

Statutory Statement Contact Joseph Wagner (410)274-6891  
(Name) (Area Code)(Telephone Number)(Extension)  
joe.wagner@cloverhealth.com  
(E-Mail Address) (Fax Number)

### OFFICERS

| Name            | Title                     |
|-----------------|---------------------------|
| Vivek Garipalli | Chief Executive Officer   |
| Joseph Wagner   | Chief Financial Officer # |

### OTHERS

|   |  |
|---|--|
| Wendy Richey, Chief Medicare Compliance Officer | Gia Lee, General Counsel #                       |
| Rachel Fish, Chief People Officer               | Andrew Toy, President & Chief Technology Officer |
| Mark Spektor, Chief Medical Officer             | Sophia Chang, Chief Clinical Informatics Officer |

### DIRECTORS OR TRUSTEES

|                 |              |
|-----------------|--------------|
| Vivek Garipalli | Edward Berde |
| Justin Doheny   |              |

State of New Jersey  
 County of Hudson ss

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

\_\_\_\_\_  
(Signature)  
 Vivek Garipalli  
(Printed Name)  
 1.  
 Chief Executive Officer  
(Title)

\_\_\_\_\_  
(Signature)  
 Joseph Wagner  
(Printed Name)  
 2.  
 Chief Financial Officer  
(Title)

\_\_\_\_\_  
(Signature)  
(Printed Name)  
 3.  
(Title)

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2020

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

Yes[] No[  ]

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
(Notary Public Signature)

## ASSETS

|   | Current Year |                            |  | Prior Year                  |
|---|--------------|----------------------------|--|-----------------------------|
|   | 1<br>Assets  | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1-2) | 4<br>Net Admitted<br>Assets |
| 1. Bonds (Schedule D) .....   | 44,982,492   |                            | 44,982,492                                 | 9,200,760                   |
| 2. Stocks (Schedule D):   |              |                            |  |                             |
| 2.1 Preferred stocks .....  |              |                            |  |                             |
| 2.2 Common Stocks .....   |              |                            |  |                             |
| 3. Mortgage loans on real estate (Schedule B):  |              |                            |  |                             |
| 3.1 First liens .....   |              |                            |  |                             |
| 3.2 Other than first liens .....  |              |                            |  |                             |
| 4. Real estate (Schedule A):  |              |                            |  |                             |
| 4.1 Properties occupied by the company (less \$.....0 encumbrances) .....   |              |                            |  |                             |
| 4.2 Properties held for the production of income (less \$.....0 encumbrances) .....   |              |                            |  |                             |
| 4.3 Properties held for sale (less \$.....0 encumbrances) .....   |              |                            |  |                             |
| 5. Cash (\$.....37,857,543, Schedule E Part 1), cash equivalents (\$.....1,188,707, Schedule E Part 2) and short-term investments (\$.....998,011, Schedule DA) ..... | 40,044,261   |                            | 40,044,261                                 | 32,847,517                  |
| 6. Contract loans (including \$.....0 premium notes) .....  |              |                            |  |                             |
| 7. Derivatives (Schedule DB) .....  |              |                            |  |                             |
| 8. Other invested assets (Schedule BA) .....  |              |                            |  |                             |
| 9. Receivables for securities .....   | 150,000      |                            | 150,000                                    |                             |
| 10. Securities Lending Reinvested Collateral Assets (Schedule DL) .....   |              |                            |  |                             |
| 11. Aggregate write-ins for invested assets .....   |              |                            |  |                             |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) .....   | 85,176,753   |                            | 85,176,753                                 | 42,048,277                  |
| 13. Title plants less \$.....0 charged off (for Title insurers only) .....  |              |                            |  |                             |
| 14. Investment income due and accrued .....   | 201,378      |                            | 201,378                                    | 72,133                      |
| 15. Premiums and considerations:  |              |                            |  |                             |
| 15.1 Uncollected premiums and agents' balances in the course of collection .....  | 1,481,227    | 841,297                    | 639,931                                    | 440,395                     |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....                 |              |                            |  |                             |
| 15.3 Accrued retrospective premiums (\$.....426,256) and contracts subject to redetermination (\$.....7,549,825) .....  | 7,976,081    |                            | 7,976,081                                  | 20,771,139                  |
| 16. Reinsurance:  |              |                            |  |                             |
| 16.1 Amounts recoverable from reinsurers .....  | 9,411        |                            | 9,411                                      | 1,185                       |
| 16.2 Funds held by or deposited with reinsured companies .....  |              |                            |  |                             |
| 16.3 Other amounts receivable under reinsurance contracts .....   |              |                            |  |                             |
| 17. Amounts receivable relating to uninsured plans .....  | 9,279,232    | 2,639,253                  | 6,639,979                                  |                             |
| 18.1 Current federal and foreign income tax recoverable and interest thereon .....  |              |                            |  | 4,628                       |
| 18.2 Net deferred tax asset .....   |              |                            |  | 4,628                       |
| 19. Guaranty funds receivable or on deposit .....   | 34,681       |                            | 34,681                                     | 34,681                      |
| 20. Electronic data processing equipment and software .....   |              |                            |  |                             |
| 21. Furniture and equipment, including health care delivery assets (\$.....0) .....   |              |                            |  |                             |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates .....  |              |                            |  |                             |
| 23. Receivables from parent, subsidiaries and affiliates .....  | 32,833,061   |                            | 32,833,061                                 | 28,000,000                  |
| 24. Health care (\$.....11,654,534) and other amounts receivable .....  | 21,620,553   | 9,966,019                  | 11,654,534                                 | 16,189,805                  |
| 25. Aggregate write-ins for other than invested assets .....  | 3,678,874    | 3,590,806                  | 88,068                                     | 98,018                      |
| 26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....  | 162,291,251  | 17,037,375                 | 145,253,877                                | 107,664,889                 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....   |              |                            |  |                             |
| 28. TOTAL (Lines 26 and 27) .....   | 162,291,251  | 17,037,375                 | 145,253,877                                | 107,664,889                 |
| <b>DETAILS OF WRITE-INS</b>   |              |                            |  |                             |
| 1101. ....  |              |                            |  |                             |
| 1102. ....  |              |                            |  |                             |
| 1103. ....  |              |                            |  |                             |
| 1198. Summary of remaining write-ins for Line 11 from overflow page .....   |              |                            |  |                             |
| 1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....  |              |                            |  |                             |
| 2501. Intangible Assets-Licenses .....  | 2,990,000    | 2,990,000                  |  |                             |
| 2502. Prepaid Premium Tax .....   | 88,068       |                            | 88,068                                     | 98,018                      |
| 2503. Prepaid Assets .....  | 283,614      | 283,614                    |  |                             |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....   | 317,192      | 317,192                    |  |                             |
| 2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....  | 3,678,874    | 3,590,806                  | 88,068                                     | 98,018                      |

## LIABILITIES, CAPITAL AND SURPLUS

|  | Current Year |                |               | Prior Year    |
|--|--------------|----------------|---------------|---------------|
|  | 1<br>Covered | 2<br>Uncovered | 3<br>Total    | 4<br>Total    |
| 1. Claims unpaid (less \$.....62,504 reinsurance ceded) .....  | 69,753,238   |                | 69,753,238    | 45,732,147    |
| 2. Accrued medical incentive pool and bonus amounts .....  |              |                |               |               |
| 3. Unpaid claims adjustment expenses .....   | 2,577,474    |                | 2,577,474     | 1,015,322     |
| 4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio<br>rebate per the Public Health Service Act .....            | 14,041,939   |                | 14,041,939    | 9,604,658     |
| 5. Aggregate life policy reserves .....  |              |                |               | 663           |
| 6. Property/casualty unearned premium reserves .....   |              |                |               |               |
| 7. Aggregate health claim reserves .....   |              |                |               |               |
| 8. Premiums received in advance .....  |              |                |               |               |
| 9. General expenses due or accrued .....   | 641          |                | 641           | 2,091,887     |
| 10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0<br>on realized capital gains (losses)) .....                    |              |                |               |               |
| 10.2 Net deferred tax liability .....  |              |                |               |               |
| 11. Ceded reinsurance premiums payable .....   | 703,414      |                | 703,414       | 12,666,257    |
| 12. Amounts withheld or retained for the account of others .....   |              |                |               |               |
| 13. Remittances and items not allocated .....  |              |                |               |               |
| 14. Borrowed money (including \$.....0 current) and interest thereon \$.....0<br>(including \$.....0 current) .....  |              |                |               |               |
| 15. Amounts due to parent, subsidiaries and affiliates .....   | 1,045,494    |                | 1,045,494     | 470,603       |
| 16. Derivatives .....  |              |                |               |               |
| 17. Payable for securities .....   |              |                |               |               |
| 18. Payable for securities lending .....   |              |                |               |               |
| 19. Funds held under reinsurance treaties (with \$.....0 authorized reinsurers,<br>\$.....0 unauthorized reinsurers and \$.....0 certified reinsurers) ..... |              |                |               |               |
| 20. Reinsurance in unauthorized and certified (\$.....0) companies .....   |              |                |               |               |
| 21. Net adjustments in assets and liabilities due to foreign exchange rates .....  |              |                |               |               |
| 22. Liability for amounts held under uninsured plans .....   | 1,511,543    |                | 1,511,543     | 1,019,588     |
| 23. Aggregate write-ins for other liabilities (including \$.....0 current) .....   | 4,451        |                | 4,451         | 4,451         |
| 24. TOTAL Liabilities (Lines 1 to 23) .....  | 89,638,194   |                | 89,638,194    | 72,605,576    |
| 25. Aggregate write-ins for special surplus funds .....  | X X X        | X X X          | 8,245,649     |               |
| 26. Common capital stock .....   | X X X        | X X X          | 2,500,000     | 2,500,000     |
| 27. Preferred capital stock .....  | X X X        | X X X          |               |               |
| 28. Gross paid in and contributed surplus .....  | X X X        | X X X          | 208,973,869   | 129,373,869   |
| 29. Surplus notes .....  | X X X        | X X X          | 40,000,000    | 40,000,000    |
| 30. Aggregate write-ins for other than special surplus funds .....   | X X X        | X X X          |               |               |
| 31. Unassigned funds (surplus) .....   | X X X        | X X X          | (204,103,835) | (136,814,556) |
| 32. Less treasury stock, at cost:  |              |                |               |               |
| 32.1 .....0 shares common (value included in Line 26 \$.....0) .....   | X X X        | X X X          |               |               |
| 32.2 .....0 shares preferred (value included in Line 27 \$.....0) .....  | X X X        | X X X          |               |               |
| 33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) .....   | X X X        | X X X          | 55,615,683    | 35,059,313    |
| 34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) .....   | X X X        | X X X          | 145,253,877   | 107,664,889   |
| <b>DETAILS OF WRITE-INS</b>  |              |                |               |               |
| 2301. Escheat Liability .....  | 4,451        |                | 4,451         | 4,451         |
| 2302. ....   |              |                |               |               |
| 2303. ....   |              |                |               |               |
| 2398. Summary of remaining write-ins for Line 23 from overflow page .....  |              |                |               |               |
| 2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....   | 4,451        |                | 4,451         | 4,451         |
| 2501. 9010 ACA Fee .....   | X X X        | X X X          | 8,245,649     |               |
| 2502. ....   | X X X        | X X X          |               |               |
| 2503. ....   | X X X        | X X X          |               |               |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....  | X X X        | X X X          |               |               |
| 2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....   | X X X        | X X X          | 8,245,649     |               |
| 3001. ....   | X X X        | X X X          |               |               |
| 3002. ....   | X X X        | X X X          |               |               |
| 3003. ....   | X X X        | X X X          |               |               |
| 3098. Summary of remaining write-ins for Line 30 from overflow page .....  | X X X        | X X X          |               |               |
| 3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....   | X X X        | X X X          |               |               |

## STATEMENT OF REVENUE AND EXPENSES

|   | Current Year   |              | Prior Year   |
|---|----------------|--------------|--------------|
|   | 1<br>Uncovered | 2<br>Total   | 3<br>Total   |
| 1. Member Months .....  | X X X          | 461,872      | 377,758      |
| 2. Net premium income (including \$.....0 non-health premium income) .....  | X X X          | 427,358,157  | 290,080,357  |
| 3. Change in unearned premium reserves and reserve for rate credits .....   | X X X          |              |              |
| 4. Fee-for-service (net of \$.....0 medical expenses) .....   | X X X          |              |              |
| 5. Risk revenue .....   | X X X          |              |              |
| 6. Aggregate write-ins for other health care related revenues .....   | X X X          |              |              |
| 7. Aggregate write-ins for other non-health revenues .....  | X X X          |              |              |
| 8. TOTAL Revenues (Lines 2 to 7) .....  | X X X          | 427,358,157  | 290,080,357  |
| <b>Hospital and Medical:</b>  |                |              |              |
| 9. Hospital/medical benefits .....  |                | 242,763,015  | 143,258,562  |
| 10. Other professional services .....   |                | 11,174,571   | 8,004,856    |
| 11. Outside referrals .....   |                | 121,094,428  | 143,178,338  |
| 12. Emergency room and out-of-area .....  |                | 19,843,935   | 13,838,054   |
| 13. Prescription drugs .....  |                | 32,632,196   | 26,507,402   |
| 14. Aggregate write-ins for other hospital and medical .....  |                | 1,213,760    | 3,577,995    |
| 15. Incentive pool, withhold adjustments and bonus amounts .....  |                |              |              |
| 16. Subtotal (Lines 9 to 15) .....  |                | 428,721,905  | 338,365,207  |
| <b>Less:</b>  |                |              |              |
| 17. Net reinsurance recoveries .....  |                | 574,481      | 63,582,566   |
| 18. TOTAL Hospital and Medical (Lines 16 minus 17) .....  |                | 428,147,424  | 274,782,641  |
| 19. Non-health claims (net) .....   |                |              |              |
| 20. Claims adjustment expenses, including \$.....10,663,563 cost containment expenses .....   |                | 18,366,506   | 13,149,470   |
| 21. General administrative expenses .....   |                | 38,403,536   | 33,832,443   |
| 22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....     |                | 4,437,281    | 9,604,658    |
| 23. TOTAL Underwriting Deductions (Lines 18 through 22) .....   |                | 489,354,747  | 331,369,212  |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23) .....  | X X X          | (61,996,590) | (41,288,855) |
| 25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....  |                | 1,262,205    | 362,947      |
| 26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....  |                | 64,604       | (2,231)      |
| 27. Net investment gains (losses) (Lines 25 plus 26) .....  |                | 1,326,809    | 360,716      |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] ..... |                |              |              |
| 29. Aggregate write-ins for other income or expenses .....  |                | (271)        |              |
| 30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....   | X X X          | (60,670,053) | (40,928,139) |
| 31. Federal and foreign income taxes incurred .....   | X X X          |              | (4,628)      |
| 32. Net income (loss) (Lines 30 minus 31) .....   | X X X          | (60,670,053) | (40,923,511) |
| <b>DETAILS OF WRITE-INS</b>   |                |              |              |
| 0601. ....  | X X X          |              |              |
| 0602. ....  | X X X          |              |              |
| 0603. ....  | X X X          |              |              |
| 0698. Summary of remaining write-ins for Line 6 from overflow page .....  | X X X          |              |              |
| 0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....   | X X X          |              |              |
| 0701. ....  | X X X          |              |              |
| 0702. ....  | X X X          |              |              |
| 0703. ....  | X X X          |              |              |
| 0798. Summary of remaining write-ins for Line 7 from overflow page .....  | X X X          |              |              |
| 0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....  | X X X          |              |              |
| 1401. Other Hospital and Medical Expenses .....   |                | 1,213,760    | 3,577,995    |
| 1402. ....  |                |              |              |
| 1403. ....  |                |              |              |
| 1498. Summary of remaining write-ins for Line 14 from overflow page .....   |                |              |              |
| 1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....  |                | 1,213,760    | 3,577,995    |
| 2901. Penalties and Fines .....   |                | (271)        |              |
| 2902. ....  |                |              |              |
| 2903. ....  |                |              |              |
| 2998. Summary of remaining write-ins for Line 29 from overflow page .....   |                |              |              |
| 2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....   |                | (271)        |              |

## STATEMENT OF REVENUE AND EXPENSES (Continued)

|                                      |  | 1            | 2            |
|--------------------------------------|--|--------------|--------------|
|                                      |  | Current Year | Prior Year   |
| <b>CAPITAL &amp; SURPLUS ACCOUNT</b> |  |              |              |
| 33.                                  | Capital and surplus prior reporting year .....   | 35,059,313   | 48,356,935   |
| 34.                                  | Net income or (loss) from Line 32 .....  | (60,670,053) | (40,923,511) |
| 35.                                  | Change in valuation basis of aggregate policy and claim reserves .....                   |              |              |
| 36.                                  | Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 ..... |              |              |
| 37.                                  | Change in net unrealized foreign exchange capital gain or (loss) .....                   |              |              |
| 38.                                  | Change in net deferred income tax .....  | (4,628)      | (5,213)      |
| 39.                                  | Change in nonadmitted assets .....   | (1,784,713)  | 9,492,790    |
| 40.                                  | Change in unauthorized and certified reinsurance .....                                   |              |              |
| 41.                                  | Change in treasury stock .....   |              |              |
| 42.                                  | Change in surplus notes .....  |              |              |
| 43.                                  | Cumulative effect of changes in accounting principles .....                              |              |              |
| 44.                                  | Capital Changes:   |              |              |
| 44.1                                 | Paid in .....  |              | 400,000      |
| 44.2                                 | Transferred from surplus (Stock Dividend) .....  |              |              |
| 44.3                                 | Transferred to surplus .....   |              |              |
| 45.                                  | Surplus adjustments:   |              |              |
| 45.1                                 | Paid in .....  | 79,600,000   | 27,600,000   |
| 45.2                                 | Transferred to capital (Stock Dividend) .....  |              |              |
| 45.3                                 | Transferred from capital .....   |              |              |
| 46.                                  | Dividends to stockholders .....  |              |              |
| 47.                                  | Aggregate write-ins for gains or (losses) in surplus .....                               | 3,415,764    | (9,861,689)  |
| 48.                                  | Net change in capital and surplus (Lines 34 to 47) .....                                 | 20,556,370   | (13,297,623) |
| 49.                                  | Capital and surplus end of reporting year (Line 33 plus 48) .....                        | 55,615,683   | 35,059,312   |
| <b>DETAILS OF WRITE-INS</b>          |  |              |              |
| 4701.                                | True up of Settlement Amounts .....  |              | (9,861,689)  |
| 4702.                                | Correction of an Error .....   | 3,415,764    |              |
| 4703.                                | .....  |              |              |
| 4798.                                | Summary of remaining write-ins for Line 47 from overflow page .....                      |              |              |
| 4799.                                | TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....                         | 3,415,764    | (9,861,689)  |

**CASH FLOW**

|  |   | 1            | 2            |
|--|---|--------------|--------------|
|  |   | Current Year | Prior Year   |
| <b>Cash from Operations</b>  |   |              |              |
| 1.   | Premiums collected net of reinsurance .....   | 427,148,877  | 297,219,904  |
| 2.   | Net investment income .....   | 1,098,367    | 305,067      |
| 3.   | Miscellaneous income .....  |              |              |
| 4.   | TOTAL (Lines 1 through 3) .....   | 428,247,244  | 297,524,971  |
| 5.   | Benefit and loss related payments .....   | 398,258,697  | 263,538,708  |
| 6.   | Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....                   |              |              |
| 7.   | Commissions, expenses paid and aggregate write-ins for deductions .....                                     | 65,126,705   | 40,669,522   |
| 8.   | Dividends paid to policyholders .....   |              |              |
| 9.   | Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....       | (4,628)      |              |
| 10.  | TOTAL (Lines 5 through 9) .....   | 463,380,774  | 304,208,230  |
| 11.  | Net cash from operations (Line 4 minus Line 10) .....   | (35,133,530) | (6,683,259)  |
| <b>Cash from Investments</b>   |   |              |              |
| 12.  | Proceeds from investments sold, matured or repaid:  |              |              |
| 12.1   | Bonds .....   | 12,565,154   | 4,703,458    |
| 12.2   | Stocks .....  |              |              |
| 12.3   | Mortgage loans .....  |              |              |
| 12.4   | Real estate .....   |              |              |
| 12.5   | Other invested assets .....   |              |              |
| 12.6   | Net gains or (losses) on cash, cash equivalents and short-term investments .....                            |              |              |
| 12.7   | Miscellaneous proceeds .....  | 50,275       |              |
| 12.8   | TOTAL Investment proceeds (Lines 12.1 to 12.7) .....  | 12,615,429   | 4,703,458    |
| 13.  | Cost of investments acquired (long-term only):  |              |              |
| 13.1   | Bonds .....   | 48,297,965   | 5,847,583    |
| 13.2   | Stocks .....  |              |              |
| 13.3   | Mortgage loans .....  |              |              |
| 13.4   | Real estate .....   |              |              |
| 13.5   | Other invested assets .....   |              |              |
| 13.6   | Miscellaneous applications .....  | 150,000      | 818          |
| 13.7   | TOTAL Investments acquired (Lines 13.1 to 13.6) .....   | 48,447,965   | 5,848,401    |
| 14.  | Net increase (decrease) in contract loans and premium notes .....   |              |              |
| 15.  | Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....                                   | (35,832,536) | (1,144,943)  |
| <b>Cash from Financing and Miscellaneous Sources</b>                       |   |              |              |
| 16.  | Cash provided (applied):  |              |              |
| 16.1   | Surplus notes, capital notes .....  |              |              |
| 16.2   | Capital and paid in surplus, less treasury stock .....  | 59,600,000   |              |
| 16.3   | Borrowed funds .....  |              |              |
| 16.4   | Net deposits on deposit-type contracts and other insurance liabilities .....                                |              |              |
| 16.5   | Dividends to stockholders .....   |              |              |
| 16.6   | Other cash provided (applied) .....   | 18,562,812   | (4,282,209)  |
| 17.  | Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) ..... | 78,162,812   | (4,282,209)  |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b> |   |              |              |
| 18.  | Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....       | 7,196,746    | (12,110,411) |
| 19.  | Cash, cash equivalents and short-term investments:  |              |              |
| 19.1   | Beginning of year .....   | 32,847,518   | 44,957,929   |
| 19.2   | End of year (Line 18 plus Line 19.1) .....  | 40,044,264   | 32,847,518   |

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

|         |   |  |  |
|---------|---|--|--|
| 20.0001 | Line 12.1 - Bond transferred to Cash Equivalent that was misreported at YE 2017. .... |  |  |
|---------|---|--|--|

## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

|   | 1            | 2   | 3                      | 4              | 5              | 6   | 7                          | 8                        | 9               | 10                  |
|---|--------------|---|------------------------|----------------|----------------|---|----------------------------|--------------------------|-----------------|---------------------|
|   | Total        | Comprehensive<br>(Hospital<br>&<br>Medical) | Medicare<br>Supplement | Dental<br>Only | Vision<br>Only | Federal<br>Employees<br>Health<br>Benefits Plan | Title<br>XVIII<br>Medicare | Title<br>XIX<br>Medicaid | Other<br>Health | Other<br>Non-Health |
| 1. Net premium income .....   | 427,358,157  |   |                        |                |                |   | 427,358,157                |                          |                 |                     |
| 2. Change in unearned premium reserves and reserve for rate credit .....                      |              |   |                        |                |                |   |                            |                          |                 |                     |
| 3. Fee-for-service (net of \$.....0 medical expenses) .....                                   |              |   |                        |                |                |   |                            |                          |                 | X X X               |
| 4. Risk revenue .....   |              |   |                        |                |                |   |                            |                          |                 | X X X               |
| 5. Aggregate write-ins for other health care related revenues .....                           |              |   |                        |                |                |   |                            |                          |                 | X X X               |
| 6. Aggregate write-ins for other non-health care related revenues .....                       |              | X X X                                       | X X X                  | X X X          | X X X          | X X X   | X X X                      | X X X                    | X X X           |                     |
| 7. TOTAL Revenues (Lines 1 to 6) .....  | 427,358,157  |   |                        |                |                |   | 427,358,157                |                          |                 |                     |
| 8. Hospital/medical benefits .....  | 242,763,015  |   |                        |                |                |   | 242,763,015                |                          |                 | X X X               |
| 9. Other professional services .....  | 11,174,571   |   |                        |                |                |   | 11,174,571                 |                          |                 | X X X               |
| 10. Outside referrals .....   | 121,094,428  |   |                        |                |                |   | 121,094,428                |                          |                 | X X X               |
| 11. Emergency room and out-of-area .....  | 19,843,935   |   |                        |                |                |   | 19,843,935                 |                          |                 | X X X               |
| 12. Prescription drugs .....  | 32,632,196   |   |                        |                |                |   | 32,632,196                 |                          |                 | X X X               |
| 13. Aggregate write-ins for other hospital and medical .....                                  | 1,213,760    |   |                        |                |                |   | 1,213,760                  |                          |                 | X X X               |
| 14. Incentive pool, withhold adjustments and bonus amounts .....                              |              |   |                        |                |                |   |                            |                          |                 | X X X               |
| 15. Subtotal (Lines 8 to 14) .....  | 428,721,905  |   |                        |                |                |   | 428,721,905                |                          |                 | X X X               |
| 16. Net reinsurance recoveries .....  | 574,481      |   |                        |                |                |   | 574,481                    |                          |                 | X X X               |
| 17. TOTAL Hospital and Medical (Lines 15 minus 16) .....                                      | 428,147,424  |   |                        |                |                |   | 428,147,424                |                          |                 | X X X               |
| 18. Non-health claims (net) .....   |              | X X X                                       | X X X                  | X X X          | X X X          | X X X   | X X X                      | X X X                    | X X X           |                     |
| 19. Claims adjustment expenses including \$.....10,663,563 cost<br>containment expenses ..... | 18,366,506   |   |                        |                |                |   | 18,366,506                 |                          |                 |                     |
| 20. General administrative expenses .....   | 38,403,536   |   |                        |                |                |   | 38,403,536                 |                          |                 |                     |
| 21. Increase in reserves for accident and health contracts .....                              | 4,437,281    |   |                        |                |                |   | 4,437,281                  |                          |                 | X X X               |
| 22. Increase in reserves for life contracts .....   |              | X X X                                       | X X X                  | X X X          | X X X          | X X X   | X X X                      | X X X                    | X X X           |                     |
| 23. TOTAL Underwriting Deductions (Lines 17 to 22) .....                                      | 489,354,747  |   |                        |                |                |   | 489,354,747                |                          |                 |                     |
| 24. Net underwriting gain or (loss) (Line 7 minus Line 23) .....                              | (61,996,590) |   |                        |                |                |   | (61,996,590)               |                          |                 |                     |
| <b>DETAILS OF WRITE-INS</b>   |              |   |                        |                |                |   |                            |                          |                 |                     |
| 0501. ....  |              |   |                        |                |                |   |                            |                          |                 | X X X               |
| 0502. ....  |              |   |                        |                |                |   |                            |                          |                 | X X X               |
| 0503. ....  |              |   |                        |                |                |   |                            |                          |                 | X X X               |
| 0598. Summary of remaining write-ins for Line 5 from overflow page .....                      |              |   |                        |                |                |   |                            |                          |                 | X X X               |
| 0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....                         |              |   |                        |                |                |   |                            |                          |                 | X X X               |
| 0601. ....  |              | X X X                                       | X X X                  | X X X          | X X X          | X X X   | X X X                      | X X X                    | X X X           |                     |
| 0602. ....  |              | X X X                                       | X X X                  | X X X          | X X X          | X X X   | X X X                      | X X X                    | X X X           |                     |
| 0603. ....  |              | X X X                                       | X X X                  | X X X          | X X X          | X X X   | X X X                      | X X X                    | X X X           |                     |
| 0698. Summary of remaining write-ins for Line 6 from overflow page .....                      |              | X X X                                       | X X X                  | X X X          | X X X          | X X X   | X X X                      | X X X                    | X X X           |                     |
| 0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....                         |              | X X X                                       | X X X                  | X X X          | X X X          | X X X   | X X X                      | X X X                    | X X X           |                     |
| 1301. Other Medical .....   | 1,213,760    |   |                        |                |                |   | 1,213,760                  |                          |                 | X X X               |
| 1302. ....  |              |   |                        |                |                |   |                            |                          |                 | X X X               |
| 1303. ....  |              |   |                        |                |                |   |                            |                          |                 | X X X               |
| 1398. Summary of remaining write-ins for Line 13 from overflow page .....                     |              |   |                        |                |                |   |                            |                          |                 | X X X               |
| 1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....                        | 1,213,760    |   |                        |                |                |   | 1,213,760                  |                          |                 | X X X               |

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS

|   | 1                  | 2                      | 3                    | 4   |
|---|--------------------|------------------------|----------------------|---|
| Line of Business                                | Direct<br>Business | Reinsurance<br>Assumed | Reinsurance<br>Ceded | Net Premium<br>Income<br>(Columns<br>1 + 2 - 3) |
| 1. Comprehensive (hospital and medical) .....   |                    |                        |                      |   |
| 2. Medicare Supplement .....                    |                    |                        |                      |   |
| 3. Dental only .....                            |                    |                        |                      |   |
| 4. Vision only .....                            |                    |                        |                      |   |
| 5. Federal Employees Health Benefits Plan ..... |                    |                        |                      |   |
| 6. Title XVIII - Medicare .....                 | 427,829,563        |                        | 471,406              | 427,358,157                                     |
| 7. Title XIX - Medicaid .....                   |                    |                        |                      |   |
| 8. Other health .....                           |                    |                        |                      |   |
| 9. Health subtotal (Lines 1 through 8) .....    | 427,829,563        |                        | 471,406              | 427,358,157                                     |
| 10. Life .....                                  | 551,773            |                        | 551,773              | 0   |
| 11. Property/casualty .....                     |                    |                        |                      |   |
| 12. TOTALS (Lines 9 to 11) .....                | 428,381,337        |                        | 1,023,179            | 427,358,157                                     |



## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - CLAIMS INCURRED DURING THE YEAR

|  | 1           | 2  | 3                      | 4              | 5              | 6   | 7                          | 8                        | 9               | 10                  |
|--|-------------|--|------------------------|----------------|----------------|---|----------------------------|--------------------------|-----------------|---------------------|
|  | Total       | Comprehensive<br>(Hospital<br>& Medical) | Medicare<br>Supplement | Dental<br>Only | Vision<br>Only | Federal<br>Employees<br>Health<br>Benefits Plan | Title<br>XVIII<br>Medicare | Title<br>XIX<br>Medicaid | Other<br>Health | Other<br>Non-Health |
| 1. Payments during the year:   |             |  |                        |                |                |   |                            |                          |                 |                     |
| 1.1 Direct .....   | 410,653,603 |  |                        |                |                |   | 410,500,534                |                          |                 | 153,069             |
| 1.2 Reinsurance assumed .....  |             |  |                        |                |                |   |                            |                          |                 |                     |
| 1.3 Reinsurance ceded .....  | 12,394,906  |  |                        |                |                |   | 12,241,837                 |                          |                 | 153,069             |
| 1.4 Net .....  | 398,258,697 |  |                        |                |                |   | 398,258,697                |                          |                 |                     |
| 2. Paid medical incentive pools and bonuses .....                      |             |  |                        |                |                |   |                            |                          |                 |                     |
| 3. Claim liability December 31, current year from Part 2A:             |             |  |                        |                |                |   |                            |                          |                 |                     |
| 3.1 Direct .....   | 69,815,742  |  |                        |                |                |   | 69,753,238                 |                          |                 | 62,504              |
| 3.2 Reinsurance assumed .....  |             |  |                        |                |                |   |                            |                          |                 |                     |
| 3.3 Reinsurance ceded .....  | 62,504      |  |                        |                |                |   |                            |                          |                 | 62,504              |
| 3.4 Net .....  | 69,753,238  |  |                        |                |                |   | 69,753,238                 |                          |                 |                     |
| 4. Claim reserve December 31, current year from Part 2D:               |             |  |                        |                |                |   |                            |                          |                 |                     |
| 4.1 Direct .....   |             |  |                        |                |                |   |                            |                          |                 |                     |
| 4.2 Reinsurance assumed .....  |             |  |                        |                |                |   |                            |                          |                 |                     |
| 4.3 Reinsurance ceded .....  |             |  |                        |                |                |   |                            |                          |                 |                     |
| 4.4 Net .....  |             |  |                        |                |                |   |                            |                          |                 |                     |
| 5. Accrued medical incentive pools and bonuses, current year .....     |             |  |                        |                |                |   |                            |                          |                 |                     |
| 6. Net healthcare receivables (a) .....                                | (5,875,862) |  |                        |                |                |   | (5,875,862)                |                          |                 |                     |
| 7. Amounts recoverable from reinsurers December 31, current year ..... | 9,411       |  |                        |                |                |   | 9,411                      |                          |                 |                     |
| 8. Claim liability December 31, prior year from Part 2A:               |             |  |                        |                |                |   |                            |                          |                 |                     |
| 8.1 Direct .....   | 57,508,445  |  |                        |                |                |   | 57,407,729                 |                          |                 | 100,716             |
| 8.2 Reinsurance assumed .....  |             |  |                        |                |                |   |                            |                          |                 |                     |
| 8.3 Reinsurance ceded .....  | 11,776,298  |  |                        |                |                |   | 11,675,582                 |                          |                 | 100,716             |
| 8.4 Net .....  | 45,732,147  |  |                        |                |                |   | 45,732,147                 |                          |                 |                     |
| 9. Claim reserve December 31, prior year from Part 2D:                 |             |  |                        |                |                |   |                            |                          |                 |                     |
| 9.1 Direct .....   |             |  |                        |                |                |   |                            |                          |                 |                     |
| 9.2 Reinsurance assumed .....  |             |  |                        |                |                |   |                            |                          |                 |                     |
| 9.3 Reinsurance ceded .....  |             |  |                        |                |                |   |                            |                          |                 |                     |
| 9.4 Net .....  |             |  |                        |                |                |   |                            |                          |                 |                     |
| 10. Accrued medical incentive pools and bonuses, prior year .....      |             |  |                        |                |                |   |                            |                          |                 |                     |
| 11. Amounts recoverable from reinsurers December 31, prior year .....  | 1,184       |  |                        |                |                |   | 1,184                      |                          |                 |                     |
| 12. Incurred benefits:   |             |  |                        |                |                |   |                            |                          |                 |                     |
| 12.1 Direct .....  | 428,836,762 |  |                        |                |                |   | 428,721,905                |                          |                 | 114,857             |
| 12.2 Reinsurance assumed .....   |             |  |                        |                |                |   |                            |                          |                 |                     |
| 12.3 Reinsurance ceded .....   | 689,339     |  |                        |                |                |   | 574,482                    |                          |                 | 114,857             |
| 12.4 Net .....   | 428,147,423 |  |                        |                |                |   | 428,147,423                |                          |                 |                     |
| 13. Incurred medical incentive pools and bonuses .....                 |             |  |                        |                |                |   |                            |                          |                 |                     |

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

## UNDERWRITING AND INVESTMENT EXHIBIT

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

|   | 1          | 2   | 3                      | 4              | 5              | 6   | 7                          | 8                        | 9               | 10                  |
|---|------------|---|------------------------|----------------|----------------|---|----------------------------|--------------------------|-----------------|---------------------|
|   | Total      | Compre-<br>hensive<br>(Hospital<br>& Medical) | Medicare<br>Supplement | Dental<br>Only | Vision<br>Only | Federal<br>Employees<br>Health<br>Benefits Plan | Title<br>XVIII<br>Medicare | Title<br>XIX<br>Medicaid | Other<br>Health | Other<br>Non-Health |
| 1. Reported in Process of Adjustment:                 |            |   |                        |                |                |   |                            |                          |                 |                     |
| 1.1 Direct .....                                      | 17,628,149 |   |                        |                |                |   | 17,565,645                 |                          |                 | 62,504              |
| 1.2 Reinsurance assumed .....                         |            |   |                        |                |                |   |                            |                          |                 |                     |
| 1.3 Reinsurance ceded .....                           | 62,504     |   |                        |                |                |   |                            |                          |                 | 62,504              |
| 1.4 Net .....   | 17,565,645 |   |                        |                |                |   | 17,565,645                 |                          |                 |                     |
| 2. Incurred but Unreported:                           |            |   |                        |                |                |   |                            |                          |                 |                     |
| 2.1 Direct .....                                      | 52,187,593 |   |                        |                |                |   | 52,187,593                 |                          |                 |                     |
| 2.2 Reinsurance assumed .....                         |            |   |                        |                |                |   |                            |                          |                 |                     |
| 2.3 Reinsurance ceded .....                           |            |   |                        |                |                |   |                            |                          |                 |                     |
| 2.4 Net .....   | 52,187,593 |   |                        |                |                |   | 52,187,593                 |                          |                 |                     |
| 3. Amounts Withheld from Paid Claims and Capitations: |            |   |                        |                |                |   |                            |                          |                 |                     |
| 3.1 Direct .....                                      |            |   |                        |                |                |   |                            |                          |                 |                     |
| 3.2 Reinsurance assumed .....                         |            |   |                        |                |                |   |                            |                          |                 |                     |
| 3.3 Reinsurance ceded .....                           |            |   |                        |                |                |   |                            |                          |                 |                     |
| 3.4 Net .....   |            |   |                        |                |                |   |                            |                          |                 |                     |
| 4. TOTALS   |            |   |                        |                |                |   |                            |                          |                 |                     |
| 4.1 Direct .....                                      | 69,815,742 |   |                        |                |                |   | 69,753,238                 |                          |                 | 62,504              |
| 4.2 Reinsurance assumed .....                         |            |   |                        |                |                |   |                            |                          |                 |                     |
| 4.3 Reinsurance ceded .....                           | 62,504     |   |                        |                |                |   |                            |                          |                 | 62,504              |
| 4.4 Net .....   | 69,753,238 |   |                        |                |                |   | 69,753,238                 |                          |                 |                     |

## UNDERWRITING AND INVESTMENT EXHIBIT

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

|  | Claims Paid During the Year   |  | Claim Reserve and Claim Liability December 31 of Current Year |  | 5  | 6   |
|--|---|--|---|--|--|---|
|  | 1<br>On<br>Claims Incurred<br>Prior to January 1<br>of Current Year | 2<br>On<br>Claims Incurred<br>During the<br>Year | 3<br>On Claims Unpaid<br>December 31 of<br>Prior Year         | 4<br>On<br>Claims Incurred<br>During the<br>Year | Claims Incurred<br>in Prior Years<br>(Columns 1 + 3) | Estimated Claim<br>Reserve and<br>Claim Liability<br>December 31 of<br>Prior Year |
| Line<br>of<br>Business                             |   |  |   |  |  |   |
| 1. Comprehensive (hospital and medical) .....      |   |  |   |  |  |   |
| 2. Medicare Supplement .....                       |   |  |   |  |  |   |
| 3. Dental only .....                               |   |  |   |  |  |   |
| 4. Vision only .....                               |   |  |   |  |  |   |
| 5. Federal Employees Health Benefits Plan .....    |   |  |   |  |  |   |
| 6. Title XVIII - Medicare .....                    | 21,850,004  | 376,400,466                                      | 1,096,470   | 68,656,768                                       | 22,946,474   | 45,732,148  |
| 7. Title XIX - Medicaid .....                      |   |  |   |  |  |   |
| 8. Other health .....                              |   |  |   |  |  |   |
| 9. Health subtotal (Lines 1 to 8) .....            | 21,850,004  | 376,400,466                                      | 1,096,470   | 68,656,768                                       | 22,946,474   | 45,732,148  |
| 10. Healthcare receivables (a) .....               | 5,606,837   | 15,991,700                                       |   |  | 5,606,837  | 27,474,400  |
| 11. Other non-health .....                         |   |  |   |  |  |   |
| 12. Medical incentive pool and bonus amounts ..... |   |  |   |  |  |   |
| 13. TOTALS (Lines 9 - 10 + 11 + 12) .....          | 16,243,167  | 360,408,766                                      | 1,096,470   | 68,656,768                                       | 17,339,637   | 18,257,748  |

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

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

**Grand Total**

**Section A - Paid Health Claims**

| Year in Which Losses<br>Were Incurred | Cumulative Net Amounts Paid |           |           |           |           |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
|                                       | 1<br>2015                   | 2<br>2016 | 3<br>2017 | 4<br>2018 | 5<br>2019 |
| 1. Prior .....                        | 2,954                       | 3,306     | 3,303     | 3,301     | 3,301     |
| 2. 2015 .....                         | 40,048                      | 47,517    | 47,719    | 47,731    | 47,731    |
| 3. 2016 .....                         | X X X                       | 35,909    | 51,980    | 45,532    | 45,532    |
| 4. 2017 .....                         | X X X                       | X X X     | 223,714   | 255,761   | 253,543   |
| 5. 2018 .....                         | X X X                       | X X X     | X X X     | 220,279   | 244,339   |
| 6. 2019 .....                         | X X X                       | X X X     | X X X     | X X X     | 382,276   |

**Section B - Incurred Health Claims**

| Year in Which Losses<br>Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool<br>and Bonuses Outstanding at End of Year |           |           |           |           |
|---------------------------------------|---|-----------|-----------|-----------|-----------|
|                                       | 1<br>2015   | 2<br>2016 | 3<br>2017 | 4<br>2018 | 5<br>2019 |
| 1. Prior .....                        | 3,045   | 3,317     | 3,303     | 3,301     | 3,301     |
| 2. 2015 .....                         | 45,892  | 46,484    | 47,719    | 47,731    | 47,731    |
| 3. 2016 .....                         | X X X   | 43,521    | 52,735    | 45,532    | 45,532    |
| 4. 2017 .....                         | X X X   | X X X     | 267,701   | 255,761   | 253,543   |
| 5. 2018 .....                         | X X X   | X X X     | X X X     | 266,011   | 245,435   |
| 6. 2019 .....                         | X X X   | X X X     | X X X     | X X X     | 450,932   |

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

| Years in Which<br>Premiums were<br>Earned and Claims<br>were Incurred | 1<br>Premiums<br>Earned | 2<br>Claims<br>Payments | 3<br>Claim<br>Adjustment<br>Expense<br>Payments | 4<br>(Col. 3/2)<br>Percent | 5<br>Claim and<br>Claim Adjustment<br>Expense<br>Payments<br>(Col. 2 + 3) | 6<br>(Col. 5/1)<br>Percent | 7<br>Claims<br>Unpaid | 8<br>Unpaid Claims<br>Adjustment<br>Expenses | 9<br>Total Claims<br>and Claims<br>Adjustment<br>Expense Incurred<br>(Col. 5 + 7 + 8) | 10<br>(Col. 9/1)<br>Percent |
|---|-------------------------|-------------------------|---|----------------------------|---|----------------------------|-----------------------|--|---|-----------------------------|
| 1. 2015 .....   | 52,521                  | 47,731                  | 5   | 0.010                      | 47,736  | 90.889                     |                       |  | 47,736  | 90.889                      |
| 2. 2016 .....   | 45,955                  | 45,532                  | 1,531   | 3.362                      | 47,063  | 102.411                    |                       |  | 47,063  | 102.411                     |
| 3. 2017 .....   | 267,219                 | 253,543                 | 13,416  | 5.291                      | 266,959   | 99.903                     |                       |  | 266,959   | 99.903                      |
| 4. 2018 .....   | 290,080                 | 244,339                 | 13,227  | 5.413                      | 257,566   | 88.791                     | 1,096                 | 40   | 258,702   | 89.183                      |
| 5. 2019 .....   | 427,358                 | 382,276                 | 14,760  | 3.861                      | 397,036   | 92.905                     | 68,656                | 2,537  | 468,229   | 109.564                     |

12 Grand Total

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

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

**Title XVIII - Medicare**

**Section A - Paid Health Claims**

| Year in Which Losses<br>Were Incurred | Cumulative Net Amounts Paid |           |           |           |           |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
|                                       | 1<br>2015                   | 2<br>2016 | 3<br>2017 | 4<br>2018 | 5<br>2019 |
| 1. Prior .....                        | 2,954                       | 3,306     | 3,303     | 3,301     | 3,301     |
| 2. 2015 .....                         | 40,048                      | 47,517    | 47,719    | 47,731    | 47,731    |
| 3. 2016 .....                         | X X X                       | 35,909    | 51,980    | 45,532    | 45,532    |
| 4. 2017 .....                         | X X X                       | X X X     | 223,714   | 255,761   | 253,543   |
| 5. 2018 .....                         | X X X                       | X X X     | X X X     | 220,279   | 244,339   |
| 6. 2019 .....                         | X X X                       | X X X     | X X X     | X X X     | 382,276   |

**Section B - Incurred Health Claims**

| Year in Which Losses<br>Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool<br>and Bonuses Outstanding at End of Year |           |           |           |           |
|---------------------------------------|---|-----------|-----------|-----------|-----------|
|                                       | 1<br>2015   | 2<br>2016 | 3<br>2017 | 4<br>2018 | 5<br>2019 |
| 1. Prior .....                        | 3,045   | 3,317     | 3,303     | 3,301     | 3,301     |
| 2. 2015 .....                         | 45,892  | 46,484    | 47,719    | 47,731    | 47,731    |
| 3. 2016 .....                         | X X X   | 43,521    | 52,735    | 45,532    | 45,532    |
| 4. 2017 .....                         | X X X   | X X X     | 267,701   | 255,761   | 253,543   |
| 5. 2018 .....                         | X X X   | X X X     | X X X     | 266,011   | 245,435   |
| 6. 2019 .....                         | X X X   | X X X     | X X X     | X X X     | 450,932   |

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

| Years in Which<br>Premiums were<br>Earned and Claims<br>were Incurred | 1<br>Premiums<br>Earned | 2<br>Claims<br>Payments | 3<br>Claim<br>Adjustment<br>Expense<br>Payments | 4<br>(Col. 3/2)<br>Percent | 5<br>Claim and<br>Claim Adjustment<br>Expense<br>Payments<br>(Col. 2 + 3) | 6<br>(Col. 5/1)<br>Percent | 7<br>Claims<br>Unpaid | 8<br>Unpaid Claims<br>Adjustment<br>Expenses | 9<br>Total Claims<br>and Claims<br>Adjustment<br>Expense Incurred<br>(Col. 5 + 7 + 8) | 10<br>(Col. 9/1)<br>Percent |
|---|-------------------------|-------------------------|---|----------------------------|---|----------------------------|-----------------------|--|---|-----------------------------|
| 1. 2015 .....   | 52,521                  | 47,731                  | 5   | 0.010                      | 47,736  | 90.889                     |                       |  | 47,736  | 90.889                      |
| 2. 2016 .....   | 45,955                  | 45,532                  | 1,531   | 3.362                      | 47,063  | 102.411                    |                       |  | 47,063  | 102.411                     |
| 3. 2017 .....   | 267,219                 | 253,543                 | 13,416  | 5.291                      | 266,959   | 99.903                     |                       |  | 266,959   | 99.903                      |
| 4. 2018 .....   | 290,080                 | 244,339                 | 13,227  | 5.413                      | 257,566   | 88.791                     | 1,096                 | 40   | 258,702   | 89.183                      |
| 5. 2019 .....   | 427,358                 | 382,276                 | 14,760  | 3.861                      | 397,036   | 92.905                     | 68,656                | 2,537  | 468,229   | 109.564                     |

12 Title XVIII-Medicare

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid . . . . . NONE

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

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

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

## UNDERWRITING AND INVESTMENT EXHIBIT

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

|  | 1          | 2   | 3                      | 4              | 5              | 6   | 7                          | 8                        | 9     |
|--|------------|---|------------------------|----------------|----------------|---|----------------------------|--------------------------|-------|
|  | Total      | Compre-<br>hensive<br>(Hospital &<br>Medical) | Medicare<br>Supplement | Dental<br>Only | Vision<br>Only | Federal<br>Employees<br>Health<br>Benefits Plan | Title<br>XVIII<br>Medicare | Title<br>XIX<br>Medicaid | Other |
| 1. Unearned premium reserves .....   |            |   |                        |                |                |   |                            |                          |       |
| 2. Additional policy reserves (a) .....  | 14,041,939 |   |                        |                |                |   | 14,041,939                 |                          |       |
| 3. Reserve for future contingent benefits .....  |            |   |                        |                |                |   |                            |                          |       |
| 4. Reserve for rate credits or experience rating refunds (including<br>\$.....0 for investment income) ..... |            |   |                        |                |                |   |                            |                          |       |
| 5. Aggregate write-ins for other policy reserves .....   |            |   |                        |                |                |   |                            |                          |       |
| 6. TOTALS (Gross) .....  | 14,041,939 |   |                        |                |                |   | 14,041,939                 |                          |       |
| 7. Reinsurance ceded .....   |            |   |                        |                |                |   |                            |                          |       |
| 8. TOTALS (Net) (Page 3, Line 4) .....   | 14,041,939 |   |                        |                |                |   | 14,041,939                 |                          |       |
| 9. Present value of amounts not yet due on claims .....  |            |   |                        |                |                |   |                            |                          |       |
| 10. Reserve for future contingent benefits .....   |            |   |                        |                |                |   |                            |                          |       |
| 11. Aggregate write-ins for other claim reserves .....   |            |   |                        |                |                |   |                            |                          |       |
| 12. TOTALS (Gross) .....   |            |   |                        |                |                |   |                            |                          |       |
| 13. Reinsurance ceded .....  |            |   |                        |                |                |   |                            |                          |       |
| 14. TOTALS (Net) (Page 3, Line 7) .....  |            |   |                        |                |                |   |                            |                          |       |
| <b>DETAILS OF WRITE-INS</b>  |            |   |                        |                |                |   |                            |                          |       |
| 0501. ....   |            |   |                        |                |                |   |                            |                          |       |
| 0502. ....   |            |   |                        |                |                |   |                            |                          |       |
| 0503. ....   |            |   |                        |                |                |   |                            |                          |       |
| 0598. Summary of remaining write-ins for Line 5 from overflow page .....                                     |            |   |                        |                |                |   |                            |                          |       |
| 0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....  |            |   |                        |                |                |   |                            |                          |       |
| 1101. ....   |            |   |                        |                |                |   |                            |                          |       |
| 1102. ....   |            |   |                        |                |                |   |                            |                          |       |
| 1103. ....   |            |   |                        |                |                |   |                            |                          |       |
| 1198. Summary of remaining write-ins for Line 11 from overflow page .....                                    |            |   |                        |                |                |   |                            |                          |       |
| 1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....                                       |            |   |                        |                |                |   |                            |                          |       |

(a) Includes \$.....14,041,939 premium deficiency reserve.



## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - ANALYSIS OF EXPENSES

|   | Claim Adjustment Expenses            |  | 3<br>General<br>Administrative<br>Expenses | 4<br>Investment<br>Expenses | 5<br>Total     |
|---|--------------------------------------|--|--|-----------------------------|----------------|
|   | 1<br>Cost<br>Containment<br>Expenses | 2<br>Other Claim<br>Adjustment<br>Expenses |  |                             |                |
| 1. Rent (\$.....0 for occupancy of own building) .....                        | 290,839                              | 167,485                                    | 821,350                                    |                             | 1,279,674      |
| 2. Salaries, wages and other benefits .....                                   | 4,911,458                            | 2,828,346                                  | 13,868,006                                 |                             | 21,607,810     |
| 3. Commissions (less \$.....25,876 ceded plus \$.....0<br>assumed) .....      | 589,191                              | 339,295                                    | 1,652,394                                  |                             | 2,580,880      |
| 4. Legal fees and expenses .....  | 76,600                               | 44,111                                     | 216,323                                    |                             | 337,035        |
| 5. Certifications and accreditation fees .....                                | 62,868                               | 36,203                                     | 177,542                                    |                             | 276,613        |
| 6. Auditing, actuarial and other consulting services .....                    | 1,589,571                            | 915,381                                    | 5,162,262                                  |                             | 7,667,215      |
| 7. Traveling expenses .....   | 399,305                              | 229,946                                    | 1,127,664                                  |                             | 1,756,915      |
| 8. Marketing and advertising .....  | 730,723                              | 420,799                                    | 2,063,950                                  |                             | 3,215,472      |
| 9. Postage, express and telephone .....                                       | 131,975                              | 76,000                                     | 372,706                                    |                             | 580,681        |
| 10. Printing and office supplies .....  | 115,833                              | 66,705                                     | 1,489,918                                  |                             | 1,672,455      |
| 11. Occupancy, depreciation and amortization .....                            |                                      |  |  |                             |                |
| 12. Equipment .....   | 38,081                               | 21,929                                     | 107,542                                    |                             | 167,552        |
| 13. Cost or depreciation of EDP equipment and software .....                  | 540,256                              | 311,115                                    | 1,908,921                                  |                             | 2,760,291      |
| 14. Outsourced services including EDP, claims, and other services .....       | 677,543                              | 1,952,326                                  | 7,730,269                                  |                             | 10,360,138     |
| 15. Boards, bureaus and association fees .....                                | 9,022                                | 5,195                                      | 25,477                                     |                             | 39,694         |
| 16. Insurance, except on real estate .....                                    | 36,750                               | 21,163                                     | 103,784                                    |                             | 161,696        |
| 17. Collection and bank service charges .....                                 | 23,130                               | 13,320                                     | 65,320                                     | 169,772                     | 271,542        |
| 18. Group service and administration fees .....                               |                                      |  |  |                             |                |
| 19. Reimbursements by uninsured plans .....                                   |                                      |  |  |                             |                |
| 20. Reimbursements from fiscal intermediaries .....                           |                                      |  |  |                             |                |
| 21. Real estate expenses .....  |                                      |  |  |                             |                |
| 22. Real estate taxes .....   |                                      |  |  |                             |                |
| 23. Taxes, licenses and fees:   |                                      |  |  |                             |                |
| 23.1 State and local insurance taxes .....                                    | 70,912                               | 40,836                                     | 200,259                                    |                             | 312,006        |
| 23.2 State premium taxes .....  |                                      |  | 50,013                                     |                             | 50,013         |
| 23.3 Regulatory authority licenses and fees .....                             | 76,756                               | 44,201                                     | 429,495                                    |                             | 550,452        |
| 23.4 Payroll taxes .....  | 282,148                              | 162,480                                    | 796,805                                    |                             | 1,241,433      |
| 23.5 Other (excluding federal income and real estate taxes) .....             |                                      |  | 3,589                                      |                             | 3,589          |
| 24. Investment expenses not included elsewhere .....                          |                                      |  |  |                             |                |
| 25. Aggregate write-ins for expenses .....                                    | 10,605                               | 6,107                                      | 29,948                                     |                             | 46,659         |
| 26. TOTAL Expenses Incurred (Lines 1 to 25) .....                             | 10,663,563                           | 7,702,943                                  | 38,403,536                                 | 169,772                     | (a) 56,939,815 |
| 27. Less expenses unpaid December 31, current year .....                      |                                      | 2,577,474                                  | 641  |                             | 2,578,115      |
| 28. Add expenses unpaid December 31, prior year .....                         |                                      | 1,015,322                                  | 2,091,887                                  |                             | 3,107,209      |
| 29. Amounts receivable relating to uninsured plans, prior year .....          |                                      |  |  |                             |                |
| 30. Amounts receivable relating to uninsured plans, current year .....        |                                      |  |  |                             |                |
| 31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus<br>30) ..... | 10,663,563                           | 6,140,791                                  | 40,494,782                                 | 169,772                     | 57,468,909     |
| <b>DETAILS OF WRITE-INS</b>   |                                      |  |  |                             |                |
| 2501. Sponsorships and Charitable Contributions .....                         | 10,605                               | 6,107                                      | 29,948                                     |                             | 46,659         |
| 2502. ....  |                                      |  |  |                             |                |
| 2503. ....  |                                      |  |  |                             |                |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....     |                                      |  |  |                             |                |
| 2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....        | 10,605                               | 6,107                                      | 29,948                                     |                             | 46,659         |

(a) Includes management fees of \$.....46,918,985 to affiliates and \$.....0 to non-affiliates.

## EXHIBIT OF NET INVESTMENT INCOME

|   | 1<br>Collected<br>During Year | 2<br>Earned<br>During Year |
|---|-------------------------------|----------------------------|
| 1. U.S. Government bonds  | (a) 74,132                    | 234,044                    |
| 1.1 Bonds exempt from U.S. tax  | (a)                           |                            |
| 1.2 Other bonds (unaffiliated)  | (a) 16,992                    | 11,997                     |
| 1.3 Bonds of affiliates   | (a)                           |                            |
| 2.1 Preferred stocks (unaffiliated)                                     | (b)                           |                            |
| 2.11 Preferred stocks of affiliates                                     | (b)                           |                            |
| 2.2 Common stocks (unaffiliated)  |                               |                            |
| 2.21 Common stocks of affiliates  |                               |                            |
| 3. Mortgage loans   | (c)                           |                            |
| 4. Real estate  | (d)                           |                            |
| 5. Contract loans   |                               |                            |
| 6. Cash, cash equivalents and short-term investments                    | (e) 1,217,191                 | 1,185,936                  |
| 7. Derivative instruments   | (f)                           |                            |
| 8. Other invested assets  |                               |                            |
| 9. Aggregate write-ins for investment income                            |                               |                            |
| 10. TOTAL gross investment income                                       | 1,308,316                     | 1,431,977                  |
| 11. Investment expenses   |                               | (g) 169,772                |
| 12. Investment taxes, licenses and fees, excluding federal income taxes |                               | (g)                        |
| 13. Interest expense  |                               | (h)                        |
| 14. Depreciation on real estate and other invested assets               |                               | (i)                        |
| 15. Aggregate write-ins for deductions from investment income           |                               |                            |
| 16. TOTAL Deductions (Lines 11 through 15)                              |                               | 169,772                    |
| 17. Net Investment income (Line 10 minus Line 16)                       |                               | 1,262,205                  |

**DETAILS OF WRITE-INS**

|   |  |  |
|---|--|--|
| 0901.   |  |  |
| 0902.   |  |  |
| 0903.   |  |  |
| 0998. Summary of remaining write-ins for Line 9 from overflow page  |  |  |
| 0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)     |  |  |
| 1501.   |  |  |
| 1502.   |  |  |
| 1503.   |  |  |
| 1598. Summary of remaining write-ins for Line 15 from overflow page |  |  |
| 1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above)    |  |  |

- (a) Includes \$ 47,112 accrual of discount less \$ 12,520 amortization of premium and less \$ 174,124 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 \$ 663,640 accrual of discount less \$ 0 amortization of premium and less \$ 82,478 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   | 2                             | 3   | 4  | 5  |
|--|---|-------------------------------|---|--|--|
|  | Realized Gain<br>(Loss) on Sales<br>or Maturity | Other Realized<br>Adjustments | Total Realized<br>Capital Gain<br>(Loss)<br>(Columns 1 + 2) | Change in<br>Unrealized Capital<br>Gain (Loss) | Change in<br>Unrealized Foreign<br>Exchange Capital<br>Gain (Loss) |
| 1. U.S. Government bonds                             | 14,329  |                               | 14,329  |  |  |
| 1.1 Bonds exempt from U.S. tax                       |   |                               |   |  |  |
| 1.2 Other bonds (unaffiliated)                       |   |                               |   |  |  |
| 1.3 Bonds of affiliates                              |   |                               |   |  |  |
| 2.1 Preferred stocks (unaffiliated)                  |   |                               |   |  |  |
| 2.11 Preferred stocks of affiliates                  |   |                               |   |  |  |
| 2.2 Common stocks (unaffiliated)                     |   |                               |   |  |  |
| 2.21 Common stocks of affiliates                     |   |                               |   |  |  |
| 3. Mortgage loans                                    |   |                               |   |  |  |
| 4. Real estate                                       |   |                               |   |  |  |
| 5. Contract loans                                    |   |                               |   |  |  |
| 6. Cash, cash equivalents and short-term investments | 50,275  |                               | 50,275  |  |  |
| 7. Derivative instruments                            |   |                               |   |  |  |
| 8. Other invested assets                             |   |                               |   |  |  |
| 9. Aggregate write-ins for capital gains (losses)    |   |                               |   |  |  |
| 10. TOTAL Capital gains (losses)                     | 64,604  |                               | 64,604  |  |  |

**DETAILS OF WRITE-INS**

|  |  |  |  |  |  |
|--|--|--|--|--|--|
| 0901.  |  |  |  |  |  |
| 0902.  |  |  |  |  |  |
| 0903.  |  |  |  |  |  |
| 0998. Summary of remaining write-ins for Line 9 from overflow page |  |  |  |  |  |
| 0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)    |  |  |  |  |  |

**EXHIBIT OF NONADMITTED ASSETS**

|   | 1  | 2                                      | 3  |
|---|--|--|--|
|   | Current Year Total<br>Nonadmitted Assets | Prior Year Total<br>Nonadmitted Assets | Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
| 1. Bonds (Schedule D) .....   |  |  |  |
| 2. Stocks (Schedule D):   |  |  |  |
| 2.1 Preferred stocks .....  |  |  |  |
| 2.2 Common stocks .....   |  |  |  |
| 3. Mortgage loans on real estate (Schedule B):  |  |  |  |
| 3.1 First liens .....   |  |  |  |
| 3.2 Other than first liens .....  |  |  |  |
| 4. Real estate (Schedule A):  |  |  |  |
| 4.1 Properties occupied by the company .....  |  |  |  |
| 4.2 Properties held for the production of income .....  |  |  |  |
| 4.3 Properties held for sale .....  |  |  |  |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term<br>investments (Schedule DA) .....     |  |  |  |
| 6. Contract loans .....   |  |  |  |
| 7. Derivatives (Schedule DB) .....  |  |  |  |
| 8. Other invested assets (Schedule BA) .....  |  |  |  |
| 9. Receivables for securities .....   |  |  |  |
| 10. Securities lending reinvested collateral assets (Schedule DL) .....   |  |  |  |
| 11. Aggregate write-ins for invested assets .....   |  |  |  |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) .....   |  |  |  |
| 13. Title plants (for Title insurers only) .....  |  |  |  |
| 14. Investment income due and accrued .....   |  |  |  |
| 15. Premium and considerations:   |  |  |  |
| 15.1 Uncollected premiums and agents' balances in the course of collection .....  | 841,297                                  |  | (841,297)  |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and<br>not yet due .....                  |  |  |  |
| 15.3 Accrued retrospective premiums and contracts subject to redetermination .....                                      |  |  |  |
| 16. Reinsurance:  |  |  |  |
| 16.1 Amounts recoverable from reinsurers .....  |  |  |  |
| 16.2 Funds held by or deposited with reinsured companies .....  |  |  |  |
| 16.3 Other amounts receivable under reinsurance contracts .....   |  |  |  |
| 17. Amounts receivable relating to uninsured plans .....  | 2,639,253                                | 959,979                                | (1,679,274)  |
| 18.1 Current federal and foreign income tax recoverable and interest thereon .....                                      |  |  |  |
| 18.2 Net deferred tax asset .....   |  |  |  |
| 19. Guaranty funds receivable or on deposit .....   |  |  |  |
| 20. Electronic data processing equipment and software .....   |  |  |  |
| 21. Furniture and equipment, including health care delivery assets .....  |  |  |  |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates .....  |  |  |  |
| 23. Receivables from parent, subsidiaries and affiliates .....  |  |  |  |
| 24. Health care and other amounts receivable .....  | 9,966,019                                | 11,302,683                             | 1,336,664  |
| 25. Aggregate write-ins for other than invested assets .....  | 3,590,806                                | 2,990,000                              | (600,806)  |
| 26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell<br>Accounts (Lines 12 to 25) ..... | 17,037,375                               | 15,252,662                             | (1,784,713)  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....                                       |  |  |  |
| 28. TOTAL (Lines 26 and 27) .....   | 17,037,375                               | 15,252,662                             | (1,784,713)  |
| <b>DETAILS OF WRITE-INS</b>   |  |  |  |
| 1101. ....  |  |  |  |
| 1102. ....  |  |  |  |
| 1103. ....  |  |  |  |
| 1198. Summary of remaining write-ins for Line 11 from overflow page .....   |  |  |  |
| 1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....  |  |  |  |
| 2501. Intangible Assets-Licenses .....  | 2,990,000                                | 2,990,000                              |  |
| 2502. Prepaid Premium Taxes .....   |  |  |  |
| 2503. Prepaid Assets .....  | 283,614                                  |  | (283,614)  |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....   | 317,192                                  |  | (317,192)  |
| 2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....  | 3,590,806                                | 2,990,000                              | (600,806)  |

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

| Source of Enrollment   | Total Members at End of |                       |                        |                       |                      | 6<br>Current Year<br>Member<br>Months |
|--|-------------------------|-----------------------|------------------------|-----------------------|----------------------|---------------------------------------|
|  | 1<br>Prior<br>Year      | 2<br>First<br>Quarter | 3<br>Second<br>Quarter | 4<br>Third<br>Quarter | 5<br>Current<br>Year |                                       |
| 1. Health Maintenance Organizations .....                                |                         |                       |                        |                       |                      |                                       |
| 2. Provider Service Organizations .....                                  |                         |                       |                        |                       |                      |                                       |
| 3. Preferred Provider Organizations .....                                | 32,425                  | 37,818                | 38,373                 | 39,151                | 39,325               | 461,872                               |
| 4. Point of Service .....  |                         |                       |                        |                       |                      |                                       |
| 5. Indemnity Only .....  |                         |                       |                        |                       |                      |                                       |
| 6. Aggregate write-ins for other lines of business .....                 |                         |                       |                        |                       |                      |                                       |
| 7. TOTAL .....   | 32,425                  | 37,818                | 38,373                 | 39,151                | 39,325               | 461,872                               |
| <b>DETAILS OF WRITE-INS</b>  |                         |                       |                        |                       |                      |                                       |
| 0601. ....   |                         |                       |                        |                       |                      |                                       |
| 0602. ....   |                         |                       |                        |                       |                      |                                       |
| 0603. ....   |                         |                       |                        |                       |                      |                                       |
| 0698. Summary of remaining write-ins for Line 6 from overflow page ..... |                         |                       |                        |                       |                      |                                       |
| 0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....    |                         |                       |                        |                       |                      |                                       |

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

The accompanying financial statements of Clover Insurance Company (the "Company") have been prepared in conformity with accounting practices prescribed or permitted by the state of New Jersey for determining and reporting the financial conditions and results of operations of an insurance company for determining its solvency under New Jersey Code. 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 State of New Jersey Department of Banking and Insurance (DOBI).

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of New Jersey is shown below:

|                   |   | SSAP# | F/S<br>Page | F/S<br>Line | 2019         | 2018         |
|-------------------|---|-------|-------------|-------------|--------------|--------------|
| <u>NET INCOME</u> |   |       |             |             |              |              |
| (1)               | State basis (Page 4, Line 32, Columns 2 & 3)                  |       |             |             | (60,670,053) | (40,923,511) |
| (2)               | State Prescribed Practices that increase/(decrease) NAIC SAP: |       |             |             |              |              |
| (201)             |   |       |             |             |              |              |
| (299)             | Total   |       |             |             |              |              |
| (3)               | State Permitted Practices that increase/(decrease) NAIC SAP:  |       |             |             |              |              |
| (301)             |   |       |             |             |              |              |
| (399)             | Total   |       |             |             |              | 0            |
| (4)               | NAIC SAP (1-2-3=4)  |       |             |             | (60,670,053) | (40,923,511) |
| <u>SURPLUS</u>    |   |       |             |             |              |              |
| (5)               | State basis (Page 3, Line 33, Columns 3 & 4)                  |       |             |             | 55,615,683   | 35,059,313   |
| (6)               | State Prescribed Practices that increase/(decrease) NAIC SAP: |       |             |             |              |              |
| (601)             |   |       |             |             |              |              |
| (699)             | Total   |       |             |             |              |              |
| (7)               | State Permitted Practices that increase/(decrease) NAIC SAP:  |       |             |             |              |              |
| (701)             |   |       |             |             |              |              |
| (799)             | Total   |       |             |             |              | 0            |
| (8)               | NAIC SAP (5-6-7=8)  |       |             |             | 55,615,683   | 35,059,313   |

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

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

#### C. Accounting Policy

Health capitation premiums are recognized in the period members are entitled to related health care services. Health care service costs and the related liabilities for claims payable are recorded when medical services are authorized, as well as when services are provided without authorization to the extent such services are expected to be ultimately authorized. Expenses are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds are stated at amortized cost using the scientific interest method. The Company does not own any mandatory convertible securities or SVO-Identified bond ETFs reported on Schedule D-1.
- (3) The Company had no common stock.
- (4) The Company had no preferred stock.
- (5) The Company had no mortgage loans.
- (6) The Company had no loan-backed securities.

## Notes to Financial Statements

- (7) The Company had no investments in subsidiaries, controlled and affiliated companies.
- (8) The Company had no joint ventures, partnership, or limited liability companies.
- (9) The Company had no derivatives.
- (10) The Company utilizes anticipated investment income as a factor in the premium deficiency calculation.
- (11) Unpaid losses and loss adjustment expenses include amounts determined from claims estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company's capitalization policy has not changed.
- (13) The Company's pharmaceutical rebate receivables are estimated based on a historical percentage of gross pharmaceutical claims methodology.

### D. Going Concern

Management has evaluated the Company's ability to continue as a going concern. There is no substantial doubt in its ability to continue as a going concern.

## 2. Accounting Changes and Corrections of Errors

The Company made a prior period adjustment for the 2018 results in the amount of \$3,415,764. This consisted of the following items:

|                      |                |
|----------------------|----------------|
| Pharmacy Cost        | 2,333,080      |
| Administrative Costs | 1,087,312      |
| Federal Income Taxes | <u>(4,628)</u> |
|                      | 3,415,764      |

## 3. Business Combinations and Goodwill

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

## 4. Discontinued Operations

- A. Discontinued Operation Disposed of or Classified as Held for Sale - None
- B. Change in Plan of Sale of Discontinued Operation - None
- C. Nature of Any Significant Continuing Involvement with Discontinued Operations After Disposal - None
- D. Equity Interest Retained in Discontinued Operation After Disposal - None

## 5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans - None
- B. Debt Restructuring - None
- C. Reverse Mortgages - None
- D. Loan-Backed Securities - None
- E. Dollar Repurchase Agreements and/or Securities Lending Transactions - None
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing - None
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing - None
- H. Repurchase Agreements Transactions Accounted for as a Sale - None
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale - None
- J. Real Estate - None
- K. Low-income housing tax credits (LIHTC) - None

## Notes to Financial Statements

### L. Restricted Assets –

#### (1) Restricted Assets (Including Pledged)

|  | 1   | 2   | 3                                | 4   | 5  | 6   | 7  |
|--|---|---|----------------------------------|---|--|---|--|
| Restricted Asset Category  | Total Gross (Admitted and Nonadmitted) Restricted from Current Year | Total Gross (Admitted and Nonadmitted) Restricted from Prior Year | Increase /(Decrease) (1 minus 2) | Total Current Year Nonadmitted Restricted | Total Current Year Admitted Restricted (1 minus 4) | Gross (Admitted and Nonadmitted) Restricted to Total Assets (a) | Admitted Restricted to Total Admitted Assets (b) |
| 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 options contracts  |   |   |                                  |   |  |   |  |
| h. Letter stock or securities restricted as to sale-excluding FHLB capital stock |   |   |                                  |   |  |   |  |
| i. FHLB capital stock  |   |   |                                  |   |  |   |  |
| j. On deposit with states  | \$2,862,025   | \$2,854,679   | \$7,346                          |   | \$2,682,025  | 1.764%  | 1.970%   |
| k. On deposit with other regulatory bodies                                       |   |   |                                  |   |  |   |  |
| l. Pledged as collateral to FHLB (including assets backing funding agreements)   |   |   |                                  |   |  |   |  |
| m. Pledged as collateral not captured in other categories                        |   |   |                                  |   |  |   |  |
| n. Other restricted assets   |   |   |                                  |   |  |   |  |
| <b>o. Total Restricted Assets</b>  | <b>\$2,862,025</b>  | <b>\$2,854,679</b>  | <b>\$7,346</b>                   |   | <b>\$2,682,025</b>                                 | <b>1.764%</b>   | <b>1.970%</b>                                    |

(a) Column 1 divided by Asset Page, Column 1, Line 28

(b) Column 5 divided by Asset Page, Column 3, Line 28

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories – None

(3) Detail of Other Restricted Assets – None

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements – None

M. Working Capital Finance Investments – None

N. Offsetting and Netting of Assets and Liabilities – None

O. 5GI Securities – None

P. Short Sales – None

Q. Prepayment Penalty and Acceleration Fees - None

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

A. The Company does not have any Joint Ventures, Partnerships and Limited Liability Companies that exceed 10% of the admitted assets.

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

### 7. Investment Income

A. Due and accrued income was excluded from surplus that are over 90 days past due with the exception of mortgage loans in default.

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

### 8. Derivative Instruments

None.

## Notes to Financial Statements

### 9. Income Taxes

A. The statutory basis of accounting requires that the Company record deferred tax assets and liabilities for certain temporary differences between statutory basis income before federal income taxes, plus certain items recorded directly to surplus, and taxable income as reflected in the Company's federal income tax return, subject to certain limitations.

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

1.

| Description   | 12/31/2019    |              |                         | 12/31/2018    |              |                            | Change                        |                              |                            |
|---|---------------|--------------|-------------------------|---------------|--------------|----------------------------|-------------------------------|------------------------------|----------------------------|
|   | 1<br>Ordinary | 2<br>Capital | 3<br>(Col. 1 + 2) Total | 4<br>Ordinary | 5<br>Capital | 6<br>(Col. 4 + 5)<br>Total | 7<br>(Col. 1 - 4)<br>Ordinary | 8<br>(Col. 2 - 5)<br>Capital | 9<br>(Col. 7 + 8)<br>Total |
| a. Gross Deferred Tax Assets  | 41,996,820    |              | 41,996,820              | 28,222,464    | 469          | 28,222,933                 | 13,774,355                    | (469)                        | 13,773,887                 |
| b. Statutory Valuation Allowance Adjustments                              | 41,807,464    |              | 41,807,464              | 28,069,130    | 469          | 28,069,599                 | 13,738,334                    | (469)                        | 13,737,865                 |
| c. Adjusted Gross Deferred Tax Assets (1a - 1b)                           | 189,355       |              | 189,355                 | 153,334       |              | 153,334                    | 36,021                        |                              | 36,021                     |
| d. Deferred Tax Assets Non-admitted                                       |               |              |                         |               |              |                            |                               |                              |                            |
| e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d)                     | 189,355       |              | 189,355                 | 153,334       |              | 153,334                    | 36,021                        |                              | 36,021                     |
| f. Deferred Tax Liabilities   | 187,041       |              | 187,041                 | 148,706       |              | 148,706                    | 38,335                        |                              | 38,335                     |
| g. Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f) | 2,314         |              | 2,314                   | 4,628         |              | 4,628                      | (2,314)                       |                              | (2,314)                    |

2.

| Description   | 12/31/2019    |              |                            | 12/31/2018    |              |                            | Change                        |                              |                            |
|---|---------------|--------------|----------------------------|---------------|--------------|----------------------------|-------------------------------|------------------------------|----------------------------|
|   | 1<br>Ordinary | 2<br>Capital | 3<br>(Col. 1 + 2)<br>Total | 4<br>Ordinary | 5<br>Capital | 6<br>(Col. 4 + 5)<br>Total | 7<br>(Col. 1 - 4)<br>Ordinary | 8<br>(Col. 2 - 5)<br>Capital | 9<br>(Col. 7 + 8)<br>Total |
| a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks   |               |              |                            |               |              |                            |                               |                              |                            |
| b. Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2a Above) After Application of the Threshold Limitation (The Lesser of 2b1 and 2b2 below) | 2,314         |              | 2,314                      | 4,628         |              | 4,628                      | (2,314)                       |                              | (2,314)                    |
| b1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date   |               |              |                            |               |              |                            |                               |                              |                            |
| b2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold   | XXX           | XXX          |                            | XXX           | XXX          |                            | XXX                           | XXX                          |                            |
| c. Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2a and 2b Above) Offset by Gross Deferred Tax Liabilities   | 187,041       |              | 187,041                    | 1,742         |              | 1,742                      | 185,299                       |                              | 185,299                    |
| d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101 Total (2a + 2b - 2c)   | 189,355       |              | 189,355                    | 6,370         |              | 6,370                      | 182,985                       |                              | 182,985                    |

3.

|    | Description  | 2019 | 2018 |
|----|--|------|------|
| a. | Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount                               |      |      |
| b. | Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation in 2(b)2 Above |      |      |

4.

| Description                       | 12/31/2018   |              | 12/31/2017    |              | Change                        |                              |
|-----------------------------------|--|--------------|---------------|--------------|-------------------------------|------------------------------|
|                                   | 1<br>Ordinary  | 2<br>Capital | 3<br>Ordinary | 4<br>Capital | 5<br>(Col. 1 + 3)<br>Ordinary | 6<br>(Col. 2 + 4)<br>Capital |
| Impact of Tax-Planning Strategies |  |              |               |              |                               |                              |
| a.                                | Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, By Tax Character as a Percentage |              |               |              |                               |                              |
| 1.                                | Adjusted Gross DTAs Amount From Note 9A1(c)  |              |               |              |                               |                              |
|                                   | 189,355  |              | 6,370         |              | 182,985                       |                              |
| 2.                                | Percentage of Adjusted Gross DTAs by tax character attributable to the impact of tax planning strategies                   |              |               |              |                               |                              |
| 3.                                | Net Admitted Adjusted Gross DTAs Amount from Note 9a1(c)   |              |               |              |                               |                              |
|                                   | 189,355  |              | 6,370         |              | 182,985                       |                              |
| 4.                                | Percentage of Net Admitted Adjusted Gross DTAs by tax character attributable to the impact of tax planning strategies      |              |               |              |                               |                              |

|    |   |    |
|----|---|----|
| b. | Does the Company's tax-planning strategies include the use of reinsurance? (Yes / No) | No |
|----|---|----|

B. Regarding deferred tax liabilities that are not recognized: Not Applicable



## Notes to Financial Statements

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

|     | Description  | 1<br>12/31/2019 | 2<br>12/31/2018 | 3<br>(Col. 1 – 2)<br>Change |
|-----|--|-----------------|-----------------|-----------------------------|
| 1.  | Current Income Tax   |                 |                 |                             |
| a.  | Federal  | (2,314)         | (4,628)         | 2,314                       |
| b.  | Foreign  |                 | 0               |                             |
| c.  | Subtotal   | (2,314)         | (4,628)         | 2,314                       |
| d.  | Federal income tax on net capital gains                        |                 | 0               |                             |
| e.  | Utilization of capital loss carry-forwards                     |                 | 0               |                             |
| f.  | Other  |                 | 0               |                             |
| g.  | Federal and foreign income taxes incurred                      | (2,314)         | (4,628)         | 2,314                       |
| 2.  | Deferred Tax Assets:   |                 |                 |                             |
| a.  | Ordinary   |                 |                 |                             |
| 1.  | Discounting of unpaid losses                                   | 220,150         | 142,218         | 77,831                      |
| 2.  | Unearned premium reserve                                       |                 |                 |                             |
| 3.  | Policyholder reserves  |                 | -               |                             |
| 4.  | Investments  |                 |                 |                             |
| 5.  | Deferred acquisition costs                                     | 398,678         | 447,999         | (49,321)                    |
| 6.  | Policyholder dividends accrual                                 |                 |                 |                             |
| 7.  | Fixed assets   |                 |                 |                             |
| 8.  | Compensation and benefits accrual                              |                 |                 |                             |
| 9.  | Pension accrual  |                 |                 |                             |
| 10. | Receivables – nonadmitted                                      | 3,577,849       | 3,203,059       | 374,790                     |
| 11. | Net operating loss carry-forward                               | 34,849,122      | 22,407,113      | 13,774,824                  |
| 12. | Tax credit carry-forward                                       | 2,314           | 4,628           | (2,314)                     |
| 13. | Other (including items < 5% of total ordinary tax assets)      | 2,948,807       | 2,016,978       | 931,829                     |
| 99. | Subtotal   | 41,996,820      | 28,221,996      | 13,774,824                  |
| b.  | Statutory valuation allowance adjustment                       | 41,807,464      | 28,069,130      | 13,738,334                  |
| c.  | Nonadmitted  |                 |                 |                             |
| d.  | Admitted ordinary deferred tax assets (2a99 – 2b – 2c)         | 189,355         | 152,866         | 36,490                      |
| e.  | Capital:   |                 |                 |                             |
| 1.  | Investments  |                 |                 |                             |
| 2.  | Net capital loss carry-forward                                 |                 | 469             | (469)                       |
| 3.  | Real estate  |                 |                 |                             |
| 4.  | Other (including items < 5% of total capital tax assets)       |                 |                 |                             |
| 99. | Subtotal   |                 | 469             | (469)                       |
| f.  | Statutory valuation allowance adjustment                       |                 | 469             | (469)                       |
| g.  | Nonadmitted  |                 |                 |                             |
| h.  | Admitted capital deferred tax assets (2e99 – 2f – 2g)          |                 |                 |                             |
| i.  | Admitted deferred tax assets (2d + 2h)                         | 189,355         | 148,706         | 36,021                      |
| 3.  | Deferred Tax Liabilities:                                      |                 |                 |                             |
| a.  | Ordinary   |                 |                 |                             |
| 1.  | Investments  | 123,098         | 7,439           | 115,658                     |
| 2.  | Fixed assets   |                 |                 |                             |
| 3.  | Deferred and uncollected premium                               | 63,943          | 141,267         | (77,323)                    |
| 4.  | Policyholder reserves  |                 |                 |                             |
| 5.  | Other (including items < 5% of total ordinary tax liabilities) |                 |                 |                             |
| 99. | Subtotal   | 187,041         | 148,706         | 38,335                      |
| b.  | Capital:   |                 |                 |                             |
| 1.  | Investments  |                 |                 |                             |
| 2.  | Real estate  |                 |                 |                             |
| 3.  | Other (including items < 5% of total capital tax liabilities)  |                 |                 |                             |
| 99. | Subtotal   |                 |                 |                             |
| c.  | Deferred tax liabilities (3a99 + 3b99)                         | 187,041         | 148,706         | 38,335                      |
| 4.  | Net deferred tax assets/liabilities (2i – 3c)                  | 2,314           | 4,628           | (2,314)                     |

The change in net deferred income taxes is comprised of the following, before consideration of non-admitted deferred tax assets:

|   | 12/31/2019 | 12/31/2018 | Change  |
|---|------------|------------|---------|
| Adjusted gross deferred tax assets                | 189,355    | 153,334    | 36,021  |
| Total deferred tax liabilities                    | 187,041    | 148,706    | 38,335  |
| Net deferred tax assets (liabilities)             | 2,314      | 4,628      | (2,314) |
| Tax effect of change in unrealized gains (losses) |            |            |         |
| Total change in net deferred income tax           |            |            | (2,314) |

## Notes to Financial Statements

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

|                                      | Amount       | Tax Effect | Amount       | Tax Effect |
|--------------------------------------|--------------|------------|--------------|------------|
| Provision computed at statutory rate | (12,740,711) | 21.00%     | (7,875,655)  | 21.00%     |
| Permanent Differences                | -            | 0.00%      | -            | 0.00%      |
| PY True Up (to Deferred)             | (26,065,921) | 42.96%     | (15,680,536) | 41.81%     |
| PY True Up (to Current)              | -            | 0.00%      | -            | 0.00%      |
| Change in Non-admitted Assets        | (374,790)    | 0.62%      | (2,841,520)  | 7.58%      |
| Rate Differential                    | -            | 0.00%      | -            | 0.00%      |
| Tax Cuts & Jobs Act Rate Change      | -            | 0.00%      | -            | 0.00%      |
| Change in deferred income taxes      | (36,021)     | 0.06%      | (153,334)    | 0.41%      |
| Change in Valuation Allowance        | 13,738,334   | -22.64%    | 10,804,363   | -28.81%    |
| Income in Equity of Subsidiaries     | -            | 0.00%      | -            | 0.00%      |
| Totals                               | (2,314)      | 0.00%      | (4,628)      | 0.01%      |

|   |         |         |
|---|---------|---------|
|   | 2019    | 2018    |
| Federal and foreign income taxes incurred | (2,314) | (4,628) |
| Current taxes on realized capital gains   |         |         |
| Total statutory income taxes              | (2,314) | (4,628) |

- E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

At December 31, 2019, the Company had unused operating loss carryforwards available to offset against future taxable income of \$165,948,202. The carryforwards begin to expire in 2029.

The following are federal income taxes incurred in the current and prior year that may be available for recovery in the event of future net operating losses.

|      |   |
|------|---|
| 2019 | - |
| 2018 | - |

- F. Consolidated Federal Income Tax Return - The Company's federal income tax return is filed on a consolidated basis with:

Clover Health Investments, Corp.  
Clover HMO, Corp.  
Clover Health, Corp.  
Clover Health Holdings, Inc.

- G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

- H. Alternative Minimum Tax (AMT) Credit

The Company has no AMT credit carryforward, and has no related recoverable to report.

- I. Repatriation Transition Tax (RTT) and Global Intangible Low-Taxed Income (GILTI)

The Company has no foreign activity, and is not subject to the RTT or the tax on GILTI under sections 965 or 951A of the Code.

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

- A, B, & C - The Company's paid-in surplus increased \$79,600,000 in 2019 due to contributions from the parent company. The increase included an additional contribution of \$20,000,000 that was made February 28, 2020 and recognized at year end 2019 as an admitted receivable based on the permission of the state.

- D. Amounts Due from or to Related Parties - At year end 2019 the Company had the following amounts due from (to) related parties:

|                                |               |   |
|--------------------------------|---------------|---|
| Clover Health Investment Corp. | \$20,000,000  | Additional surplus  |
| Clover HMO of NJ               | \$8,709,693   | Services and expenses incurred on behalf of the other party |
| Clover Health ASO, LLC         | \$3,823,367   | Services and expenses incurred on behalf of the other party |
| Principium Health, LLC         | \$300,000     | Services and expenses incurred on behalf of the other party |
| MSPNJ, LLC                     | \$(1,020,840) | Services and expenses incurred on behalf of the other party |
| Clover Health Labs, LLC        | \$(24,654)    | Services and expenses incurred on behalf of the other party |

- E. Guarantees - None

## Notes to Financial Statements

- F. Material Management Contracts – The Company has an administrative services agreement with Clover Health, LLC (ASO) to make use of certain employees, equipment and facilities in the operations and management of the Company. Under the terms of this agreement, the Company paid an administrative fee of the premiums it earned for all the services and expenses incurred by ASO on the Company's behalf. For 2018 and 2019, the Company incurred \$35,466,577 and \$46,918,985 in administrative expenses, respectively.
- G. Common Control – The Company is owned by Clover Health Holdings, Inc. which is a member of Clover Health Investments, Corp., a Delaware domesticated company.
- H. Deductions in Value – There have been no deductions in value between affiliated companies.
- I. SCA that exceed 10% of Admitted Assets – None
- J. Impaired SCAs – None
- K. Foreign Subsidiary – None
- L. Downstream Noninsurance Holding Company – None
- M. Non-Insurance SCA Investments – None
- N. Investment in Insurance SCA – None
- O. SCA and SSAP No. 48 Entity Loss Tracking – None

### 11. Debt

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

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

- A. Defined Benefit Plan - None
- B. Investment Policies and Strategies – None
- C. Plan Assets – None
- D. Long-term Rate-of-return-on-assets Assumption - None
- E. Defined Contribution Plans - None
- F. Multi-Employer Plan – None
- G. Consolidated/Holding Company Plans – None
- H. Post-Employment Benefits and Compensated Absences – None
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – None

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

- (1) The Company has 140,000 shares at \$17.86 per share authorized, issued and outstanding.
- (2) The Company has no preferred stock issued or outstanding.
- (3) The Company's ability to declare and pay dividends is limited by state regulations. Also such regulations do not specifically restrict the Company from paying dividends, they require the Company to be financially sound as determined by the NJ Department of Banking and Insurance.
- (4) The Company did not pay any dividends.
- (5) Ordinary Dividends – None.
- (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being paid.
- (7) The Company has no advances to surplus not repaid.
- (8) The Company held no stock for special purposes.
- (9) There were no changes to the balances of any special surplus funds from the prior year.
- (10) Portion of unassigned funds represented or reduced by unrealized gains or losses is \$0.
- (11) The Company issued the following surplus debentures or similar obligations:

| Date Issued   | Interest Rate | Par Value (Face Amount of Notes) | Carrying Value of Note | Interest And/Or Principal Paid Current Year | Total Interest And/Or Principal Paid | Unapproved Interest And/Or Principal | Date of Maturity |
|---------------|---------------|----------------------------------|------------------------|---|--------------------------------------|--------------------------------------|------------------|
| 11/15/2015    | 3%            | \$40,000,000                     | \$40,000,000           |   |                                      |                                      |                  |
| 1311999 Total |               | \$40,000,000                     | *\$40,000,000          |   |                                      |                                      | XXX              |

Total should agree with Page 3, Line 29.

The surplus note in the amount of \$40,000,000, listed above was issued to Clover Health Investments, Corp. in exchange for cash. The surplus note repayments of interest and principal may only be made with prior approval of the Commissioner of Insurance of the State of Delaware and only to the extent the Company has sufficient surplus earnings to make such payment.

The surplus note subordinations terms are that it will ran *pari passu* with the any other future surplus notes of the Parent and with all other similarly subordinated claims.

The liquidation preference to the insurer's common stock are that in the event that the Parent is subject to such proceeding, holders of Indebtedness, Policy Claims and Prior Claims would be afforded a greater priority under the Liquidation Act and the terms of the Notes and, accordingly, would have the right to be paid in full before any payments of interest or principal are made to the Note holders.

- (12) and (13) There have been no quasi-reorganizations.

# Notes to Financial Statements

## Notes to Financial Statements

### 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 - None

### 15. Leases

- A. Lessee Operating Lease – None
- B. Lessor Leases – None

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

None

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

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

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

- A. ASO Plans – None
- B. ASC Plans – None
- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract
  - (1) Revenue from the Company's Medicare Part D Reinsurance Subsidy and Low-Income Cost Sharing for 2018 and 2019 consisted of \$62,980,612 and \$74,004,248, respectively, for medical and hospital services.
  - (2) The Company has recorded receivables from CMS for the Medicare Part D Reinsurance Subsidy and Low-Income Cost Sharing in 2018 and 2019 in the amount of \$0 and \$6,639,979, respectively.
  - (3) In connection with the Medicare Part D Reinsurance Subsidy and Low-Income Cost Sharing, in 2018 and 2019 the Company has recorded allowances and reserves for adjustment of recorded revenues in the amount of \$134,780 and \$0, respectively.
  - (4) No adjustments to revenue were made from audit of receivables related to revenues recorded in the prior period.

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

None

### 20. Fair Value Measurements

- A. The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The hierarchy gives the highest priority to fair values determined using unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to fair values determined using unobservable inputs (Level 3). An asset's or liability's classification is determined based on the lowest level input that is significant to its measurement.

For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1: Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2: Inputs are other than quoted prices included in level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3: Inputs are unobservable and reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Fair value of actively traded fixed-income and equity securities is based on quoted market prices. Fair value of inactively traded fixed-income securities is based on quoted market prices of identical or similar securities based on observable inputs like interest rates using a market valuation approach is generally classified as Level 2. Investments measured based on the practical expedient being net asset value (NAV), based on the NAV of the fund as provided for in the audited financial statements and other fund reporting, are generally classified as Level 3.

## Notes to Financial Statements

## (1) Fair Value Measurements at Reporting Date

|    | Description for each class of asset or liability | (Level 1) | (Level 2) | (Level 3) | Net Asset Value (NAV) | Total     |
|----|--|-----------|-----------|-----------|-----------------------|-----------|
| a. | Assets at fair value                             |           |           |           |                       |           |
| 01 | Cash Equivalent (E-2)                            |           |           |           |                       |           |
| 02 | Exempt MM Mutual Fund                            | 269,442   |           |           |                       | 269,442   |
| 03 | Other MM Mutual Fund                             | 919,265   |           |           |                       | 919,265   |
| 04 | Total Cash Equivalent (E-2)                      | 1,188,707 |           |           |                       | 1,188,707 |
| 99 | Subtotal – Assets at fair value                  | 1,188,707 |           |           |                       | 1,188,707 |
| b. | Liabilities at fair value                        |           |           |           |                       |           |
| 01 |  |           |           |           |                       |           |
| 02 |  |           |           |           |                       |           |
| 99 | Subtotal – Liabilities at fair value             |           |           |           |                       |           |

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy - None

(3) The Company's policy for determining when transfers between levels are recognized is determined at the end of the reporting period.

(4) The Company has not valued any securities at a Level 2 or 3.

(5) Derivative assets and liabilities- None

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

C. Aggregate Fair Value of All Financial Instruments

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1)  | (Level 2) | (Level 3) | Net Asset Value (NAV) | Not Practicable (Carrying Value) |
|------------------------------|----------------------|-----------------|------------|-----------|-----------|-----------------------|----------------------------------|
| Bonds                        | 45,021,744           | 44,982,492      | 45,021,744 |           |           |                       |                                  |
| Short-term Investments       | 998,880              | 998,011         | 998,880    |           |           |                       |                                  |
| Cash Equivalents             | 1,188,707            | 1,188,707       | 1,188,707  |           |           |                       |                                  |

D. Not Practicable to Estimate Fair Value – None

E. Investments Measured using NAV - None

**21. Other Items**

A. Unusual and Infrequent Items – None

B. Troubled Debt Restructuring – None

C. Other Disclosures – None

D. Business Interruption Insurance Recoveries - None

E. State Transferable and Non-transferable Tax Credits - None

F. Subprime-Mortgage-Related Risk Exposure – None

G. Retained Assets – None

H. Insurance-Linked Securities (ILS) Contracts – None

I. The Amount That Could Be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or Has Otherwise Obtained Rights to Control the Policy - None

**22. Events Subsequent**

Type I. – Recognized Subsequent Events

Subsequent events have been considered through February 28, 2020 for the statutory statement issued on December 31, 2019.

The Company recognized an admitted receivable that was approved by the state for contributed surplus from Clover Health Holdings, Inc. in the amount of \$26,000,000 that was received February 28, 2020.

Type II. – Nonrecognized Subsequent Events

Subsequent events have been considered through February 28, 2020 for the statutory statement issued on December 31, 2019.

## Notes to Financial Statements

On January 1, 2020, the Company will be subject to an annual fee under Section 9010 of the federal Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2019, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2020, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2020 to be \$8,245,649. This amount is reflected in special surplus. The assessment is expected to impact risk based capital (RBC) by authorized control level by (46) percentage points. Reporting the ACA assessment as of December 31, 2019, would not have triggered an RBC action level. Due to recording the 2020 premium deficiency reserve, which was inclusive of the ACA annual fee, our capital and surplus already reflects the impact of the 2020 ACA annual fee prior to this required additional surplus adjustment.

|  | <u>Current Year</u> | <u>Prior Year</u> |
|--|---------------------|-------------------|
| A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of Federal Affordable Care Act (YES/NO)? YES |                     |                   |
| B. ACA fee assessment payable for the upcoming year  | \$8,245,649         |                   |
| C. ACA fee assessment paid   | \$0                 | \$4,607,501       |
| D. Premium written subject to ACA 9010 assessment  | \$390,329,563       |                   |
| E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)   | \$55,615,683        |                   |
| F. Total Adjusted Capital after surplus adjustment(Five-Year Historical Line 14 minus 22B)   | \$47,370,034        |                   |
| G. Authorized Control Level (Five-Year Historical Line 15)   | \$17,711,380        |                   |
| H. Would reporting the ACA assessment as of December 31, 2018, have triggered an RBC action level (YES/NO)? NO                                       |                     |                   |

### 23. Reinsurance

#### A. Ceded Reinsurance Report

##### Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes ( )            No ( x )

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes ( )            No ( x )

##### Section 2 – Ceded Reinsurance Report – Part A

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

Yes ( )            No ( x )

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( )            No ( x )

##### Section 3 – Ceded Reinsurance Report – Part B – None

- B. Uncollectible Reinsurance – None
- C. Commutation of Ceded Reinsurance – None
- D. Certified Reinsurer Downgraded or Status Subject to Revocation – None

## Notes to Financial Statements

### 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. The Company estimates accrued retrospective premium adjustments for its group health insurance business based on the company's underwriting rules and experience rating practices.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. The amount of net premiums written by the Company as of December 31, 2018 that are subject to retrospective rating features was \$(1,471,193) that represented (.34%) of total net premiums written. No other net premiums written by the Company are subject to retrospective rating features.
- D. Medical loss ratio rebates required pursuant to the Public Health Service Act.
- E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

- (1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)? No
- (2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year - None
- (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. - None
- (4) Roll Forward of ACA Risk Corridor Asset and Liability Balances - None
- (5) ACA Risk Corridor Receivable - None

### 25. Changes in Incurred Losses and Loss Adjustment Expenses

Reserves for Losses and Loss and Adjustment Expense as of December 31, 2018 were \$46,747,469. As of December 31, 2019, \$22,865,326 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$1,096,470 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$22,785,673 favorable prior-year development since December 31, 2018 to December 31, 2019. The increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims

The Company did not have any significant changes in methodologies or assumptions used in the calculation the liability for unpaid losses or loss adjustment expenses.

### 26. Intercompany Pooling Arrangements

None

### 27. Structured Settlements

None

### 28. Health Care Receivables

#### A. Pharmaceutical Rebate Receivables

| Quarter    | Estimated Pharmacy Rebates as Reported on Financial Statements | Pharmacy Rebates as Billed or Otherwise Confirmed | Actual Rebates Received Within 90 Days of Billing | Actual Rebates Received Within 91 to 180 Days of Billing | Actual Rebates Received More Than 180 Days After Billing |
|------------|--|---|---|--|--|
| 12/31/2019 | 11,654,534   | 11,917,118  |   |  |  |
| 09/30/2019 | 11,447,403   | 11,494,821  | 9,759,838   |  |  |
| 06/30/2019 | 10,458,546   | 11,055,327  | 9,237,007   |  | 343,831  |
| 03/31/2019 | 10,557,005   | 10,235,019  | 8,836,646   |  | 533,263  |
| 12/31/2018 | 9,304,377  | 9,192,174   | 8,050,545   | 1,087,574  | 10,875   |
| 09/30/2018 | 8,618,871  | 8,629,540   | 7,385,888   |  | 1,169,701  |
| 06/30/2018 | 8,517,700  | 8,522,339   | 6,896,435   | 1,558,841  | 6,930  |
| 03/31/2018 | 7,922,700  | 7,917,812   | 6,560,444   | 1,164,096  | 92,396   |
| 12/31/2017 | 6,158,251  | 6,155,392   | 4,119,852   | 1,989,195  | 44,655   |
| 09/30/2017 | 5,596,441  | 5,581,021   | 3,907,492   | 1,654,186  | 17,718   |
| 06/30/2017 | 5,504,799  | 5,487,045   | 3,611,110   | 1,842,189  | 28,674   |
| 03/31/2017 | 4,853,132  | 4,835,113   | 3,441,961   | 1,049,423  | 192,442  |

#### B. Risk Sharing Receivables - None

### 29. Participating Policies

None



## Notes to Financial Statements

**30. Premium Deficiency Reserves**

|  |                     |
|--|---------------------|
| 1. Liability carried for premium deficiency reserves                         | <u>\$14,041,939</u> |
| 2. Date of the most recent evaluation of this liability                      | <u>2/25/20</u>      |
| 3. Was anticipated investment income utilized in the calculation? (Yes / No) | <u>Yes</u>          |

**31. Anticipated Salvage and Subrogation**

None

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  
If yes, complete Schedule Y, Parts 1, 1A and 2. Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[ ] N/A[ ]
- 1.3 State Regulating? Yes[ ] No[X]
- 1.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes[ ] No[X]
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. .....
- 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. .....12/31/2014.....
- 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. .....12/31/2014.....
- 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). .....06/06/2016.....
- 3.4 By what department or departments?  
NJ Department of Banking and Finance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[X] No[ ] N/A[ ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[ ] N/A[ ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[ ] No[X]
- 4.12 renewals? Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[ ] No[X]
- 4.22 renewals? Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?  
If yes, complete and file the merger history data file with the NAIC. Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[ ] No[X]
- 7.2 If yes, .....0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

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

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

| 1<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|
| .....               | .....                       | No       | No       | No        | No       |

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young, 5 Times Square, New York, NY 10036
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[ ] No[X]
- 10.2 If response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes[ ] No[X]
- 10.4 If response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[ ] No[X] N/A[ ]
- 10.6 If the response to 10.5 is no or n/a please explain:  
Clover Insurance Company is in the process of establishing an audit committee.
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Michael Rasmussen, FSA, MAAA, Optim Advisory Services, Director - Actuarial Services, 2170 Satellite Boulevard, Suite 150, Duluth, GA 30097

## GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]  
 12.11 Name of real estate holding company  
 12.12 Number of parcels involved  
 12.13 Total book/adjusted carrying value \$ ..... 0  
 12.2 If yes, provide explanation \$ ..... 0
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:  
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ] N/A [X]  
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ] N/A [X]  
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]  
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 c. Compliance with applicable governmental laws, rules and regulations;  
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 e. Accountability for adherence to the code.  
 14.11 If the response to 14.1 is no, please explain:  
 14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]  
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]  
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 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<br>American Bankers Association (ABA) Routing Number | 2<br>Issuing or Confirming Bank Name | 3<br>Circumstances That Can Trigger the Letter of Credit | 4<br>Amount |
|--|--------------------------------------|--|-------------|
|  |                                      |  |             |

### BOARD OF DIRECTORS

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

### FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.11 To directors or other officers \$ ..... 0  
 20.12 To stockholders not officers \$ ..... 0  
 20.13 Trustees, supreme or grand (Fraternal only) \$ ..... 0  
 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.21 To directors or other officers \$ ..... 0  
 20.22 To stockholders not officers \$ ..... 0  
 20.23 Trustees, supreme or grand (Fraternal only) \$ ..... 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]  
 21.2 If yes, state the amount thereof at December 31 of the current year:  
 21.21 Rented from others \$ ..... 0  
 21.22 Borrowed from others \$ ..... 0  
 21.23 Leased from others \$ ..... 0  
 21.24 Other \$ ..... 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]  
 22.2 If answer is yes:  
 22.21 Amount paid as losses or risk adjustment \$ ..... 0  
 22.22 Amount paid as expenses \$ ..... 0  
 22.23 Other amounts paid \$ ..... 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]  
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ ..... 20,000,000

### INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No [ ]  
 24.02 If no, give full and complete information, relating thereto  
 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]  
 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ ..... 0  
 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ ..... 0  
 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]  
 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

## GENERAL INTERROGATORIES (Continued)

|   |            |
|---|------------|
| 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  | \$ ..... 2,862,025 |
| 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   | \$ ..... 0         |

25.3 For category (25.26) provide the following:

| 1<br>Nature of Restriction | 2<br>Description | 3<br>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[X] N/A[ ]  
 If no, attach a description with this statement.

LINES 26.3 through 26.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate sensitivity? Yes[ ] No[X]

26.4 If the response to 26.3 is yes, does the reporting entity utilize:

|  |              |
|--|--------------|
| 26.41 Special Accounting Provision of SSAP No. 108 | Yes[ ] No[X] |
| 26.42 Permitted Accounting Practice                | Yes[ ] No[X] |
| 26.43 Other Accounting Guidance                    | Yes[ ] No[X] |

26.5 By responding yes to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, does the reporting entity at tests to the following: Yes[ ] No[X]

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated with in the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guideline Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and that the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts

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 I, 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<br>Name of Custodian(s) | 2<br>Custodian's Address   |
|---------------------------|--|
| TD Bank, NA               | TD Wealth 1003 Astoria Boulevard, Cherry Hill, NJ 08034                              |
| Trustmark                 | P.O. Box 1758, Jackson, MS 39215-1978  |
| Century Trust             | 100 S. Federal Place, Santa Fe, NM 87501   |
| Union Bank                | Global Custody Services, 350 California Street, Suite 2018, San Francisco, CA 94104  |
| Xerox                     | Xerox State & Local Solutions, Inc. 100 Hancock Street, 10th Floor, Quincy, MA 02171 |
| US Bank                   | 2204 Lakeshore Dr., Suite 205, Homewood, AL 35209                                    |
| Synovus                   | P.O. Box 1798, Sumter, SC 29151  |
| Wells Fargo               | MAC T9914-010, P.O. Box 2577, Waco, TX 76702-2577                                    |
| PNC Bank                  | 620 Liberty Ave., Pittsburgh, PA 15222   |

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<br>Name(s) | 2<br>Location(s) | 3<br>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<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|--------------------|--------------------|---------------------|-------------|
|                    |                    |                     |             |

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"]

## GENERAL INTERROGATORIES (Continued)

| 1<br>Name of Firm or Individual     | 2<br>Affiliation |
|-------------------------------------|------------------|
| Bowie Capital Management, LLC ..... | U .....          |
| Joseph Wagner, CFO .....            | A .....          |

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 invested 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 invested assets? Yes[X] No[ ]

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<br>Central<br>Registration<br>Depository<br>Number | 2<br>Name of Firm or Individual     | 3<br>Legal<br>Entity<br>Identifier<br>(LEI) | 4<br>Registered<br>With | 5<br>Investment<br>Management<br>Agreement<br>(IMA) Filed |
|--|-------------------------------------|---|-------------------------|---|
| 171023 .....   | Bowie Capital Management, LLC ..... | .....                                       | 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[ ] No[X]

29.2 If yes, complete the following schedule:

| 1<br>CUSIP #        | 2<br>Name of Mutual Fund | 3<br>Book/Adjusted<br>Carrying Value |
|---------------------|--------------------------|--------------------------------------|
| 29.2999 Total ..... | .....                    | .....                                |

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

| 1<br>Name of Mutual Fund<br>(from above table) | 2<br>Name of Significant Holding<br>of the Mutual Fund | 3<br>Amount of<br>Mutual Fund's<br>Book/Adjusted<br>Carrying Value<br>Attributable to<br>the Holding | 4<br>Date of<br>Valuation |
|--|--|--|---------------------------|
| .....  | .....  | .....  | .....                     |

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

|                             | 1<br>Statement<br>(Admitted) Value | 2<br>Fair<br>Value | 3<br>Excess of<br>Statement over<br>Fair Value (-),<br>or Fair Value over<br>Statement (+) |
|-----------------------------|------------------------------------|--------------------|--|
| 30.1 Bonds .....            | 45,980,503                         | 46,020,624         | 40,121   |
| 30.2 Preferred stocks ..... | .....                              | .....              | .....  |
| 30.3 Totals .....           | 45,980,503                         | 46,020,624         | 40,121   |

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

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes[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[ ] N/A[ ]

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

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

32.2 If no, list exceptions:

33. By self-designation 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:  
 a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.  
 b. Issuer or obligor is current on all contracted interest and principal payments.  
 c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.  
 Has the reporting-entity self-designated 5GI securities? Yes[ ] No[X]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:  
 a. The security was purchased prior to January 1, 2018.  
 b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security  
 c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.  
 d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.  
 Has the reporting entity self-designated PLGI securities? Yes[ ] No[X]

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:  
 a. The shares were purchased prior to January 1, 2019.  
 b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security

## GENERAL INTERROGATORIES (Continued)

- c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
- d. The fund only or predominantly holds bonds in its portfolio.
- e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
- f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria?

Yes[ ] No[X]

### OTHER

36.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ ..... 0

36.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

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

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

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

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

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

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

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

# GENERAL INTERROGATORIES (Continued)

## PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No[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<br>Current Year | 2<br>Prior Year |
|-------------------------------------|-------------------|-----------------|
| 2.1 Premium Numerator .....         | 427,358,157       | 290,080,357     |
| 2.2 Premium Denominator .....       | 427,358,157       | 290,080,357     |
| 2.3 Premium Ratio (2.1 / 2.2) ..... | 1.000             | 1.000           |
| 2.4 Reserve Numerator .....         | 83,795,177        | 53,955,555      |
| 2.5 Reserve Denominator .....       | 83,795,177        | 55,336,805      |
| 2.6 Reserve Ratio (2.4 / 2.5) ..... | 1.000             | 0.975           |

- 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[X] No [ ] N/A [ ]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes[X] No [ ]
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
  - 5.31 Comprehensive Medical \$ ..... 390,000
  - 5.32 Medical Only \$ ..... 0
  - 5.33 Medicare Supplement \$ ..... 0
  - 5.34 Dental & Vision \$ ..... 0
  - 5.35 Other Limited Benefit Plan \$ ..... 0
  - 5.36 Other \$ ..... 0
- 6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:  
 Provider contracts contain provisions requiring providers to hold subscribers harmless in the event of non-payment by the insurer
- 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 ..... 21,399
  - 8.2 Number of providers at end of reporting year ..... 30,225
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No[X]
- 9.2 If yes, direct premium earned:
  - 9.21 Business with rate guarantees between 15-36 months ..... 0
  - 9.22 Business with rate guarantees over 36 months ..... 0
- 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.  
 NJ Department of Banking & Insurance
- 11.4 If yes, show the amount required. \$ ..... 7,800,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ] No[X]
- 11.6 If the amount is calculated, show the calculation.
- 12. List service areas in which the reporting entity is licensed to operate:

| 1<br>Name of Service Area   |
|-----------------------------|
| Atlantic County, NJ .....   |
| Bergen County, NJ .....     |
| Burlington County, NJ ..... |
| Cumberland County, NJ ..... |
| Essex County, NJ .....      |
| Gloucester County, NJ ..... |
| Hudson County, NJ .....     |
| Mercer County, NJ .....     |
| Middlesex County, NJ .....  |
| Monmouth County, NJ .....   |
| Morris County, NJ .....     |
| Ocean County, NJ .....      |

## GENERAL INTERROGATORIES (Continued)

| 1<br>Name of Service Area     |
|-------------------------------|
| Passaic County, NJ .....      |
| Somerset County, NJ .....     |
| Union County, NJ .....        |
| Camden County, NJ .....       |
| Pima County, AZ .....         |
| Chatham County, GA .....      |
| Bucks County, PA .....        |
| Philadelphia County, PA ..... |
| Charleston County, SC .....   |
| Davidson County, TN .....     |
| Rutherford County, TN .....   |
| Williamson County, TN .....   |
| Bexar County, TX .....        |
| El Paso, TX .....             |
| Bryan, GA .....               |
| Bulloch, GA .....             |
| Effingham, GA .....           |
| Liberty, GA .....             |
| Salem, NJ .....               |
| Delaware, PA .....            |
| Beaufort, SC .....            |
| Jasper, SC .....              |

- 13.1 Do you act as a custodian for health savings accounts? Yes  No   
 13.2 If yes, please provide the amount of custodial funds held as of the reporting date: \$ ..... 0  
 13.3 Do you act as an administrator for health savings accounts? Yes  No   
 13.4 If yes, please provide the balance of the funds administered as of the reporting date: \$ ..... 0
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, as authorized reinsurers? Yes  No  N/A   
 14.2 If the answer to 14.1 is yes, please provide the following:

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

15. Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded)
- |                              |                  |
|------------------------------|------------------|
| 15.1 Direct Premium Written  | \$ ..... 551,773 |
| 15.2 Total incurred claims   | \$ ..... 114,857 |
| 15.2 Number of covered lives | ..... 901        |

| *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 Guarantee)                                       |
| Universal Life (with or without Secondary Guarantee)                                      |
| Variable Universal Life (with or without Secondary Guarantee)                             |

16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes  No   
 16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes  No



## FIVE-YEAR HISTORICAL DATA

|  | 1<br>2019    | 2<br>2018    | 3<br>2017    | 4<br>2016    | 5<br>2015   |
|--|--------------|--------------|--------------|--------------|-------------|
| <b>BALANCE SHEET (Pages 2 and 3)</b>   |              |              |              |              |             |
| 1. TOTAL Admitted Assets (Page 2, Line 28) .....   | 145,253,877  | 107,664,889  | 97,589,133   | 189,016,904  | 35,510,435  |
| 2. TOTAL Liabilities (Page 3, Line 24) .....   | 89,638,194   | 72,605,576   | 49,232,198   | 121,087,567  | 25,325,083  |
| 3. Statutory minimum capital and surplus requirement .....   | 7,800,000    | 7,800,000    | 7,800,000    | 7,800,000    | 3,500,000   |
| 4. TOTAL Capital and Surplus (Page 3, Line 33) .....   | 55,615,683   | 35,059,313   | 48,356,935   | 67,929,336   | 10,185,352  |
| <b>INCOME STATEMENT (Page 4)</b>   |              |              |              |              |             |
| 5. TOTAL Revenues (Line 8) .....   | 427,358,157  | 290,080,357  | 267,218,955  | 45,955,135   | 52,520,881  |
| 6. TOTAL Medical and Hospital Expenses (Line 18) .....   | 428,147,424  | 274,782,641  | 275,244,410  | 50,744,605   | 45,891,731  |
| 7. Claims adjustment expenses (Line 20) .....  | 18,366,506   | 13,149,470   | 13,392,696   |              |             |
| 8. TOTAL Administrative Expenses (Line 21) .....   | 38,403,536   | 33,832,443   | 19,524,942   | 14,694,476   | 8,257,097   |
| 9. Net underwriting gain (loss) (Line 24) .....  | (61,996,590) | (41,288,855) | (21,665,094) | (34,480,119) | (5,233,041) |
| 10. Net investment gain (loss) (Line 27) .....   | 1,326,809    | 360,716      | 141,033      | 47,478       | 255         |
| 11. TOTAL Other Income (Lines 28 plus 29) .....  | (271)        |              | 5,900        | (137,946)    | 293,367     |
| 12. Net income or (loss) (Line 32) .....   | (60,670,053) | (40,923,511) | (21,518,161) | (34,570,587) | (4,931,293) |
| <b>Cash Flow (Page 6)</b>  |              |              |              |              |             |
| 13. Net cash from operations (Line 11) .....   | (35,133,530) | (6,683,259)  | (44,485,309) | (27,097,552) | (4,273,570) |
| <b>RISK-BASED CAPITAL ANALYSIS</b>   |              |              |              |              |             |
| 14. TOTAL Adjusted Capital .....   | 55,615,683   | 35,059,313   | 48,356,935   | 67,929,336   | 10,185,188  |
| 15. Authorized control level risk-based capital .....  | 17,711,380   | 11,606,644   | 11,283,082   | 2,758,522    | 1,266,564   |
| <b>ENROLLMENT (Exhibit 1)</b>  |              |              |              |              |             |
| 16. TOTAL Members at End of Period (Column 5, Line 7) .....  | 39,325       | 32,425       | 27,752       | 20,561       | 7,237       |
| 17. TOTAL Members Months (Column 6, Line 7) .....  | 461,872      | 377,758      | 316,954      | 216,827      | 83,164      |
| <b>OPERATING PERCENTAGE (Page 4)</b>   |              |              |              |              |             |
| (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) .....                       | 100.2        | 94.7         | 103.0        | 110.4        | 87.4        |
| 20. Cost containment expenses .....  | 2.5          | 2.8          | 2.7          |              |             |
| 21. Other claims adjustment expenses .....   | 1.8          | 1.8          | 2.4          |              |             |
| 22. TOTAL Underwriting Deductions (Line 23) .....  | 114.5        | 114.2        | 108.1        | 175.0        | 110.0       |
| 23. TOTAL Underwriting Gain (Loss) (Line 24) .....   | (14.5)       | (14.2)       | (8.1)        | (75.0)       | (10.0)      |
| <b>UNPAID CLAIMS ANALYSIS</b>  |              |              |              |              |             |
| (U&I Exhibit, Part 2B)   |              |              |              |              |             |
| 24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) .....                                      | 17,339,637   | 19,276,295   | 16,796,706   | 5,720,862    | 6,376,116   |
| 25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....                          | 18,257,748   | 22,282,397   | (4,028,177)  | 5,901,115    | 6,433,071   |
| <b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>  |              |              |              |              |             |
| 26. Affiliated bonds (Sch. D Summary, Line 12, Column 1) .....   |              |              |              |              |             |
| 27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1) .....                                |              |              |              |              |             |
| 28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1) .....                                   |              |              |              |              |             |
| 29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) ..... |              |              |              |              |             |
| 30. Affiliated mortgage loans on real estate .....   |              |              |              |              |             |
| 31. All other affiliated .....   |              |              |              |              |             |
| 32. TOTAL of Above Lines 26 to 31 .....  |              |              |              |              |             |
| 33. TOTAL Investment in Parent Included in Lines 26 to 31 above .....                                    |              |              |              |              |             |

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

If no, please explain:

# SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS ALLOCATED BY STATES AND TERRITORIES

| State, Etc.  | 1<br>Active Status (a) | Direct Business Only            |                           |                         |  |   |                                 |                                |                               |
|--|------------------------|---------------------------------|---------------------------|-------------------------|--|---|---------------------------------|--------------------------------|-------------------------------|
|  |                        | 2<br>Accident & Health Premiums | 3<br>Medicare Title XVIII | 4<br>Medicaid Title XIX | 5<br>Federal Employees Health Benefits Plan Premiums | 6<br>Life & Annuity Premiums & Other Considerations | 7<br>Property/Casualty Premiums | 8<br>Total Columns 2 Through 7 | 9<br>Deposit - Type Contracts |
| 1. Alabama (AL)  | L                      |                                 |                           |                         |  | 606   |                                 | 606                            |                               |
| 2. Alaska (AK)   | L                      |                                 |                           |                         |  |   |                                 |                                |                               |
| 3. Arizona (AZ)  | L                      |                                 | 340,017                   |                         |  | 8,662   |                                 | 348,679                        |                               |
| 4. Arkansas (AR)   | L                      |                                 |                           |                         |  | 328   |                                 | 328                            |                               |
| 5. California (CA)   | L                      |                                 |                           |                         |  | 38,824  |                                 | 38,824                         |                               |
| 6. Colorado (CO)   | L                      |                                 |                           |                         |  | 18,198  |                                 | 18,198                         |                               |
| 7. Connecticut (CT)  | L                      |                                 |                           |                         |  | 10,319  |                                 | 10,319                         |                               |
| 8. Delaware (DE)   | L                      |                                 |                           |                         |  | 1,313   |                                 | 1,313                          |                               |
| 9. District of Columbia (DC)   | L                      |                                 |                           |                         |  | 774   |                                 | 774                            |                               |
| 10. Florida (FL)   | L                      |                                 |                           |                         |  | 3,018   |                                 | 3,018                          |                               |
| 11. Georgia (GA)   | L                      |                                 | 3,312,682                 |                         |  | 6,425   |                                 | 3,319,107                      |                               |
| 12. Hawaii (HI)  | L                      |                                 |                           |                         |  | 51,617  |                                 | 51,617                         |                               |
| 13. Idaho (ID)   | L                      |                                 |                           |                         |  | 3,823   |                                 | 3,823                          |                               |
| 14. Illinois (IL)  | L                      |                                 |                           |                         |  | 116,942   |                                 | 116,942                        |                               |
| 15. Indiana (IN)   | L                      |                                 |                           |                         |  | 11,477  |                                 | 11,477                         |                               |
| 16. Iowa (IA)  | L                      |                                 |                           |                         |  | 19,167  |                                 | 19,167                         |                               |
| 17. Kansas (KS)  | L                      |                                 |                           |                         |  | 11,746  |                                 | 11,746                         |                               |
| 18. Kentucky (KY)  | L                      |                                 |                           |                         |  | 5,635   |                                 | 5,635                          |                               |
| 19. Louisiana (LA)   | L                      |                                 |                           |                         |  | 2,411   |                                 | 2,411                          |                               |
| 20. Maine (ME)   | L                      |                                 |                           |                         |  |   |                                 |                                |                               |
| 21. Maryland (MD)  | L                      |                                 |                           |                         |  | 19,337  |                                 | 19,337                         |                               |
| 22. Massachusetts (MA)   | L                      |                                 |                           |                         |  | 12,323  |                                 | 12,323                         |                               |
| 23. Michigan (MI)  | N                      |                                 |                           |                         |  | 1,200   |                                 | 1,200                          |                               |
| 24. Minnesota (MN)   | L                      |                                 |                           |                         |  |   |                                 |                                |                               |
| 25. Mississippi (MS)   | L                      |                                 |                           |                         |  | 420   |                                 | 420                            |                               |
| 26. Missouri (MO)  | L                      |                                 |                           |                         |  | 25,011  |                                 | 25,011                         |                               |
| 27. Montana (MT)   | L                      |                                 |                           |                         |  |   |                                 |                                |                               |
| 28. Nebraska (NE)  | L                      |                                 |                           |                         |  | 21,632  |                                 | 21,632                         |                               |
| 29. Nevada (NV)  | L                      |                                 |                           |                         |  | 3,722   |                                 | 3,722                          |                               |
| 30. New Hampshire (NH)   | N                      |                                 |                           |                         |  |   |                                 |                                |                               |
| 31. New Jersey (NJ)  | L                      |                                 | 421,214,689               |                         |  | 1,139   |                                 | 421,215,828                    |                               |
| 32. New Mexico (NM)  | L                      |                                 |                           |                         |  |   |                                 |                                |                               |
| 33. New York (NY)  | N                      |                                 |                           |                         |  |   |                                 |                                |                               |
| 34. North Carolina (NC)  | N                      |                                 |                           |                         |  | 2,075   |                                 | 2,075                          |                               |
| 35. North Dakota (ND)  | L                      |                                 |                           |                         |  |   |                                 |                                |                               |
| 36. Ohio (OH)  | L                      |                                 |                           |                         |  | 32,097  |                                 | 32,097                         |                               |
| 37. Oklahoma (OK)  | L                      |                                 |                           |                         |  | 2,965   |                                 | 2,965                          |                               |
| 38. Oregon (OR)  | L                      |                                 |                           |                         |  | 10,180  |                                 | 10,180                         |                               |
| 39. Pennsylvania (PA)  | L                      |                                 | 1,130,824                 |                         |  | 42,116  |                                 | 1,172,940                      |                               |
| 40. Rhode Island (RI)  | L                      |                                 |                           |                         |  | 3,561   |                                 | 3,561                          |                               |
| 41. South Carolina (SC)  | L                      |                                 | 680,854                   |                         |  | 1,092   |                                 | 681,946                        |                               |
| 42. South Dakota (SD)  | L                      |                                 |                           |                         |  | 4,667   |                                 | 4,667                          |                               |
| 43. Tennessee (TN)   | L                      |                                 | 140,446                   |                         |  | 2,395   |                                 | 142,842                        |                               |
| 44. Texas (TX)   | L                      |                                 | 1,010,050                 |                         |  | 22,549  |                                 | 1,032,600                      |                               |
| 45. Utah (UT)  | L                      |                                 |                           |                         |  | 1,378   |                                 | 1,378                          |                               |
| 46. Vermont (VT)   | N                      |                                 |                           |                         |  |   |                                 |                                |                               |
| 47. Virginia (VA)  | L                      |                                 |                           |                         |  | 15,966  |                                 | 15,966                         |                               |
| 48. Washington (WA)  | L                      |                                 |                           |                         |  | 3,947   |                                 | 3,947                          |                               |
| 49. West Virginia (WV)   | L                      |                                 |                           |                         |  |   |                                 |                                |                               |
| 50. Wisconsin (WI)   | L                      |                                 |                           |                         |  | 9,814   |                                 | 9,814                          |                               |
| 51. Wyoming (WY)   | L                      |                                 |                           |                         |  | 904   |                                 | 904                            |                               |
| 52. American Samoa (AS)  | N                      |                                 |                           |                         |  |   |                                 |                                |                               |
| 53. Guam (GU)  | N                      |                                 |                           |                         |  |   |                                 |                                |                               |
| 54. Puerto Rico (PR)   | N                      |                                 |                           |                         |  |   |                                 |                                |                               |
| 55. U.S. Virgin Islands (VI)   | N                      |                                 |                           |                         |  |   |                                 |                                |                               |
| 56. Northern Mariana Islands (MP)                                    | N                      |                                 |                           |                         |  |   |                                 |                                |                               |
| 57. Canada (CAN)   | N                      |                                 |                           |                         |  |   |                                 |                                |                               |
| 58. Aggregate other alien (OT)                                       | X X X                  |                                 |                           |                         |  |   |                                 |                                |                               |
| 59. Subtotal   | X X X                  |                                 | 427,829,563               |                         |  | 551,773   |                                 | 428,381,337                    |                               |
| 60. Reporting entity contributions for Employee Benefit Plans        | X X X                  |                                 |                           |                         |  |   |                                 |                                |                               |
| 61. TOTAL (Direct Business)  | X X X                  |                                 | 427,829,563               |                         |  | 551,773   |                                 | 428,381,337                    |                               |
| <b>DETAILS OF WRITE-INS</b>  |                        |                                 |                           |                         |  |   |                                 |                                |                               |
| 58001  | X X X                  |                                 |                           |                         |  |   |                                 |                                |                               |
| 58002  | X X X                  |                                 |                           |                         |  |   |                                 |                                |                               |
| 58003  | X X X                  |                                 |                           |                         |  |   |                                 |                                |                               |
| 58998. Summary of remaining write-ins for Line 58 from overflow page | X X X                  |                                 |                           |                         |  |   |                                 |                                |                               |
| 58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above) | X X X                  |                                 |                           |                         |  |   |                                 |                                |                               |

(a) Active Status Counts:

- L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG
- 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

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R - Registered - Non-domiciled RRGs

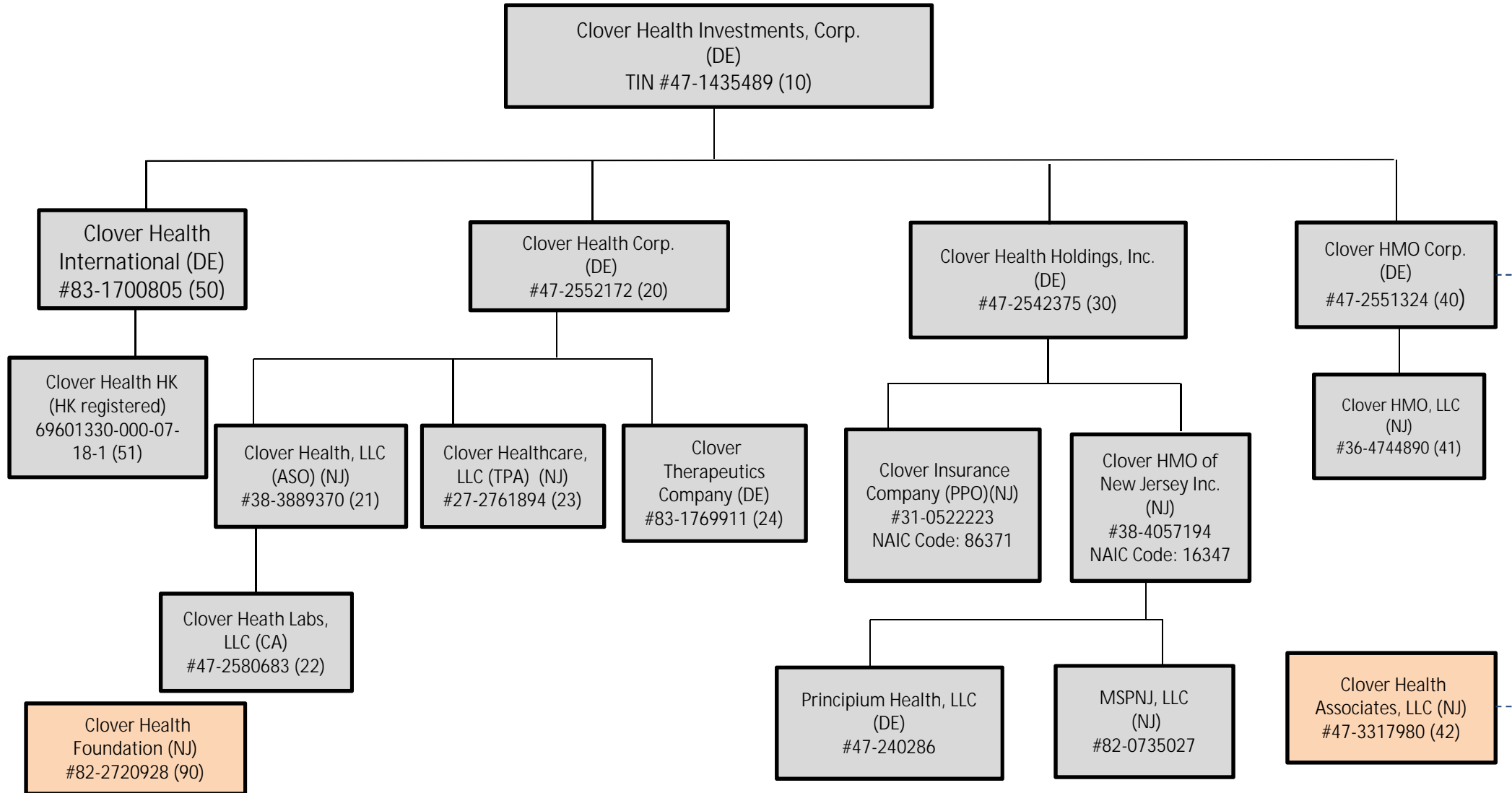
Q - Qualified - Qualified or accredited reinsurer

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(b) Explanation of basis of allocation by state, premiums by state, etc.: Premiums are allocated based on residence of member

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

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Clover Health Associates, LLC and Clover Health Foundation are affiliated entities through contracts, but not owned by Clover Health Investments, Corp.

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