



**ANNUAL STATEMENT**  
**FOR THE YEAR ENDING DECEMBER 31, 2019**  
 OF THE CONDITION AND AFFAIRS OF THE

**Horizon Healthcare Services, Inc.**

(Name)

NAIC Group Code 1202 , 1202 NAIC Company Code 55069 Employer's ID Number 22-0999690  
(Current Period) (Prior Period)

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

Country of Domicile United States

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

Incorporated/Organized 12/07/1932 Commenced Business 12/07/1932

Statutory Home Office 3 Penn Plaaz East Ste PP-15D , Newark, NJ, US 07105-2248  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 3 Penn Plaza East Ste PP-15D  
(Street and Number)  
Newark, NJ, US 07105-2248 973-466-5607  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 3 Penn Plaaz East Ste PP-15D , Newark, NJ, US 07105-2248  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 3 Penn Plaza East Ste PP-15D  
(Street and Number)  
Newark, NJ, US 07105-2248 973-466-5607  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number) (Extension)

Internet Web Site Address www.horizonblue.com

Statutory Statement Contact Thomas D Protentis , 973-466-5607  
(Name) (Area Code) (Telephone Number) (Extension)  
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(E-Mail Address) (Fax Number)

**OFFICERS**

Name	Title	Name	Title
<u>Kevin Patrick Conlin</u>	<u>Chairman/CEO/President</u>	<u>Linda Anne Willett</u>	<u>Senior Vice President, General Counsel &amp; Secretary</u>
<u>Douglas Richard Simpson</u>	<u>Senior Vice President/CFO</u>		

**OTHER OFFICERS**

<u>Mark Leon Barnard</u>	<u>Executive Vice President</u>	<u>Douglas Eaton Blackwell</u>	<u>Senior Vice President/CIO</u>
<u>Margaret Mary Coons</u>	<u>Senior Vice President</u>	<u>William Delano Georges</u>	<u>Senior Vice President/Chief Strategy Officer</u>
<u>Allen James Karp</u>	<u>Executive Vice President</u>	<u>Christopher Michael Lepre</u>	<u>Executive Vice President</u>

**DIRECTORS OR TRUSTEES**

<u>Kevin Patrick Conlin</u>	<u>John Joyce Ballantyne</u>	<u>Michele Ann Brown</u>	<u>Todd Curtis Brown</u>
<u>Leonard Smith Coleman</u>	<u>Laurence Michael Downes</u>	<u>Leonard Gary Feld MD</u>	<u>Aristides William Georgantas</u>
<u>Michelle Ann Gourdine</u>	<u>Brian Michael Kinkead</u>	<u>Joseph Mansour Kyrillos</u>	<u>Carlos Arturo Medina</u>
<u>Joseph Manuel Muniz</u>	<u>Joanne Pace</u>	<u>Joseph James Roberts</u>	

State of New Jersey

**ss**

County of Essex

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

Linda Anne Willett  
 Senior Vice President, General Counsel  
 & Secretary

Douglas Richard Simpson  
 Senior Vice President/CFO

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

- a. Is this an original filing? Yes [ X ] No [ ]  
 b. If no:  
 1. State the amendment number \_\_\_\_\_  
 2. Date filed \_\_\_\_\_  
 3. Number of pages attached \_\_\_\_\_

**ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Horizon Healthcare Services, Inc.**

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	2,261,183,973	0	2,261,183,973	2,110,999,483
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	5,328,997	0	5,328,997	3,206,103
2.2 Common stocks .....	1,696,521,864	25,169,568	1,671,352,296	1,532,444,918
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....	0	0	0	0
3.2 Other than first liens .....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....	0	0	0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....	0	0	0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....	0	0	0	0
5. Cash (\$ .....(260,029,869) , Schedule E-Part 1), cash equivalents (\$ .....21,760,728 , Schedule E-Part 2) and short-term investments (\$ .....6,779,935 , Schedule DA).....	(231,489,205)	0	(231,489,205)	(235,512,961)
6. Contract loans (including \$ ..... premium notes).....	0	0	0	0
7. Derivatives (Schedule DB).....	0	0	0	0
8. Other invested assets (Schedule BA) .....	783,973	0	783,973	75,104,031
9. Receivables for securities .....	246,632	0	246,632	2,200,285
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	3,732,576,233	25,169,568	3,707,406,665	3,488,441,858
13. Title plants less \$ ..... charged off (for Title insurers only).....	0	0	0	0
14. Investment income due and accrued .....	17,548,046	0	17,548,046	18,042,706
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	257,873,512	4,357,008	253,516,504	281,558,197
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums).....	0	0	0	0
15.3 Accrued retrospective premiums (\$ ..... ) and contracts subject to redetermination (\$ ..... ) .....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	150,342,090	0	150,342,090	241,753
16.2 Funds held by or deposited with reinsured companies .....	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts .....	76,879,397	0	76,879,397	7,430,925
17. Amounts receivable relating to uninsured plans .....	454,533,528	27,569,367	426,964,161	431,207,751
18.1 Current federal and foreign income tax recoverable and interest thereon .....	143,732,570	0	143,732,570	300,498,613
18.2 Net deferred tax asset.....	131,591,297	0	131,591,297	273,845,186
19. Guaranty funds receivable or on deposit .....	30,613,328	0	30,613,328	30,330,048
20. Electronic data processing equipment and software.....	39,235,174	0	39,235,174	45,536,664
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	463,424,272	463,424,272	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates .....	215,067,194	0	215,067,194	262,777,698
24. Health care (\$ .....138,327,891 ) and other amounts receivable.....	379,645,849	767,982	378,877,867	306,844,675
25. Aggregate write-ins for other-than-invested assets .....	509,232,401	396,140,123	113,092,278	81,039,048
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	6,602,294,892	917,428,320	5,684,866,572	5,527,795,121
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
28. Total (Lines 26 and 27)	6,602,294,892	917,428,320	5,684,866,572	5,527,795,121
<b>DETAILS OF WRITE-INS</b>				
1101. ....	0	0	0	0
1102. ....	0	0	0	0
1103. ....	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Prepaid Expenses.....	393,340,399	393,340,399	0	0
2502. Non-Bankable checks.....	2,799,724	2,799,724	0	0
2503. State Income Tax Recoverable.....	9,171	0	9,171	8,471
2598. Summary of remaining write-ins for Line 25 from overflow page .....	113,083,107	0	113,083,107	81,030,577
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	509,232,401	396,140,123	113,092,278	81,039,048

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded)	1,009,441,755	0	1,009,441,755	933,496,444
2. Accrued medical incentive pool and bonus amounts	0	0	0	0
3. Unpaid claims adjustment expenses	8,316,897	0	8,316,897	7,713,525
4. Aggregate health policy reserves, including the liability of \$ ..... for medical loss ratio rebate per the Public Health Service Act	217,222,187	0	217,222,187	173,172,314
5. Aggregate life policy reserves	0	0	0	0
6. Property/casualty unearned premium reserves	0	0	0	0
7. Aggregate health claim reserves	0	0	0	0
8. Premiums received in advance	87,601,453	0	87,601,453	85,190,182
9. General expenses due or accrued	1,064,301,124	0	1,064,301,124	771,946,996
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses))	0	0	0	0
10.2 Net deferred tax liability	0	0	0	0
11. Ceded reinsurance premiums payable	0	0	0	0
12. Amounts withheld or retained for the account of others	0	0	0	121,649
13. Remittances and items not allocated	0	0	0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current)	80,454,251	0	80,454,251	249,702,755
15. Amounts due to parent, subsidiaries and affiliates	73,500,219	0	73,500,219	57,776,467
16. Derivatives	0	0	0	0
17. Payable for securities	1,754,780	0	1,754,780	1,032,250
18. Payable for securities lending	0	0	0	0
19. Funds held under reinsurance treaties (with \$ ..... authorized reinsurers, \$ ..... unauthorized reinsurers and \$ ..... certified reinsurers)	0	0	0	0
20. Reinsurance in unauthorized and certified (\$ ..... ) companies	0	0	0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates	0	0	0	0
22. Liability for amounts held under uninsured plans	7,520,000	0	7,520,000	7,232,000
23. Aggregate write-ins for other liabilities (including \$ ..... current)	402,073,528	0	402,073,528	255,149,177
24. Total liabilities (Lines 1 to 23)	2,952,186,194	0	2,952,186,194	2,542,533,759
25. Aggregate write-ins for special surplus funds	XXX	XXX	198,410,758	0
26. Common capital stock	XXX	XXX	0	0
27. Preferred capital stock	XXX	XXX	0	0
28. Gross paid in and contributed surplus	XXX	XXX	0	0
29. Surplus notes	XXX	XXX	0	0
30. Aggregate write-ins for other-than-special surplus funds	XXX	XXX	2,534,269,620	2,985,261,367
31. Unassigned funds (surplus)	XXX	XXX	0	0
32. Less treasury stock, at cost:				
32.1 ..... shares common (value included in Line 26 \$ ..... )	XXX	XXX	0	0
32.2 ..... shares preferred (value included in Line 27 \$ ..... )	XXX	XXX	0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	2,732,680,378	2,985,261,367
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	5,684,866,572	5,527,795,126
<b>DETAILS OF WRITE-INS</b>				
2301. Deposits from other organizations	156,282,113	0	156,282,113	147,931,269
2302. Liability for post-retirement benefits	104,249,539	0	104,249,539	103,921,908
2303. Risk Adjustment Payable	141,541,876	0	141,541,876	3,296,000
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	402,073,528	0	402,073,528	255,149,177
2501. 2020 Insurer Fee	XXX	XXX	198,410,758	0
2502. ....	XXX	XXX	0	0
2503. ....	XXX	XXX	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	198,410,758	0
3001. Special contingent surplus-Individual contracts	XXX	XXX	706,698,361	836,173,240
3002. Special contingent surplus-other	XXX	XXX	1,827,571,259	2,149,088,127
3003. ....	XXX	XXX	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	2,534,269,620	2,985,261,367

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	14,898,941	15,567,601
2. Net premium income (including \$ .....0 non-health premium income).....	XXX	11,571,072,270	12,597,770,766
3. Change in unearned premium reserves and reserve for rate credits .....	XXX	(23,521,237)	(141,293,660)
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX	0	0
5. Risk revenue .....	XXX	0	0
6. Aggregate write-ins for other health care related revenues .....	XXX	0	0
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	11,547,551,033	12,456,477,106
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....	0	4,316,420,285	4,006,632,186
10. Other professional services .....	0	169,113,179	179,806,472
11. Outside referrals .....	0	188,535,752	233,056,473
12. Emergency room and out-of-area .....	0	30,580,615	45,474,223
13. Prescription drugs .....	0	699,506,306	951,059,402
14. Aggregate write-ins for other hospital and medical .....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....	0	0	0
16. Subtotal (Lines 9 to 15) .....	0	5,404,156,137	5,416,028,756
<b>Less:</b>			
17. Net reinsurance recoveries .....	0	(4,701,561,616)	(5,347,182,043)
18. Total hospital and medical (Lines 16 minus 17) .....	0	10,105,717,753	10,763,210,799
19. Non-health claims (net).....	0	0	0
20. Claims adjustment expenses, including \$ .....231,326,208 cost containment expenses.....	0	344,960,254	286,400,721
21. General administrative expenses.....	0	1,330,523,114	1,499,377,079
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only).....	0	0	0
23. Total underwriting deductions (Lines 18 through 22) .....	0	11,781,201,121	12,548,988,599
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	(233,650,088)	(92,511,493)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	0	80,198,037	83,749,614
26. Net realized capital gains (losses) less capital gains tax of \$ .....	0	9,252,275	35,481,288
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	89,450,312	119,230,902
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....	0	0	0
29. Aggregate write-ins for other income or expenses .....	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	(144,199,776)	26,719,409
31. Federal and foreign income taxes incurred .....	XXX	(145,422,689)	(309,390,297)
32. Net income (loss) (Lines 30 minus 31) .....	XXX	1,222,913	336,109,706
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX	0	0
0602. ....	XXX	0	0
0603. ....	XXX	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX	0	0
0701. ....	XXX	0	0
0702. ....	XXX	0	0
0703. ....	XXX	0	0
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	XXX	0	0
1401. ....	0	0	0
1402. ....	0	0	0
1403. ....	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	0	0
2901. ....	0	0	0
2902. ....	0	0	0
2903. ....	0	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	0	0

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

	1 Current Year	2 Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year .....	2,985,261,366	2,772,209,432
34. Net income or (loss) from Line 32 .....	1,222,913	336,109,706
35. Change in valuation basis of aggregate policy and claim reserves .....	0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ ..... 13,720,056 .....	145,588,570	(58,901,859)
37. Change in net unrealized foreign exchange capital gain or (loss) .....	1,259,201	(374,186)
38. Change in net deferred income tax .....	(128,420,260)	(455,353,702)
39. Change in nonadmitted assets .....	(272,658,665)	381,541,260
40. Change in unauthorized and certified reinsurance .....	0	0
41. Change in treasury stock .....	0	0
42. Change in surplus notes .....	0	0
43. Cumulative effect of changes in accounting principles .....	0	0
44. Capital Changes:		
44.1 Paid in .....	0	0
44.2 Transferred from surplus (Stock Dividend) .....	0	0
44.3 Transferred to surplus .....	0	0
45. Surplus adjustments:		
45.1 Paid in .....	0	0
45.2 Transferred to capital (Stock Dividend) .....	0	0
45.3 Transferred from capital .....	0	0
46. Dividends to stockholders .....	0	0
47. Aggregate write-ins for gains or (losses) in surplus .....	427,252	10,030,715
48. Net change in capital and surplus (Lines 34 to 47) .....	(252,580,989)	213,051,934
49. Capital and surplus end of reporting year (Line 33 plus 48)	2,732,680,377	2,985,261,366
<b>DETAILS OF WRITE-INS</b>		
4701. ....		0
4702. ....		0
4703. Change in Pension\OPEB.....	427,252	10,030,715
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	427,252	10,030,715

## CASH FLOW

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	11,624,627,906	12,418,383,816
2. Net investment income	85,859,697	89,302,649
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	11,710,487,603	12,507,686,465
5. Benefit and loss related payments	10,179,872,779	10,833,211,258
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	1,451,823,135	1,683,280,525
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	(302,188,732)	(8,569,494)
10. Total (Lines 5 through 9)	11,329,507,182	12,507,922,289
11. Net cash from operations (Line 4 minus Line 10)	380,980,422	(235,824)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	1,273,102,979	2,094,965,933
12.2 Stocks	297,325,870	216,063,422
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	74,468,317	150,791,270
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	132,690	49,101
12.7 Miscellaneous proceeds	6,647,969	16,385,762
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,651,677,826	2,478,255,487
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,406,243,293	2,111,187,779
13.2 Stocks	315,972,847	320,723,197
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	148,259	4,305,537
13.6 Miscellaneous applications	4,048,123	32,604,703
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,726,412,522	2,468,821,216
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(74,734,696)	9,434,271
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	(169,248,504)	8,746,326
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	(132,973,465)	37,398,923
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(302,221,969)	46,145,249
<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)	4,023,756	55,343,696
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	(235,512,961)	(290,856,657)
19.2 End of year (Line 18 plus Line 19.1)	(231,489,205)	(235,512,961)

**ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Horizon Healthcare Services, Inc.**

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	11,571,072,270	5,113,776,013	236,495,020	131,563,592	0	874,954,885	510,471,309	4,640,240,090	63,571,361	0
2. Change in unearned premium reserves and reserve for rate credit	(23,521,237)	(23,177,039)	265,195	(192,136)	0	373,283	571,277	(1,360,117)	(1,700)	0
3. Fee-for-service (net of \$ medical expenses)	0	0	0	0	0	0	0	0	0	XXX
4. Risk revenue	0	0	0	0	0	0	0	0	0	XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	11,547,551,033	5,090,598,974	236,760,215	131,371,456	0	875,328,168	511,042,586	4,638,879,973	63,569,661	0
8. Hospital/medical benefits	4,316,420,285	3,381,828,152	0	99,357,813	0	808,271,009	0	0	26,963,311	XXX
9. Other professional services	169,113,179	154,809,964	0	0	0	14,303,215	0	0	0	XXX
10. Outside referrals	188,535,752	188,535,752	0	0	0	0	0	0	0	XXX
11. Emergency room and out-of-area	30,580,615	30,580,615	0	0	0	0	0	0	0	XXX
12. Prescription drugs	699,506,306	699,506,306	0	0	0	0	0	0	0	XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0	0	0	0	0	0	0	0	0	XXX
15. Subtotal (Lines 8 to 14)	5,404,156,137	4,455,260,789	0	99,357,813	0	822,574,224	0	0	26,963,311	XXX
16. Net reinsurance recoveries	(4,701,561,616)	132,730,995	(186,445,117)	0	0	0	(420,511,320)	(4,198,602,040)	(28,734,134)	XXX
17. Total hospital and medical (Lines 15 minus 16)	10,105,717,753	4,322,529,794	186,445,117	99,357,813	0	822,574,224	420,511,320	4,198,602,040	55,697,445	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ 231,326,208 cost containment expenses	344,960,253	192,942,364	5,380,587	4,228,192	0	13,777,409	14,814,628	112,992,182	824,891	0
20. General administrative expenses	1,330,523,115	744,185,085	20,753,103	16,308,278	0	53,139,922	57,140,512	435,814,585	3,181,630	0
21. Increase in reserves for accident and health contracts	0	0	0	0	0	0	0	0	0	XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
23. Total underwriting deductions (Lines 17 to 22)	11,781,201,121	5,259,657,243	212,578,807	119,894,283	0	889,491,555	492,466,460	4,747,408,807	59,703,966	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(233,650,088)	(169,058,269)	24,181,408	11,477,173	0	(14,163,387)	18,576,126	(108,528,834)	3,865,695	0
<b>DETAILS OF WRITE-INS</b>										
0501.	0	0	0	0	0	0	0	0	0	XXX
0502.	0	0	0	0	0	0	0	0	0	XXX
0503.	0	0	0	0	0	0	0	0	0	XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.	0	0	0	0	0	0	0	0	0	XXX
1302.	0	0	0	0	0	0	0	0	0	XXX
1303.	0	0	0	0	0	0	0	0	0	XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Horizon Healthcare Services, Inc.

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

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical) .....	5,102,909,046	16,209,057	5,342,090	5,113,776,013
2. Medicare Supplement .....	0	236,495,020	0	236,495,020
3. Dental only.....	131,563,592	0	0	131,563,592
4. Vision only.....	0	0	0	0
5. Federal Employees Health Benefits Plan .....	874,954,885	0	0	874,954,885
6. Title XVIII - Medicare .....	0	510,471,309	0	510,471,309
7. Title XIX - Medicaid.....	0	4,640,240,090	0	4,640,240,090
8. Other health.....	34,137,967	29,433,394	0	63,571,361
9. Health subtotal (Lines 1 through 8) .....	6,143,565,490	5,432,848,870	5,342,090	11,571,072,270
10. Life .....	0	0	0	0
11. Property/casualty.....	0	0	0	0
12. Totals (Lines 9 to 11)	6,143,565,490	5,432,848,870	5,342,090	11,571,072,270



ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Horizon Healthcare Services, Inc.

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 – CLAIMS INCURRED DURING THE YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Payments during the year:										
1.1 Direct	5,343,456,616	4,390,589,125	0	99,623,813	0	828,124,367	0	0	25,119,311	0
1.2 Reinsurance assumed	4,840,098,689	19,060,889	186,571,355	0	0	0	462,852,579	4,143,262,233	28,351,634	0
1.3 Reinsurance ceded	150,535,405	150,535,405	0	0	0	0	0	0	0	0
1.4 Net	10,033,019,900	4,259,114,609	186,571,355	99,623,813	0	828,124,367	462,852,579	4,143,262,233	53,470,945	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	539,222,632	459,708,025	0	6,377,000	0	66,372,607	0	0	6,765,000	0
3.2 Reinsurance assumed	470,219,123	1,271,450	22,984,853	0	0	0	53,691,118	391,505,802	765,900	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	1,009,441,755	460,979,475	22,984,853	6,377,000	0	66,372,607	53,691,118	391,505,802	7,530,900	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0	0	0	0	0	0	0	0	0	0
6. Net healthcare receivables (a)	3,247,458	3,314,858	0	0	0	(67,400)	0	0	0	0
7. Amounts recoverable from reinsurers December 31, current year	0	0	0	0	0	0	0	0	0	0
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	475,275,653	391,721,504	0	6,643,000	0	71,990,149	0	0	4,921,000	0
8.2 Reinsurance assumed	458,220,790	2,527,929	23,111,090	0	0	0	96,032,376	336,165,995	383,400	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	933,496,443	394,249,433	23,111,090	6,643,000	0	71,990,149	96,032,376	336,165,995	5,304,400	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct	5,404,156,137	4,455,260,788	0	99,357,813	0	822,574,225	0	0	26,963,311	0
12.2 Reinsurance assumed	4,852,097,022	17,804,410	186,445,118	0	0	0	420,511,321	4,198,602,040	28,734,134	0
12.3 Reinsurance ceded	150,535,405	150,535,405	0	0	0	0	0	0	0	0
12.4 Net	10,105,717,754	4,322,529,793	186,445,118	99,357,813	0	822,574,225	420,511,321	4,198,602,040	55,697,445	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

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

**ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Horizon Healthcare Services, Inc.**

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

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
<b>1. Reported in Process of Adjustment:</b>										
1.1. Direct .....	150,762,278	150,373,447	0	388,831	0	0	0	0	0	0
1.2. Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
1.3. Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
1.4. Net .....	150,762,278	150,373,447	0	388,831	0	0	0	0	0	0
<b>2. Incurred but Unreported:</b>										
2.1. Direct .....	388,460,354	309,334,578	0	5,988,169	0	66,372,607	0	0	6,765,000	0
2.2. Reinsurance assumed .....	470,219,123	1,271,450	22,984,853	0	0	0	53,691,118	391,505,802	765,900	0
2.3. Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
2.4. Net .....	858,679,477	310,606,028	22,984,853	5,988,169	0	66,372,607	53,691,118	391,505,802	7,530,900	0
<b>3. Amounts Withheld from Paid Claims and Capitations:</b>										
3.1. Direct .....	0	0	0	0	0	0	0	0	0	0
3.2. Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
3.3. Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
3.4. Net .....	0	0	0	0	0	0	0	0	0	0
<b>4. TOTALS:</b>										
4.1. Direct .....	539,222,632	459,708,025	0	6,377,000	0	66,372,607	0	0	6,765,000	0
4.2. Reinsurance assumed .....	470,219,123	1,271,450	22,984,853	0	0	0	53,691,118	391,505,802	765,900	0
4.3. Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
4.4. Net .....	1,009,441,755	460,979,475	22,984,853	6,377,000	0	66,372,607	53,691,118	391,505,802	7,530,900	0

**ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Horizon Healthcare Services, Inc.**

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	379,069,756	4,014,917,630	8,580,097	452,399,379	387,649,853	394,249,431
2. Medicare Supplement .....	19,278,358	167,293,287	86,851	22,898,002	19,365,209	23,111,090
3. Dental Only.....	6,237,246	93,386,567	67,927	6,309,073	6,305,173	6,643,000
4. Vision Only.....	0	0	0	0	0	0
5. Federal Employees Health Benefits Plan .....	69,657,921	758,661,546	1,207,007	65,165,600	70,864,928	71,990,149
6. Title XVIII - Medicare .....	74,066,250	388,455,273	1,136,769	52,554,348	75,203,019	96,032,376
7. Title XIX - Medicaid.....	283,486,712	3,860,118,843	31,970,357	359,535,445	315,457,069	336,165,995
8. Other health .....	10,255,885	43,215,060	0	7,530,900	10,255,885	5,304,400
9. Health subtotal (Lines 1 to 8).....	842,052,128	9,326,048,206	43,049,008	966,392,747	885,101,136	933,496,441
10. Healthcare receivables (a).....	1,123,680	137,204,211	0	0	1,123,680	0
11. Other non-health.....	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts .....	0	0	0	0	0	0
13. Totals (Lines 9-10+11+12)	840,928,448	9,188,843,995	43,049,008	966,392,747	883,977,456	933,496,441

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

**ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Horizon Healthcare Services, Inc.**

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

**Section A – Paid Health Claims - Hospital and Medical**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior .....	387,779	397,143	399,701	400,716	400,767
2. 2015 .....	3,738,281	4,119,839	4,133,192	4,136,591	4,136,967
3. 2016 .....	XXX	3,902,264	4,337,626	4,348,166	4,349,799
4. 2017 .....	XXX	XXX	4,292,478	4,711,499	4,718,812
5. 2018 .....	XXX	XXX	XXX	4,161,281	4,529,855
6. 2019 .....	XXX	XXX	XXX	XXX	3,877,841

**Section B – Incurred Health Claims - Hospital and Medical**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior .....	411,446	397,858	399,723	400,716	400,767
2. 2015 .....	4,149,455	4,129,657	4,133,680	4,136,927	4,136,967
3. 2016 .....	XXX	4,371,757	4,344,657	4,351,297	4,350,016
4. 2017 .....	XXX	XXX	4,733,865	4,727,127	4,722,422
5. 2018 .....	XXX	XXX	XXX	4,536,418	4,557,888
6. 2019 .....	XXX	XXX	XXX	XXX	4,306,960

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015.....	5,025,853	4,136,967	165,165	4.0	4,302,132	85.6	0	0	4,302,132	85.6
2. 2016.....	5,181,217	4,349,799	146,112	3.4	4,495,911	86.8	218	0	4,496,129	86.8
3. 2017.....	5,532,256	4,718,812	182,736	3.9	4,901,548	88.6	3,610	0	4,905,158	88.7
4. 2018.....	5,417,636	4,529,855	161,124	3.6	4,690,979	86.6	28,033	0	4,719,012	87.1
5. 2019.....	5,090,599	3,877,841	192,356	5.0	4,070,197	80.0	429,119	3,847	4,503,163	88.5

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**ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Horizon Healthcare Services, Inc.**

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

**Section A – Paid Health Claims - Medicare Supplement**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior .....	26,823	26,823	26,823	26,823	26,823
2. 2015 .....	0	22,680	22,847	22,847	22,847
3. 2016 .....	XXX	177,370	194,478	194,920	194,920
4. 2017 .....	XXX	XXX	179,822	201,620	201,628
5. 2018 .....	XXX	XXX	XXX	178,608	197,879
6. 2019 .....	XXX	XXX	XXX	XXX	167,293

**Section B - Incurred Health Claims - Medicare Supplement**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior .....	27,184	26,823	26,823	26,823	26,823
2. 2015 .....	20,740	22,770	22,847	22,847	22,847
3. 2016 .....	XXX	201,228	194,619	194,921	194,920
4. 2017 .....	XXX	XXX	203,464	201,735	201,631
5. 2018 .....	XXX	XXX	XXX	201,603	197,963
6. 2019 .....	XXX	XXX	XXX	XXX	190,191

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare Supplement**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015 .....	60,544	22,847	3,340	14.6	26,187	43.3	0	0	26,187	43.3
2. 2016 .....	250,546	194,920	11,254	5.8	206,174	82.3	0	0	206,174	82.3
3. 2017 .....	247,635	201,628	18,574	9.2	220,202	88.9	3	0	220,205	88.9
4. 2018 .....	240,040	197,879	23,245	11.7	221,124	92.1	84	0	221,208	92.2
5. 2019 .....	236,760	167,293	20,285	12.1	187,578	79.2	22,898	3,670	214,146	90.4

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**ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Horizon Healthcare Services, Inc.**

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

**Section A – Paid Health Claims - Dental Only**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior .....	5,493	5,683	5,689	5,685	5,684
2. 2015 .....	91,764	98,367	98,426	98,429	98,428
3. 2016 .....	XXX	90,485	97,165	97,229	97,236
4. 2017 .....	XXX	XXX	93,686	100,306	100,369
5. 2018 .....	XXX	XXX	XXX	89,593	95,762
6. 2019 .....	XXX	XXX	XXX	XXX	93,387

**Section B – Incurred Health Claims - Dental Only**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior .....	5,621	5,692	5,689	5,685	5,684
2. 2015 .....	97,409	98,488	98,430	98,429	98,428
3. 2016 .....	XXX	97,873	97,228	97,231	97,236
4. 2017 .....	XXX	XXX	100,838	100,368	100,374
5. 2018 .....	XXX	XXX	XXX	96,172	95,824
6. 2019 .....	XXX	XXX	XXX	XXX	99,696

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015 .....	137,847	98,428	6,016	6.1	104,444	75.8	.0	.0	104,444	75.8
2. 2016 .....	130,590	97,236	2,669	2.7	99,905	76.5	.0	.0	99,905	76.5
3. 2017 .....	138,140	100,369	3,588	3.6	103,957	75.3	.5	.0	103,962	75.3
4. 2018 .....	133,700	95,762	4,371	4.6	100,133	74.9	.62	.0	100,195	74.9
5. 2019 .....	131,371	93,387	4,226	4.5	97,613	74.3	6,309	104	104,026	79.2

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**ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Horizon Healthcare Services, Inc.**

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

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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior .....	.63,449	.63,630	.63,299	.62,992	.63,008
2. 2015 .....	648,494	712,204	713,608	713,623	713,589
3. 2016 .....	XXX	685,005	748,853	750,427	750,718
4. 2017 .....	XXX	XXX	691,693	755,655	756,988
5. 2018 .....	XXX	XXX	XXX	714,391	782,443
6. 2019 .....	XXX	XXX	XXX	XXX	758,534

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

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior .....	.64,970	.63,638	.63,299	.62,992	.63,008
2. 2015 .....	713,501	712,821	713,608	713,628	713,589
3. 2016 .....	XXX	750,469	749,758	750,493	750,728
4. 2017 .....	XXX	XXX	759,644	756,908	757,087
5. 2018 .....	XXX	XXX	XXX	785,058	783,542
6. 2019 .....	XXX	XXX	XXX	XXX	823,699

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015.....	777,905	713,589	7,291	1.0	720,880	92.7	.0	.0	720,880	92.7
2. 2016.....	810,305	750,718	10,274	1.4	760,992	93.9	10	.0	761,002	93.9
3. 2017.....	809,441	756,988	9,780	1.3	766,768	94.7	98	.0	766,866	94.7
4. 2018.....	839,967	782,443	13,329	1.7	795,772	94.7	1,098	.0	796,870	94.9
5. 2019.....	875,328	758,534	13,832	1.8	772,366	88.2	65,166	696	838,228	95.8

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**ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Horizon Healthcare Services, Inc.**

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

**Section A - Paid Health Claims - Medicare**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior .....	.0	.0	.0	.0	.0
2. 2015 .....	44,153	68,085	68,122	68,122	68,122
3. 2016 .....	XXX	223,339	241,779	242,123	242,123
4. 2017 .....	XXX	XXX	827,720	895,562	896,709
5. 2018 .....	XXX	XXX	XXX	906,522	979,441
6. 2019 .....	XXX	XXX	XXX	XXX	388,455

**Section B - Incurred Health Claims - Medicare**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior .....	.0	.0	.0	.0	.0
2. 2015 .....	65,363	68,251	68,122	68,122	68,122
3. 2016 .....	XXX	245,645	241,874	242,123	242,123
4. 2017 .....	XXX	XXX	908,133	896,868	896,709
5. 2018 .....	XXX	XXX	XXX	1,001,265	980,578
6. 2019 .....	XXX	XXX	XXX	XXX	441,353

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015 .....	.0	68,122	.0	0.0	68,122	0.0	.0	.0	68,122	0.0
2. 2016 .....	267,160	242,123	.0	0.0	242,123	90.6	.0	.0	242,123	90.6
3. 2017 .....	985,488	896,709	.0	0.0	896,709	91.0	.0	.0	896,709	91.0
4. 2018 .....	1,097,259	979,441	.0	0.0	979,441	89.3	1,137	.0	980,578	89.4
5. 2019 .....	511,043	388,455	0	0.0	388,455	76.0	52,898	0	441,353	86.4



**ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Horizon Healthcare Services, Inc.**

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

**Section A - Paid Health Claims - Title XIX Medicaid**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior .....	.0	.0	.0	.0	.0
2. 2015 .....	.0	.0	.0	.0	.0
3. 2016 .....	XXX	.0	322,653	322,653	322,653
4. 2017 .....	XXX	XXX	3,267,887	3,631,112	3,631,112
5. 2018 .....	XXX	XXX	XXX	3,784,734	4,068,221
6. 2019 .....	XXX	XXX	XXX	XXX	3,860,119

**Section B – Incurred Health Claims - Title XIX Medicaid**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior .....	.0	.0	.0	.0	.0
2. 2015 .....	.0	.0	.0	.0	.0
3. 2016 .....	XXX	.0	330,916	322,653	322,653
4. 2017 .....	XXX	XXX	3,637,153	3,650,263	3,631,112
5. 2018 .....	XXX	XXX	XXX	4,101,749	4,100,191
6. 2019 .....	XXX	XXX	XXX	XXX	4,219,311

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 2016 .....	.0	322,653	.0	.0	322,653	.0	.0	.0	322,653	.0
3. 2017 .....	4,458,800	3,631,112	73,226	2.0	3,704,338	83.1	.0	.0	3,704,338	83.1
4. 2018 .....	4,673,356	4,068,221	83,520	2.1	4,151,741	88.8	31,970	.0	4,183,711	89.5
5. 2019 .....	4,638,880	3,860,119	112,910	2.9	3,973,029	85.6	359,192	0	4,332,221	93.4

**ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Horizon Healthcare Services, Inc.**

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

**Section A - Paid Health Claims - Other**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior .....	6,320	6,320	6,320	6,320	6,320
2. 2015 .....	40,623	46,908	46,908	46,908	46,908
3. 2016 .....	XXX	30,210	37,680	37,680	37,680
4. 2017 .....	XXX	XXX	41,740	50,119	50,119
5. 2018 .....	XXX	XXX	XXX	38,372	48,628
6. 2019 .....	XXX	XXX	XXX	XXX	43,215

**Section B – Incurred Health Claims - Other**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior .....	6,320	6,320	6,320	6,320	6,320
2. 2015 .....	44,544	46,908	46,908	46,908	46,908
3. 2016 .....	XXX	34,613	37,680	37,680	37,680
4. 2017 .....	XXX	XXX	46,636	50,119	50,119
5. 2018 .....	XXX	XXX	XXX	43,677	48,628
6. 2019 .....	XXX	XXX	XXX	XXX	50,746

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Other**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015 .....	42,505	46,908	0	0.0	46,908	110.4	0	0	46,908	110.4
2. 2016 .....	52,911	37,680	1,600	4.2	39,280	74.2	0	0	39,280	74.2
3. 2017 .....	51,022	50,119	725	1.4	50,844	99.7	0	0	50,844	99.7
4. 2018 .....	54,789	48,628	812	1.7	49,440	90.2	0	0	49,440	90.2
5. 2019 .....	63,570	43,215	824	1.9	44,039	69.3	7,531	0	51,570	81.1

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**ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Horizon Healthcare Services, Inc.**

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

**Section A - Paid Health Claims - Grand Total**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior .....	489,864	499,599	501,832	502,536	502,602
2. 2015 .....	4,563,315	5,068,083	5,083,103	5,086,520	5,086,861
3. 2016 .....	XXX	5,108,673	5,980,234	5,993,198	5,995,129
4. 2017 .....	XXX	XXX	9,395,026	10,345,873	10,355,737
5. 2018 .....	XXX	XXX	XXX	9,873,501	10,702,229
6. 2019 .....	XXX	XXX	XXX	XXX	9,188,844

**Section B - Incurred Health Claims - Grand Total**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior .....	515,541	500,331	501,854	502,536	502,602
2. 2015 .....	5,091,012	5,078,895	5,083,595	5,086,861	5,086,861
3. 2016 .....	XXX	5,701,585	5,996,732	5,996,398	5,995,356
4. 2017 .....	XXX	XXX	10,389,733	10,383,388	10,359,454
5. 2018 .....	XXX	XXX	XXX	10,765,942	10,764,614
6. 2019 .....	XXX	XXX	XXX	XXX	10,131,956

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015 .....	6,044,654	5,086,861	181,812	3.6	5,268,673	87.2	0	0	5,268,673	87.2
2. 2016 .....	6,692,729	5,995,129	171,909	2.9	6,167,038	92.1	228	0	6,167,266	92.1
3. 2017 .....	12,222,782	10,355,737	288,629	2.8	10,644,366	87.1	3,716	0	10,648,082	87.1
4. 2018 .....	12,456,747	10,702,229	286,401	2.7	10,988,630	88.2	62,384	0	11,051,014	88.7
5. 2019 .....	11,547,551	9,188,844	344,433	3.7	9,533,277	82.6	943,113	8,317	10,484,707	90.8

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**ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Horizon Healthcare Services, Inc.**

**UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY**

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	15,154,994	14,778,603	.0	376,390	.0	.0	.0	.0	.0
2. Additional policy reserves (a).....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. Reserve for future contingent benefits.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Reserve for rate credits or experience rating refunds (including \$ ..... for investment income).....	188,781,992	77,955,585	.0	1,784,981	.0	105,564,162	3,477,264	.0	.0
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross) .....	203,936,986	92,734,188	.0	2,161,371	.0	105,564,162	3,477,264	.0	.0
7. Reinsurance ceded .....	(13,285,211)	(80,938)	(10,043,645)	.0	.0	.0	443	(3,159,006)	(2,063)
8. Totals (Net) (Page 3, Line 4)	217,222,197	92,815,127	10,043,645	2,161,371	0	105,564,162	3,476,821	3,159,006	2,063
9. Present value of amounts not yet due on claims .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
10. Reserve for future contingent benefits .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
<b>DETAILS OF WRITE-INS</b>									
0501. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0502. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0503. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1102. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1103. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ .....0 premium deficiency reserve.

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

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ .....for occupancy of own building) .....	18,581	4,363	34,251,287	0	34,274,231
2. Salaries, wages and other benefits .....	185,551,266	29,899,597	386,296,625	0	601,747,488
3. Commissions (less \$ .....ceded plus \$ .....assumed) .....	0	0	190,222,248	0	190,222,248
4. Legal fees and expenses .....	19,145	21,943	9,722,868	0	9,763,956
5. Certifications and accreditation fees .....	0	0	0	0	0
6. Auditing, actuarial and other consulting services .....	21,437,296	1,048,356	186,814,186	0	209,299,838
7. Traveling expenses .....	1,883,983	148,957	6,269,344	0	8,302,284
8. Marketing and advertising .....	77,055	8,021	18,967,971	0	19,053,047
9. Postage, express and telephone .....	549,166	118,252	25,424,584	0	26,092,002
10. Printing and office supplies .....	124,925	47,342	7,805,237	0	7,977,504
11. Occupancy, depreciation and amortization .....	0	0	101,431,623	0	101,431,623
12. Equipment .....	3,849	1,572	1,174,133	0	1,179,554
13. Cost or depreciation of EDP equipment and software .....	158,870	7,416	89,084,441	0	89,250,727
14. Outsourced services including EDP, claims, and other services .....	64,100,580	106,131,493	376,401,753	0	546,633,826
15. Boards, bureaus and association fees .....	1,181,734	77,250	6,581,914	0	7,840,898
16. Insurance, except on real estate .....	0	0	4,112,091	0	4,112,091
17. Collection and bank service charges .....	0	0	0	0	0
18. Group service and administration fees .....	0	0	0	0	0
19. Reimbursements by uninsured plans .....	(54,343,747)	(26,695,202)	(237,692,659)	0	(318,731,608)
20. Reimbursements from fiscal intermediaries .....	0	0	0	0	0
21. Real estate expenses .....	0	0	0	0	0
22. Real estate taxes .....	0	0	6,085,474	0	6,085,474
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....	0	0	0	0	0
23.2 State premium taxes .....	0	0	64,103,642	0	64,103,642
23.3 Regulatory authority licenses and fees .....	0	0	0	0	0
23.4 Payroll taxes .....	10,563,505	1,818,686	21,895,899	0	34,278,090
23.5 Other (excluding federal income and real estate taxes) .....	0	0	26,618,733	0	26,618,733
24. Investment expenses not included elsewhere .....	0	0	0	8,632,638	8,632,638
25. Aggregate write-ins for expenses .....	0	996,000	4,951,720	0	5,947,720
26. Total expenses incurred (Lines 1 to 25) .....	231,326,208	113,634,046	1,330,523,114	8,632,638	(a) 1,684,116,006
27. Less expenses unpaid December 31, current year .....	0	8,316,897	1,064,301,124	0	1,072,618,021
28. Add expenses unpaid December 31, prior year .....	0	7,713,525	771,946,996	0	779,660,521
29. Amounts receivable relating to uninsured plans, prior year .....	0	0	431,207,751	0	431,207,751
30. Amounts receivable relating to uninsured plans, current year .....	0	0	426,964,161	0	426,964,161
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	231,326,208	113,030,674	1,033,925,397	8,632,638	1,386,914,917
<b>DETAILS OF WRITE-INS</b>					
2501. Prompt Pay interest .....	0	0	4,951,720	0	4,951,720
2502. Provision for Claims Processing .....	0	996,000	0	0	996,000
2503. ....	0	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 plus 2598) (Line 25 above)	0	996,000	4,951,720	0	5,947,720

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

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 7,745,011	8,166,813
1.1 Bonds exempt from U.S. tax	(a) 0	0
1.2 Other bonds (unaffiliated)	(a) 78,384,336	77,836,526
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 178,179	178,179
2.11 Preferred stocks of affiliates	(b) 0	0
2.2 Common stocks (unaffiliated)	8,548,395	8,206,662
2.21 Common stocks of affiliates	0	0
3. Mortgage loans	(c) 0	0
4. Real estate	(d) 0	0
5. Contract loans	0	0
6. Cash, cash equivalents and short-term investments	(e) 1,248,882	1,221,963
7. Derivative instruments	(f) 0	0
8. Other invested assets	0	0
9. Aggregate write-ins for investment income	0	(6,779,467)
10. Total gross investment income	96,104,802	88,830,675
11. Investment expenses		(g) 8,632,638
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 0
14. Depreciation on real estate and other invested assets		(i) 0
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		8,632,638
17. Net investment income (Line 10 minus Line 16)		80,198,037
<b>DETAILS OF WRITE-INS</b>		
0901. Interest on behalf of customer deposits		(5,374,852)
0902. Interest on behalf of FEP		(9,263)
0903. Interest on behalf of subs.		(1,395,331)
0998. Summary of remaining write-ins for Line 9 from overflow page	0	(21)
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	(6,779,467)
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

(a) Includes \$ 2,960,782 accrual of discount less \$ 8,126,965 amortization of premium and less \$ 4,191,813 paid for accrued interest on purchases.  
 (b) Includes \$ 0 accrual of discount less \$ 817 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 \$ 22,103 accrual of discount less \$ 10,531 amortization of premium and less \$ 10,192 paid for accrued interest on purchases.  
 (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.  
 (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
 (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.  
 (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	1,921,272	0	1,921,272	0	0
1.1 Bonds exempt from U.S. tax	0	0	0	0	0
1.2 Other bonds (unaffiliated)	6,306,536	(2,045,681)	4,260,854	16,028,232	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	6,888	(2,425)	4,464	157,154	(23,390)
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	6,963,375	(2,333,489)	4,629,886	46,466,254	1,266,231
2.21 Common stocks of affiliates	0	0	0	95,052,793	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	131,623	0	131,623	1,067	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	(1,695,825)	0	(1,695,825)	1,695,825	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	(92,697)	16,360
10. Total capital gains (losses)	13,633,870	(4,381,595)	9,252,275	159,308,626	1,259,201
<b>DETAILS OF WRITE-INS</b>					
0901.			0		
0902. Miscellaneous Adjustment			0	(92,697)	16,360
0903.			0		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	(92,697)	16,360

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	.0	.0	.0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	.0	.0	.0
2.2 Common stocks .....	25,169,568	.0	(25,169,568)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	.0	.0	.0
3.2 Other than first liens .....	.0	.0	.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	.0	.0	.0
4.2 Properties held for the production of income.....	.0	.0	.0
4.3 Properties held for sale .....	.0	.0	.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	.0	.0	.0
6. Contract loans .....	.0	.0	.0
7. Derivatives (Schedule DB).....	.0	.0	.0
8. Other invested assets (Schedule BA) .....	.0	.0	.0
9. Receivables for securities .....	.0	.0	.0
10. Securities lending reinvested collateral assets (Schedule DL).....	.0	.0	.0
11. Aggregate write-ins for invested assets .....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	25,169,568	.0	(25,169,568)
13. Title plants (for Title insurers only).....	.0	.0	.0
14. Investment income due and accrued .....	.0	.0	.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	4,357,008	6,931,045	2,574,037
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	.0	.0	.0
15.3 Accrued retrospective premiums and contracts subject to redetermination .....	.0	.0	.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	.0	.0	.0
16.2 Funds held by or deposited with reinsured companies .....	.0	.0	.0
16.3 Other amounts receivable under reinsurance contracts .....	.0	.0	.0
17. Amounts receivable relating to uninsured plans .....	27,569,367	23,472,263	(4,097,104)
18.1 Current federal and foreign income tax recoverable and interest thereon .....	.0	.0	.0
18.2 Net deferred tax asset.....	.0	.0	.0
19. Guaranty funds receivable or on deposit .....	.0	.0	.0
20. Electronic data processing equipment and software.....	.0	268,986,326	268,986,326
21. Furniture and equipment, including health care delivery assets.....	463,424,272	134,539,457	(328,884,815)
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	.0	.0	.0
23. Receivables from parent, subsidiaries and affiliates .....	.0	.0	.0
24. Health care and other amounts receivable.....	767,982	8,145,930	7,377,948
25. Aggregate write-ins for other-than-invested assets .....	396,140,123	202,694,634	(193,445,489)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	917,428,320	644,769,655	(272,658,665)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	917,428,320	644,769,655	(272,658,665)
<b>DETAILS OF WRITE-INS</b>			
1101. ....		.0	.0
1102. ....		.0	.0
1103. ....		.0	.0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Expenses.....	393,340,399	199,035,166	(194,305,233)
2502. Non-Bankable checks.....	2,799,724	3,659,468	859,744
2503. ....		.0	.0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	396,140,123	202,694,634	(193,445,489)

**ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Horizon Healthcare Services, Inc.**

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

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	.0	.0	.0	.0	.0	.0
2. Provider Service Organizations.....	.0	.0	.0	.0	.0	.0
3. Preferred Provider Organizations.....	643,294	637,105	633,262	629,656	627,823	7,599,513
4. Point of Service.....	216,834	200,356	198,630	207,452	206,569	2,441,024
5. Indemnity Only.....	3,333	3,247	3,222	3,142	3,062	38,201
6. Aggregate write-ins for other lines of business.....	390,214	401,440	400,051	402,224	401,521	4,820,203
7. Total	1,253,675	1,242,148	1,235,165	1,242,474	1,238,975	14,898,941
<b>DETAILS OF WRITE-INS</b>						
0601. Dental.....	390,214	401,440	400,051	402,224	401,521	4,820,203
0602. ....	.0	.0	.0	.0	.0	.0
0603. ....	.0	.0	.0	.0	.0	.0
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	390,214	401,440	400,051	402,224	401,521	4,820,203



## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN

#### A. Accounting Practices

The accompanying financial statements of Horizon Healthcare Services, Inc. d/b/a Horizon BCBSNJ (the Company) have been prepared in conformity with the National Association of Insurance Commissioners Annual Statement Instructions and Accounting Practices and Procedures manuals.

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of New Jersey.

A.

	SSSAP #	F/S Page	F/S Line #	2019	2018
<u>NET INCOME</u>					
(1) Company state basis (Page 4, Line 32, Cols 2 & 3)	NJ	4	32	\$ 1,223	\$ 336,110
(2) State Prescribed Practices that increase/(decrease) NAIC SAP				\$ -	\$ -
(3) State Permitted Practices that increase/(decrease) NAIC SAP				\$ -	\$ -
(4) NAIC SAP (1-2-3=4)	NJ	4	32	\$ 1,223	\$ 336,110
<u>SURPLUS</u>					
(5) Company state basis (Page 3, Line 33, Cols 3 & 4)	NJ	5	49	\$ 2,732,680	\$ 2,985,261
(6) State Prescribed Practices that increase/decrease NAIC SAP				\$ -	\$ -
(7) State Permitted Practices that increase/(decrease) NAIC SAP				\$ -	\$ -
(8) NAIC SAP (5-6-7=8)	NJ	5	49	\$ 2,732,680	\$ 2,985,261

#### B. Use of Estimates

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

#### C. Accounting Policy

The Company uses the following accounting policies:

- Short-term investments are carried at market value.
- Long-term bond investments that are NAIC designated as 1 and 2 are carried at amortized cost. Bond investments that are NAIC designated as 3 or higher are carried at the lower of cost or market value.
- Common stocks are stated at market value
- Preferred stocks are stated at either amortized cost or market value.
- Mortgage loans – None
- Loan-backed securities are carried at either amortized cost or market value.
- Investments in subsidiaries and affiliates are valued using the statutory equity method.
- The Company has an ownership interest in limited liability companies, which are carried at the underlying generally accepted accounting principles (GAAP) equity of the investees.
- Derivatives – None
- Premium deficiency – The Company does not utilize investment income as a factor in its premium deficiency calculation.
- The liability for claims incurred but unpaid for current and prior years is estimated based upon certain actuarial assumptions which consider such factors as average enrollment, utilization, and claims paid in the current and preceding years. In addition, a provision is made for claim processing costs. Adjustments to these estimates are reflected in the year the actual results are known.
- Capitalization policy and resultant predefined threshold have not changed from the prior period.
- Pharmacy rebate estimates are accrued for in accordance with Statement of Statutory Accounting Principles (SSAP) No. 84, *Certain Healthcare Receivables and Receivables under Government Insured Plans*.

#### D. Going Concern

The Management has assessed the company's ability as a going concern and noted no such risk exists. There are no conditions or events that raise any concerns.

### 2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

No change

### 3. BUSINESS COMBINATIONS AND GOODWILL

Not applicable

### 4. DISCONTINUED OPERATIONS

Not applicable

### 5. INVESTMENTS

- Mortgage loans – None
- Debt restructuring – None
- Reverse mortgages – None

NOTES TO FINANCIAL STATEMENTS

D. Loan-backed securities – carried at either amortized cost or market value

4.	a. The aggregate amount of unrealized losses:	
	1. Less than 12 Months	<u>630</u>
	2. 12 Months or Longer	<u>2,937</u>
	b. The aggregate related fair value of securities with unrealized losses:	
	1. Less than 12 Months	<u>106,062</u>
	2. 12 Months or Longer	<u>84,981</u>

- E. Dollar Repurchase agreements and/or securities lending transactions – None
- F. Repurchase Agreements Transactions Accounted for Secured Borrowing – None
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – None
- H. Repurchase 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
  
- L. Restricted Assets

1	2	3	4	5	6	7
Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted From Prior Year	Increase/ Decrease (1 minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Restricted (1 minus 4)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	Admitted Restricted to Total Admitted Assets (b)

Restricted Assets (Including Pledged)

	Subject to contractual obligation for which liability is not shown						
a.	-	-	-	-	-	-	-
b.	-	-	-	-	-	-	-
c.	-	-	-	-	-	-	-
d.	-	-	-	-	-	-	-
e.	-	-	-	-	-	-	-
f.	-	-	-	-	-	-	-
g.	-	-	-	-	-	-	-
	Letter stock or securities restricted as to sale - excluding						
h.	-	-	-	-	-	-	-
i.	540	648	(108)	-	540	-	-
j.	-	-	-	-	-	-	-
k.	-	-	-	-	-	-	-
	Pledged as collateral to FHLB (including assets backing						
l.	100,249	312,128	(211,880)	-	100,249	1.52	1.76
m.	-	-	-	-	-	-	-
n.	-	-	-	-	-	-	-
o.	100,789	312,776	(211,987)	-	100,789	1.53	1.77

	1	2	3	4	5	6
Description of Assets	Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted From Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

FHLB	-	-	-	-	-	-
Total (a)	-	-	-	-	-	-

	1	2	3	4	5	6
Description of Assets	Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted From Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

Total (a)	-	-	-	-	-	-
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Total Line for Columns 1 through 3 should equal 5L(1)n Columns 1 through 3 respectively and Total Line for Column 4 should equal 5L(1)n Column 5

NOTES TO FINANCIAL STATEMENTS

Collateral Assets	1 Book/Adjusted Carrying Value (BACV)	2 Fair Value	3 % of BACV to Total Assets (Admitted and Nonadmitted) *	4 % of BACV to Total Admitted Assets **
Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements				
a. Cash, Cash Equivalents and Short-Term Investments	-	-	-	-
b. Schedule D, Part 1	-	-	-	-
c. Schedule D, Part 2, Section 1	-	-	-	-
d. Schedule D, Part 2, Section 2	-	-	-	-
e. Schedule B	-	-	-	-
f. Schedule A	-	-	-	-
g. Schedule BA, Part 1	-	-	-	-
h. Schedule DL, Part 1	-	-	-	-
i. Other	-	-	-	-
j. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	-	-	-	-

\* Column 1 divided by Asset Page, Line 26 (Column 1)

\*\* Column 1 divided by Asset Page, Line 26 (Column 3)

- M. Working Capital Finance Investments – None
- N. Offsetting and Netting of Assets and Liabilities – None
- O. 5\* Securities – None
- P. Short Sales – None
- Q. Prepayment Short Sale Transactions – None

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of admitted assets.

7. INVESTMENT INCOME

The Company has no non-admitted investment income due and accrued.

8. DERIVATIVE INSTRUMENTS

Not applicable

9. INCOME TAXES

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

1. Description	December 31, 2019			December 31, 2018			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$ 393,467	\$ 3,357	\$ 396,824	\$ 471,364	\$ 12,074	\$ 483,438	\$ (77,897)	\$ (8,717)	\$ (86,614)
(b) Statutory valuation allowance adjustments	210,069	3,357	213,426	155,367	12,074	167,441	54,702	(8,717)	45,985
(c) Adjusted gross deferred tax assets (1a - 1b)	183,398	-	183,398	315,997	-	315,997	(132,599)	-	(132,599)
(d) Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
(e) Sub-total net admitted deferred tax asset (1c - 1d)	183,398	-	183,398	315,997	-	315,997	(132,599)	-	(132,599)
(f) Deferred tax liabilities	44,620	7,187	51,807	41,512	640	42,152	3,108	6,547	9,655
(g) Net admitted deferred tax asset (Net deferred tax liability) (1e - 1f)	\$ 138,778	\$ (7,187)	\$ 131,591	\$ 274,485	\$ (640)	\$ 273,845	\$ (135,707)	\$ (6,547)	\$ (142,254)

2. Description	December 31, 2019			December 31, 2018			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission calculation components SSAP No. 101									
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ 29,043	\$ -	\$ 29,043	\$ 15,592	\$ -	\$ 15,592	\$ 13,451	\$ -	\$ 13,451
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lessor of 2(b)1 and 2(b)2 Below)	102,548	-	102,548	258,253	-	258,253	\$ (155,705)	-	(155,705)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	131,591	-	131,591	273,845	-	273,845	\$ (142,254)	\$ -	\$ (142,254)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	385,764		385,764	401,320		401,320	(15,556)		\$ (15,556)
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	44,620	7,187	51,807	41,512	640	42,152	3,108	6,547	9,655
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	\$ 176,211	\$ 7,187	\$ 183,398	\$ 315,357	\$ 640	\$ 315,997	\$ (139,146)	\$ 6,547	\$ (132,599)

(3) (a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount.	581%	612%
(b) Amount of Adjusted Capital And Surplus Used to Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	2,571,757	2,711,416

(4) Impact of tax planning strategies (TPS) on adjusted gross DTAs and net admitted DTAs:

Description	December 31, 2019			December 31, 2018		
	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Adjusted gross DTA's - Percentage	0%	0%	0%	0%	0%	0%
(b) Admitted adjusted gross DTA's - Percentage	0%	0%	0%	0%	0%	0%
(c) Do TPS include a reinsurance strategy?	No			No		

## NOTES TO FINANCIAL STATEMENTS

**B. Temporary differences for which a DTL has not been established:**

The Company has no unrecognized DTLs for amounts described in SSAP 101, paragraph 23.

**C. Significant components of income taxes incurred.**

**(1) Current income taxes incurred consist of the following major components:**

Description	2019	2018	Change
(a) Current federal income tax expense / (benefit)	\$ (145,960)	\$ (308,894)	\$ 162,934
(b) Foreign income tax expense / (benefit)	-	-	-
(c) Subtotal	(145,960)	(308,894)	162,934
(d) Tax expense / benefit on realized capital gains / (losses)	-	-	-
(e) Accrual (reversal) of tax contingencies	-	-	-
(f) Other, including prior year underaccrual (overaccrual)	537	(496)	1,033
(g) Federal and foreign income taxes incurred	\$ (145,423)	\$ (309,390)	\$ 163,967

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

**(2) DTAs Resulting From Book/Tax Differences In**

	December 31, 2019	December 31, 2018	Change
<b>(a) Ordinary</b>			
(1) Discounted claims reserves	\$ 14,964	\$ 13,779	\$ 1,185
(2) Intangible assets	-	-	-
(3) Non-admitted assets	192,660	135,402	57,258
(4) Unearned income	-	483	(483)
(5) AMT credit carryforward	131,591	273,846	(142,255)
(6) Deferred compensation	41,288	42,362	(1,074)
(7) Other	12,964	5,492	7,472
Subtotal - Gross ordinary DTAs	393,467	471,364	(77,897)
(b) Statutory valuation allowance adjustment - ordinary	(210,069)	(155,367)	(54,702)
(c) Nonadmitted ordinary DTAs	-	-	-
(d) Admitted ordinary DTAs	\$ 183,398	\$ 315,997	\$ (132,599)
<b>(e) Capital</b>			
(1) Other than temporary impairments	\$ 1,210	\$ 2,597	\$ (1,387)
(2) Unrealized capital losses	2,147	9,477	(7,330)
Gross capital DTAs	3,357	12,074	(8,717)
(f) Statutory valuation allowance adjustment - capital	(3,357)	(12,074)	8,717
(g) Nonadmitted capital DTAs	-	-	-
(h) Admitted capital DTAs	\$ -	\$ -	\$ -
<b>(i) Admitted DTAs</b>	<b>\$ 183,398</b>	<b>\$ 315,997</b>	<b>\$ (132,599)</b>

**(3) DTLs Resulting From Book/Tax Differences In**

	December 31, 2019	December 31, 2018	Change
<b>(a) Ordinary</b>			
(1) Accrued market discount	\$ (788)	\$ (906)	\$ 118
(2) Partnership investments	(24,279)	(30,870)	6,591
(3) Fixed Assets	(6,429)	(6,369)	(60)
(4) Guaranty fund assessment recoverable	(13,127)	(3,367)	(9,760)
Ordinary DTLs	(44,623)	(41,512)	(3,111)
<b>(b) Capital</b>			
(1) Unrealized capital gains	\$ (7,184)	\$ (640)	\$ (6,544)
Capital DTLs	(7,184)	(640)	(6,544)
<b>(c) DTLs</b>	<b>(51,807)</b>	<b>(42,152)</b>	<b>(9,655)</b>
<b>(4) Net deferred tax assets/liabilities</b>	<b>\$ 131,591</b>	<b>\$ 273,845</b>	<b>\$ (142,254)</b>

The change in net deferred income taxes is comprised of the following:

	December 31, 2019	December 31, 2018	Bal. Sheet Change
Total deferred tax assets	\$ 396,824	\$ 483,438	\$ (86,614)
Total deferred tax liabilities	(51,807)	(42,152)	(9,655)
Net deferred tax assets/liabilities	345,017	441,286	(96,269)
Statutory valuation allowance adjustment	(213,426)	(167,441)	(45,985)
Net deferred tax assets/liabilities after SVA	\$ 131,591	\$ 273,845	\$ (142,254)
Tax effect of unrealized gains/(losses)	5,037	(8,837)	13,874
Statutory valuation allowance adjustment allocated to unrealized			-
Other intraperiod allocation of deferred tax movement			-
Change in net deferred income tax [(charge)/benefit]			\$ (128,380)

## NOTES TO FINANCIAL STATEMENTS

### D. Reconciliation of total statutory income taxes reported to tax at statutory rate:

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

Description	Amount	Tax Effect	Effective Tax Rate
Income Before Taxes	\$ (144,200)	\$ (30,282)	21.00%
Change in deferred taxes on nonadmitted assets	(272,659)	(57,258)	39.71%
162m Compensation adjustment	28,219	5,926	-4.11%
Change in Statutory valuation adjustment	218,978	45,985	-31.88%
Income from disregarded entities	8,255	1,734	-1.20%
Federal tax credits	(12,119)	(2,545)	1.76%
Transfer pricing adjustment	31,354	6,584	-4.57%
Adjustments to prior year deferred balances	48,432	10,171	-7.05%
Other nondeductible expenses	3,817	801	-0.56%
Dividends Received Deduction	(1,814)	(381)	0.26%
Return to provision adjustments	10,581	2,222	-1.54%
	-	-	
Total	<u>\$ (81,156)</u>	<u>\$ (17,043)</u>	<u>11.82%</u>
Federal income taxed incurred [expense/(benefit)]		(145,960)	101.22%
Tax on Realized Capital Gains (Losses)		-	0.00%
Prior year underaccrual (overaccrual)		537	-0.37%
Change in net deferred income tax [charge/(benefit)]		128,380	-89.03%
Total statutory income taxes		<u>\$ (17,043)</u>	<u>11.82%</u>

### E. Carryforwards, recoverable taxes, and IRC 6603 deposits:

At December 31, 2019, the Company did not have any net operating loss carryforwards.

At December 31, 2019, the Company did not have any capital loss carryforwards.

At December 31, 2019, the Company had AMT credit carryforwards of \$131,591, which do not expire.

At December 31, 2019, the Company did not have any foreign tax credit carryforwards.

Income taxes, ordinary and capital, available for recoupment in the event of future losses include:

Available from tax year	Ordinary	Capital	Total
2017	\$ -	\$ 5,325	\$ 5,325
2018	29,043	-	29,043
2019	-	-	-
Total	<u>\$ 29,043</u>	<u>\$ 5,325</u>	<u>\$ 34,368</u>

At December 31, 2019, the Company had no tax amounts deposited in accordance with Section 6603 of the Internal Revenue Code.

### F. Income tax loss contingencies

At December 31, 2019, the Company did not have any income tax loss contingencies as described under SSAP 101, paragraph 27.

### G. The Company's federal income tax return is consolidated with the following entities:

Horizon Casualty Services, Inc.  
Horizon Healthcare Dental, Inc.  
Horizon Healthcare of New Jersey, Inc.  
Horizon Healthcare Plan Holding Company, Inc.  
Horizon Healthcare Services, Inc. (Common Parent)  
Horizon Insurance Company, Inc.  
Multistate Investment Services, Inc.  
Multistate Professional Services, Inc.

The Company files its U.S. Federal Corporate Income Tax Return as a member of the Horizon Healthcare Services, Inc. & Subsidiaries consolidated group participates in the Horizon Healthcare Services, Inc. & Subsidiaries tax sharing agreement. The agreement provides that the Company's tax liability/benefit is computed on a separate company basis using the Consolidated Group's applicable tax rate. In addition, the agreement provides that the Company will be reimbursed by the Parent for tax benefits relating to any net losses or any tax credits generated by the Company and utilized in filing the consolidated return. The federal income tax recoverable/payable in the accompanying statement of admitted assets, liabilities, capital and surplus are due to/from the Parent. Intercompany tax balances are settled annually following the filing of the consolidated federal income tax return.

## 10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AFFILIATES AND OTHER RELATED PARTIES

- A. The Company owns a number of for-profit subsidiaries involved in services ancillary to the Company's health insurance operations. The largest of the Company's wholly owned subsidiaries is Horizon Healthcare Plan Holding Company, Inc. (HHPHC). HHPHC is a holding company for several managed health care subsidiaries. These include:

**Horizon Healthcare of New Jersey (HHNJ):** a health maintenance organization (HMO) operating in New Jersey;  
**Horizon Healthcare Dental, Inc. (HHD):** a New Jersey dental plan organization offering dental products;  
**Horizon Casualty Services, Inc. (HCS):** a managed care workers' compensation company which offers integrated care and administrative services to insurers, employers and third-party administrators; and  
**Horizon Insurance Company, (HIC):** a health insurer operating in New Jersey.

## NOTES TO FINANCIAL STATEMENTS

HHPHC, through its subsidiaries, provides cost effective managed health care benefits to subscribers through a select network of efficient providers, cost-effective provider reimbursement policies, and effective utilization management.

- B. The Company also owns 100% of **Enterprise Property Holdings, LLC. (EPH)**. EPH owns properties located in Monmouth County, New Jersey, which includes a building leased by the Company.
- C. The Company also owns 100% of **Three Penn Plaza Property Holdings Urban Renewal, LLC (3PPPHUR)**. 3PPPHUR owns the Company's headquarters land and building located in Essex County, New Jersey. This property is leased by the Company.

HHSI and HIC entered into a 90% quota share reinsurance agreement effective October 1, 2015 whereby HHSI reinsured 90% of all Medicare Advantage and PDP and Medicare Supplement (Medigap) business, all on a prospective basis, (collectively, the "Senior" business). At December 31, 2019, the amount of premiums, claims, general and administrative costs, assumed were \$516,264, \$438,360, and \$74,853, respectively. Receivables assumed were \$26,897 and liabilities and payables assumed were \$87,122.

Effective January 1, 2017, HHSI and HHNJ entered into a 90% quota share reinsurance agreement whereby HHSI reinsured 90% of all Medicare DSNP, Medicaid, as well as 90% of Commercial Health insured business, all on a prospective basis. At December 31, 2019, the amount of premiums, claims and general and administrative costs assumed were \$4,916,080, \$4,413,737 and \$581,272, respectively. Receivables assumed were \$92,678 and liabilities and payables assumed were \$588,834.

- D. The Company has entered into several service agreements whereby the Company provides certain marketing, data processing, clerical, financial and administrative support functions, at cost. The Company was a party to the following transactions:

- a. The Company sales representatives market HHNJ's and HIC's products. In 2019 and 2018, the Company charged HHNJ \$3,355 and \$1,412, respectively, for these sales support services. In 2019, the Company charged HIC \$1,536 for these services and \$881 in 2018.
- b. The Company purchases dental coverage from HHD for certain of its employees. HHD recorded revenues of \$700 in 2019 and \$710 in 2018 for dental coverage provided to the Company's employees.
- c. The Company provides HHNJ and HIC with certain administrative services, including executive, financial, legal and human resource support. The Company also provides the computer systems and programming support needed by HHNJ for claims processing and customer service. These services are allocated according to a defined formula. Additionally, the Company provides various direct support services related to hospital contract negotiations, enrollment and billing services, front-end clerical functions, mail services, provider network services and medical management functions. HHNJ paid \$310,906 in 2019 and \$174,357 in 2018 to the Company for these services. In 2019 and 2018, the Company charged HIC \$49,171 and \$59,378 for these services.
- d. The Company entered into a Specialty Dental Services Arrangement with HHD, under which the risk associated with fee-for-service claims incurred by HHD was transferred to the Company. HHD paid \$2,548 and \$2,578 in 2019 and 2018, respectively, in capitation payments to the Company for these claims. The Company pays the related claims and carries the associated risk.
- e. The Company provides the computer systems and programming support needed by the affiliates for claims processing and customer services. The Company also provides the administrative services, including executive oversight, financial, legal, and human resources support. These expenses are allocated according to a defined formula. Amounts incurred by the affiliates are as follows:
- HHPHC incurred \$15 for these services in 2019 and 2018.
  - HHD incurred \$814 and \$1,391 for these services in 2019 and 2018, respectively.
  - EPH incurred \$15 for these services in 2019 and 2018.
  - 3PPPHUR incurred \$15 for these services in 2019 and 2018.
  - HCS incurred \$17,935 and \$18,458 for these services in 2018 and 2017, respectively.

- E. The Company reported \$141,567 in net receivables from subsidiaries and affiliates at December 31, 2019 and \$205,001 at December 31, 2018.

- F. The Company entered into a rental agreement with EPH and 3PPPH. Under the terms of the agreement the Company paid \$2,950 of rent in 2019 and 2018 to EPH. Under the terms of the agreement the Company paid \$13,465 and \$13,465 of rent in 2019 and 2018 to 3PPPH.

- G. In 2017, 3PPPHUR entered into a ten year \$100.0 million promissory note payable (Promissory Note) with HHSI to provide for repayment of 3PPPHUR's then existing mortgage which matured in October 2017. The Promissory Note carries an annual interest rate of 4.0% and matures on September 30, 2027. The balance of the Promissory Note was \$80,846 million and \$89,572 million as of December 31, 2019 and 2018, respectively.

## NOTES TO FINANCIAL STATEMENTS

## M. All SCA Investments

(1) Balance Sheet Value ( Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
Enterprise Property Holdings, LLC	100%	25,227	58	25,170
3 Penn Plza Prpty Hldgs Urban Renewal	100%	44,503	44,503	-
Horizon Healthcare Plan Holding Co	100%	1,236,473	1,236,473	-
Multistate Professional Services	100%	(2)	(2)	-
Multistate Investment Services	100%	72,464	72,464	-
Total SSAP No. 97 8a Entities		1,378,665	1,353,495	25,170
b. SSAP No. 97 8b(ii) Entities				
N/A				
Total SSAP No. 97 8b(ii) Entities	-	-	-	-
c. SSAP No. 97 8b(iii) Entities				
N/A				
Total SSAP No. 97 8b(iii) Entities	-	-	-	-
d. SSAP No. 97 8b(iv) Entities				
N/A				
Total SSAP No. 97 8b(iv) Entities	-	-	-	-
e. Total SSAP No. 97 8b entities (except 8bi entities) (b+c+d)				
e. Total SSAP No. 97 8b entities (except 8bi entities) (b+c+d)	-	-	-	-
f. Aggregate Total (a+e)	-	1,378,665	1,353,495	25,170

(2) NAIC Filing Response Information – N/A

## N. Investments in Insurance SCAs – N/A

## 11. DEBT

- (1) The Company maintains revolving credit and advance facilities totaling \$800.0 million at December 31, 2019 and 2018 provided by a consortium of four financial institutions and the Federal Home Loan Bank of New York (FHLBNY) to support our short-term funding needs. The current borrowing terms bear interest, as defined in the agreements.

Federal Home Loan Bank Facility

The Company is a member of the FHLBNY. As a member of the FHLBNY, the Company established a credit facility with a maximum principal amount not to exceed \$200,000 (FHLBNY Credit Facility). The FHLBNY Credit Facility is secured by a pledge of US Treasury/Agency or mortgage securities in the Company's fixed-income debt investment portfolio. The pledged securities must equal or exceed one hundred and ten percent of any amount outstanding under the FHLBNY Credit Facility. Approximately \$100,000 of the FHLBNY Credit Facility is available to be utilized to provide additional short-term working capital capacity (Working Capital Facility).

The Company drew down \$100,000 from the FHLBNY Credit Facility to repay the existing mortgage. Of the \$100,000 borrowed, the Company received proceeds of \$95,500 with the balance of \$4,500 being held by the FHLBNY as activity-based stock. As the Company makes the monthly term loan payments the activity-based stock noted above is proportionately returned by the FHLBNY. This term loan balance was \$80,846 as of December 31, 2019 and \$89,572 as of December 31, 2018 and bears a fixed interest rate of 2.25%. The Company utilized the \$95,500 of proceeds and cash on hand to repay the existing mortgage.

In August 2018, the Company increased the borrowing capacity of the Working Capital Facility to \$400,000 and added Horizon Healthcare of New Jersey, Inc. as a borrower on the FHLBNY Credit Facility.

HHSI has received correspondence from the New Jersey Department of Banking and Insurance which permits it to pledge collateral to the FHLBNY in an amount up to 10% of its prior year-end statutory net admitted asset, excluding separate accounts. Based on HHSI's statutory net admitted assets as of December 31, 2019, the 10% limitation equates to a pledged asset maximum of approximately \$564,300 and an estimated borrowing capacity maximum of approximately \$400,000. FHLBNY borrowings are subject to the FHLBNY's discretion and the availability of qualifying assets at HHSI.

## NOTES TO FINANCIAL STATEMENTS

(2) FHLBNY Capital Stock

a. Aggregate Total

	<u>Total</u>
1. Current Year	
(a) Membership Stock - Class A	
(b) Membership Stock - Class B	5,398
(c) Activity Stock	36,090
(d) Excess Stock	-
(e) Aggregate Total (a+b+c+d)	<u>41,488</u>
(f) Actual or Estimated Borrowing Capacity as Determined by the Insurer	<u>\$ 500,000</u>

Horizon BCBSNJ's borrowing capacity is based on the aggregate value of the securities pledged to the FHLBNY

	<u>Total</u>
2. Prior Year-end	
(a) Membership Stock - Class A	-
(b) Membership Stock - Class B	6,476
(c) Activity Stock	177,613
(d) Excess Stock	-
(e) Aggregate Total (a+b+c+d)	<u>184,089</u>
(f) Actual or Estimated Borrowing Capacity as Determined by the Insurer	<u>\$ 500,000</u>

b. Membership Stock Class (A or B) Eligible for Redemption and Not Eligible for Redemption

Membership Stock	1 Current Year Total (2+3+4+5+6)	2 Not Eligible for Redemption	Eligible for Redemption			
			3 Less Than 6 Months	4 6 Months to Less Than 1 Year	5 1 to Less Than 3 Years	6 3 to 5 Years
Class A		-	-	-	-	-
Class B	5,398	5,398	-	-	-	-

(3) Collateral Pledged to FHLBNY.

a. Amount Pledged as of Reporting Date

	1 Fair Value	2 Carrying Value	3 Aggregate Total Borrowing
Current Year Total Collateral Pledged	\$ 464,614	\$ 453,114	\$ 80,199
Prior Year-end Total Collateral Pledged	\$ 448,036	\$ 451,838	\$ 249,458

b. Maximum Amount Pledged During Reporting Period

	1 Fair Value	2 Carrying Value	3 Amount Borrowed at Time of Maximum Collateral
Current Year Total Maximum Collateral Pledged	\$ 464,614	\$ 453,114	\$ 82,533
Prior Year-end Total Maximum Collateral Pledged	\$ 449,418	\$ 451,838	\$ 299,740

(4) Borrowing from the FHLBNY

a. Amount as of Reporting Date

	<u>Total</u>	<u>Funding Agreements Reserves Established</u>
1. Current Year		
(a) Debt	\$ -	\$ 464,614
(b) Funding Agreements	-	-
(c) Other	-	-
(d) Aggregate Total (a+b+c)	<u>\$ -</u>	<u>\$ 464,614</u>
2. Prior Year-end		
(a) Debt	\$ 249,458	\$ 448,036
(b) Funding Agreements	-	-
(c) Other	-	-
(d) Aggregate Total (a+b+c)	<u>\$ 249,458</u>	<u>\$ 448,036</u>



## NOTES TO FINANCIAL STATEMENTS

b. Maximum Amount Pledged During Reporting Period (Current Year)

	Total
1. Debt	\$ 464,614
2. Funding Agreements	-
3. Other	-
4. Aggregate Total (1+2+3)	\$ 464,614

c. Horizon BCBSNJ does not have prepayment obligations under any of its arrangements with the FHLBNY.

Line of Credit

In August 2018, the Company entered into the Third Amendment and Modification Agreement (Credit and Modification Agreement) to the Credit Facility. The Credit and Modification Agreement amended the total borrowing capacity available to the Company to \$400.0 million modified the maturity date of the Credit and Modification Agreement to August 31, 2020.

The line of credit contains certain financial covenants and restrictions including a minimum statutory surplus requirement. At December 31, 2019, the Company was in compliance with all covenants and other requirements set forth in these agreements.

				Average Interest Rate
December 31, 2019	Borrowing Capacity	Amount Outstanding	-	
Credit Facility	\$ 400.0	\$ 0.3	-	2.98%
Working Capital Facility	\$ 420.0	-	-	2.49%

				Average Interest Rate
December 31, 2018	Borrowing Capacity	Amount Outstanding	-	
Credit Facility	\$ 400.0	-	-	2.77%
Working Capital Facility	\$ 410.0	\$ 160.2	-	2.30%

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

A. Retirement Plans

The Company maintains Horizon Blue Cross Blue Shield of New Jersey Employees' Retirement Plan (Retirement Plan) for all participants actively employed on January 1, 2010.

Additionally, the Company has Management Employees' Savings and Investment Plan and the Union Employees' Savings and Investment Plan (the Plans) for all participants actively employed to receive the Horizon Retirement Contribution (HRC) in place of any pension plan contributions. For the year ended December 31, 2019 and 2018, the Company contributed \$36,616 and \$41,501, respectively, to participants' defined contribution plans under the HRC.

Postretirement Benefits Other Than Pensions

The Company provides postretirement benefits to former employees for health and life insurance. Employees become eligible for these benefits if they meet minimum age requirements and may contribute towards the cost of such benefits depending upon their length of service. The Company has the right to modify or terminate certain benefits.

In accordance with the NAIC directive on accounting for postretirement benefits for statutory accounting purposes, the Company records only the expected postretirement benefit obligation for fully eligible employees.

The Company does not offer other postretirement benefits for employees hired after January 1, 2004 for management employees and after January 1, 2006 for union employees.

The Company uses a measurement date of December 31 for its pension and other post-retirement plans.

Deferred Compensation Plan

There are no stock option plans.

## NOTES TO FINANCIAL STATEMENTS

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 2019 and 2018:

	Pension		Other Postretirement	
	2019	2018	2019	2018
<b>Reconciliation of benefit obligation</b>				
Obligation as of January 1	\$ 296,374	\$ 318,533	\$ 103,922	\$ 115,506
Service cost	-	-	943	1,132
Interest cost	11,307	10,164	3,970	3,705
Benefit payments	(19,027)	(16,619)	(6,083)	(6,552)
Actuarial loss/(gain)	25,638	(15,704)	864	(10,494)
Medicare prescription receivable	-	-	634	625
<b>Obligation as of December 31</b>	<b>314,292</b>	<b>296,374</b>	<b>104,250</b>	<b>103,922</b>
<b>Reconciliation of fair value of plan assets</b>				
Fair value of plan assets as of January 1	342,827	374,033	-	-
Actual return on plan assets	38,900	(16,572)	-	-
Plan participant contributions	-	-	1,287	1,240
Employer contributions	244	1,985	6,083	6,552
Benefit payments	(19,027)	(16,619)	(7,370)	(7,792)
<b>Fair value of plan assets as of December 31</b>	<b>362,944</b>	<b>342,827</b>	<b>-</b>	<b>-</b>
<b>Funded status</b>				
Funded status as of December 31	48,652	46,453	(104,250)	(103,922)
<b>Net amount recognized</b>	<b>\$ 48,652</b>	<b>\$ 46,453</b>	<b>\$ (104,250)</b>	<b>\$ (103,922)</b>

	Pension	
	2019	2018
Interest cost	\$ 11,307	\$ 10,164
Actual return on plan assets	(13,748)	(13,389)
Amortization of prior service cost	555	555
Recognized net actuarial loss	485	14,257
<b>Net periodic benefit/(expense) income</b>	<b>\$ (1,401)</b>	<b>\$ 11,587</b>

	Other Postretirement	
	2019	2018
Service cost	\$ 943	\$ 1,132
Interest cost	3,970	3,705
Amortization of prior service credit	(2,083)	(952)
Recognized net actuarial gain	2,905	2,905
<b>Net periodic benefit cost</b>	<b>\$ 5,735</b>	<b>\$ 6,790</b>

	Pension	
	2019	2018
Discount rate	3.18%/3.12%	4.14%/4.11%
Rate of compensation increases	N/A	N/A

  

	Other Postretirement	
	2019	2018
Discount rate	3.14%	4.05%
Rate of compensation increases	3.00% + merit	3.00% + merit

(9) Not applicable.

(10) For measurement purposes at December 31, 2019, the assumed annual rate of increase in the per capita costs of covered health care benefits for the other postretirement plan was 5.0% for 2019. The Company assumes an ultimate medical trend rate of 5.0% in 2019. Assumed health care trend rates would have the following effects:

	1%	1%
	Increase	Decrease
Effect on total service and interest cost	\$ 35	\$ (43)
Effect on postretirement benefit obligation	\$ 438	\$ (594)

The Company's investment policy for the pension plans is designed to anticipate the financial needs of the plans, consider risk tolerance, and document and communicate objectives, guidelines, and standards to the investment managers. The asset allocation contains guideline percentages, at market value, of the total plan investments which can be invested in various asset classes. The target allocation is an assumption and may vary from period to period as actual asset allocations at any point will be dictated by current and anticipated market conditions, the independent actions of the committee and/or the investment manager which oversees the investment policy, and required cash flows to and from the plans.

## NOTES TO FINANCIAL STATEMENTS

- i. The asset allocation for the Company's pension plans as of December 31, 2019 and 2018, and the target allocation for 2020, by asset category, are as follows:

Asset Category	Target Allocation	Percentage of Plan Assets at Year End	
	2020	2019	2018
Fixed income debt securities	90%-100%	100%	95%
U.S. equity securities	0%-10%	0%	3%
Foreign equity securities	0%-10%	0%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

- (13) Information about the expected benefits paid is as follows:

Expected Employer Contributions	Pension	Other Postretirement	
		Before Subsidy	Expected Subsidy
2020	\$ 322	\$ 8,426	
Expected Benefit Payments	Pension	Before Subsidy	Expected Subsidy
2020	\$ 53,898	\$ 9,011	\$ 585
2121	19,878	9,399	614
2022	20,520	9,721	638
2023	20,701	9,805	670
2024	21,904	9,751	701
2025-2029	95,698	44,340	3,804
	<b>\$ 232,599</b>	<b>\$ 92,027</b>	<b>\$ 7,012</b>

(14) Not Applicable

(15) Not Applicable

(16) Not Applicable

(17) Not Applicable

(18) Not Applicable

(19) Not Applicable

- (20) The following table represents the Plans' fair value hierarchy for its financial assets (cash equivalents and investments) measured at fair value on a recurring basis as of December 31, 2019 and 2018:

2019	Level 1	Level 2	Level 3	Total
Money market and cash equivalents	\$ 46,126	\$ -	\$ -	\$ 46,126
Mutual funds	-	18,933	-	18,933
Fixed income	-	295,551	-	295,551
Accrued interest, dividends and unsettled trades	2,336	-	-	2,336
	<b>\$ 48,462</b>	<b>\$ 314,484</b>	<b>\$ -</b>	<b>\$ 362,945</b>
2018	Level 1	Level 2	Level 3	Total
Money Market	\$ 5,764	\$ -	\$ -	\$ 5,764
Mutual Funds	10,100	18,009	-	28,109
Fixed Income	-	306,936	-	306,936
Accrued interest, dividends and unsettled trades	2,018	-	-	2,018
	<b>\$ 17,882</b>	<b>\$ 324,945</b>	<b>\$ -</b>	<b>\$ 342,827</b>

**E. Defined Contribution Plan**

The Company sponsors the Horizon Blue Cross Blue Shield of New Jersey Management and Union Employees' Savings and Investment Plans, which are contributory 401(k) savings plans. Employees with one month of service are eligible for membership. The Company's contribution to the savings and investment plans amounted to \$11,425 in 2019 and \$11,253 in 2018.

F. Multiemployer Plans: Not Applicable

G. Consolidated/Holding Company Plans: Not Applicable

## NOTES TO FINANCIAL STATEMENTS

I. Impact of Medicare Modernization Act on Postretirement Benefits: Not Applicable

### 13. CAPITAL AND SURPLUS AND SHAREHOLDERS' DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

1. The Company has no common stock authorized, issued, or outstanding.
2. The Company has no preferred stock outstanding.
3. The Company is required to maintain minimum amounts of paid-in capital and paid-in surplus, as specified under New Jersey Insurance Law. The Company's capital and surplus currently exceed those requirements. The Company may not distribute any dividend unless notice of its intention to declare the dividend has been filed with the DOBI and the DOBI has not disapproved the distribution within 30 days of the notice.
4. The Company did not pay any dividends in 2019 or 2018.
5. Within the limitations of (3) above, there are no restrictions placed on the portion of Company's profits that may be paid as ordinary dividends to stockholders.
6. In accordance with the enabling legislation under which the Company operates, the Company's reserves must be allocated between individual and group business. The Company's group business reserves are subject to the uniform risk-based capital ("RBC") and surplus requirements for life and health insurance companies, as set forth in N.J.A.C 11:2-39.1. The Company's group business surplus exceeds the RBC thresholds in 2019 and for 2018. The Company's individual business reserves are required to equal at least 2.5% of premium, and the actual reserves are substantially in excess of that threshold in 2019 and in 2018.

At December 31, the reserves were allocated as follows:

	2019	2018
Individual business	\$ 706,698	\$ 836,173
Group business	1,827,571	2,149,088
2020 Insurer fee	198,411	-
	\$ 2,732,680	\$ 2,985,261

7. There were no unpaid advances to surplus.
8. There was no stock held by the Company for special purposes.
9. There were no special surplus funds.
10. The portion of unassigned surplus represented or reduced by unrealized gains and losses in 2019 was \$151,052 on external investments.
11. The Company has no surplus notes.
12. There has been no quasi-reorganization.

### 14. LIABILITIES, CONTINGENCIES AND ASSESSMENTS

A. Contingent commitments – None

B. Assessments - In May 2017 the Company paid a Guaranty Fund Assessment of \$57,030. In accordance with New Jersey regulations the Company also recorded a discounted 50% receivable of \$28,515, for premium tax credits. The premium tax credits will be realized starting in 2020 at no more than 20% of the total credit per year. In 2016 the Company paid a Guaranty Fund Assessment of \$11,550. In accordance with New Jersey regulations the Company also recorded a \$5,775 receivable, 50% of the total invoiced amount, for premium tax credits. The premium tax credits will be realized starting in 2020 at no more than 20% of the total credit per year.

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$ 30,330
b. Decreases current year:	
Policy surcharges collected	-
Policy surcharges charged off	-
Premium tax offset applied	-
c. Increases current year:	
Policy surcharges collected	-
Policy surcharges charged off	-
Premium tax offset applied:	
Penn Treaty	283
Accretion of prior year	
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$ 30,613

## NOTES TO FINANCIAL STATEMENTS

- a. Discount Rate Applied 4.05%
- b. The Undiscounted and Discounted Amount of the Guaranty Fund Assessments and Related Assets by Insolvency: N/A
- c. Number of Jurisdictions, Ranges of Years Used to Discount and Weighted Average Number of Years of the Discounting Time Period for Payables and Recoverables by Insolvency

Name of the Insolvency	Payable			Recoverables		
	Number of Jurisdictions	Range of Years	Weighted Average Number of Years	Number of Jurisdictions	Range of Years	Weighted Average Number of Years
Health Republic	-	-	-	1	7	7
Penn Treaty	-	-	-	1	7	7

- 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

G. Litigation

From time to time the Company is a party to various legal proceedings. The Company does not believe that any of the matters pending against it are material taken as a whole. However, the Company has summarized below, for purposes of providing background, various legal proceedings to which it is a party. In addition to the following, various other legal actions, claims and governmental inquiries and proceedings are pending or may be instituted or asserted in the future.

***In re: Blue Cross Blue Shield Antitrust Litigation***

This action is a multidistrict litigation (MDL) comprised of more than 60 lawsuits throughout the United States against all Blue Plans and the Blue Cross and Blue Shield Association (BCBSA). This matter has been centralized in the Northern District of Alabama and involves an attack by putative national and state-wide classes of healthcare providers and health insurance subscribers on the lawfulness of the BCBSA trademark license agreements, membership guidelines and rules. The Plaintiffs allege that these agreements, guidelines, and rules violate federal antitrust laws and seek to recover damages as well as obtain injunctive relief.

The Company, with the other defendants, filed a motion to dismiss all claims on numerous grounds which was partially denied without prejudice in June 2014. In December 2014, Defendants filed answers to the provider and subscriber plaintiffs' complaints and asserted its counterclaims.

In October 2015, the Court issued an order prioritizing discovery and class certification motion practice in two actions that were filed directly in the Northern District of Alabama, *American Electric Motor Services Inc. v. Blue Cross and Blue Shield of Alabama, et al.*, commenced by putative subscriber classes, and *Conway v. Blue Cross and Blue Shield of Alabama, et al.*, commenced by putative provider classes. The Company is a named defendant in both. Between January 2016 and April 2017, subscriber plaintiffs and provider plaintiffs have filed various actions, all of which have been consolidated into the MDL, and amended complaints. In February 2017, the Court granted, in part, defendants' motion for summary judgment. In June 2017, the Court denied defendants' motion to dismiss certain of the claims in provider plaintiffs' consolidated complaint. Cross motions for partial summary judgment on the relevant standard of review governing the claims asserted in the case were heard by the Court in October 2017. In April 2018, the Court issued its ruling on the standard of review. The Defendants sought leave from the Court to petition the 11<sup>th</sup> Circuit, which was granted. However, in December 2018, the 11<sup>th</sup> Circuit denied Defendants' petition for an appeal. Both Provider and Subscriber Plaintiffs have filed motions for Class Certifications. The Company has filed oppositions to both motions for Class Certifications. There have been no hearings on the motions as the Court has stayed the litigation in order to allow the parties to attempt settlement of this matter. The Company is vigorously defending this litigation.

***LifeWatch Services, Inc. v. Highmark, Inc., et al.***

*LifeWatch Services, Inc. v. Highmark, Inc., et al.* is an action previously included in the *In re: Blue Cross Blue Shield Antitrust Litigation*. Plaintiff is a durable medical equipment supplier of mobile cardiac outpatient telemetry units (MCOT), which remotely monitor patients for heart issues. Plaintiff makes antitrust claims against Highmark, Inc., BCBSA, Anthem, Horizon Blue Cross Blue Shield of New Jersey, Blue Cross Blue Shield of South Carolina, and Blue Cross Blue Shield of Minnesota, alleging a conspiracy to not reimburse for MCOT. This conspiracy is allegedly implemented via a BCBSA medical policy. The matter has been remanded to the Eastern District of Pennsylvania where Plaintiff has filed a Third Amended Complaint. In May 2016, the Company and other defendants filed a Motion to Dismiss the Third Amended Complaint. In December 2016, the Court heard oral argument on the Motion to Dismiss. Plaintiff has resolved the litigation with one of the defendants, Highmark, Inc. On April 3, 2017, Judge Robreno granted Defendants' motion to dismiss the Third Amended Complaint and dismissed the litigation with prejudice. Plaintiff appealed the dismissal and, in August 2018, the 3<sup>rd</sup> Circuit reversed the dismissal. The Company's Motion to Dismiss based on the McCarran-Ferguson Act remains pending before the Eastern District Court of Pennsylvania. The Company is vigorously defending this litigation.

***OMNIA Litigation***

The Company is a party to two litigations involving the innovative healthcare value product, OMNIA, the selection of the OMNIA partners and the Tier I and Tier II designations of providers.

In *Saint Peter's University Hospital, Inc. v. Horizon Healthcare Services, Inc.*, Saint Peter's alleges, *inter alia*, causes of action for Breach of Contract and Breach of the Implied Covenant of Good Faith and Fair Dealing and requests injunctive relief, including Tier I status for OMNIA. This case is in active discovery.

The second case, *Association of New Jersey Chiropractors et al. v. Horizon Healthcare Services, Inc.*, challenged the network adequacy for chiropractic providers. The Company was successful in having this case dismissed by the Court. Plaintiffs appealed the decision to the Appellate Division, which upheld the dismissal. The case is now closed.

## NOTES TO FINANCIAL STATEMENTS

### Conclusion

The Company does not anticipate that the above matters will have a material impact on its business. In addition, the Company records accruals for such contingencies to the extent that it concludes it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. No estimate of the possible loss or range of loss in excess of amounts accrued, if any, can be made at this time regarding the matters specifically described above because of the inherently unpredictable nature of legal proceedings, which also may be exacerbated by various factors, including: (i) the damages sought in the proceedings are unsubstantiated or indeterminate; (ii) discovery is not complete; (iii) the proceeding is in its early stages; (iv) the matters present legal uncertainties; (v) there are significant facts in dispute; (vi) there are a large number of parties (including where it is uncertain how liability, if any, will be shared among the defendants); or (vii) there is a wide range of potential outcomes.

The Company is also involved in other various legal actions, including employment actions, occurring in the normal course of its business. Although the ultimate outcome of such legal actions cannot be predicted with certainty, in the opinion of management, after consultation with counsel responsible for such litigation, the outcome of these actions is not expected to have a material adverse effect on the Company's financial position, results of operations or financial condition.

### 15) LEASES

The Company has non-cancelable operating leases for real estate and equipment that expire over the next ten years, many of which provide for purchase or renewal options. Certain leases contain escalation clauses, which have been reflected on a straight-line basis over the life of the lease.

	Minimum Lease Payments
2020	25,612
2021	24,355
2022	23,917
2023	22,774
Thereafter	<u>674,029</u>
	<u>770,686</u>

Total rent expense for operating leases in 2019 and 2018 was \$30,463 million and \$32,702 million, respectively.

### 16) INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATION OF CREDIT RISK

Not applicable

### 17) SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENT OF LIABILITIES

Not applicable

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

Cost-Plus contracts represent funding arrangements with certain larger group customers, whereby they agree to fully fund claims and administrative expenses as incurred by the Company. These contracts have been classified as uninsured health plans for financial statement purposes, leaving only the reimbursement for administrative expenses from these groups shown as a reduction in operating expenses.

Had these groups been considered as insured business, premiums claims and operating expenses would have been increased by the following amounts in 2019:

ASO Plans	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total SASC
The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans as follows during 2019:			
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$ -	\$ -	\$ -
b. Total net other income or expenses (including interest paid to or received from plans)	\$ -	\$ -	\$ -
c. Net gain or (Loss) from operations	\$ -	\$ -	\$ -
d. Total claim payment volume	\$ -	\$ -	\$ -
ASC Plans	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total SASC
The gain from operations from Administrative Service Contract (ASC) uninsured plans and the uninsured portion of partially insured plans was as follows during 2019:			
a. Gross reimbursement for medical cost incurred	\$ 9,515,088	\$ -	\$ 9,515,088
b. Gross administrative fees accrued	\$ 318,718	\$ -	\$ 318,718
c. Other income or expenses (including interest paid to or received from plans)	\$ -	\$ -	\$ -
d. Gross expenses incurred (claims and administrative)	\$ 9,833,806	\$ -	\$ 9,833,806
e. Total net gain or loss from operations	\$ -	\$ -	\$ -

## NOTES TO FINANCIAL STATEMENTS

Had these groups been considered as insured business, premiums claims and operating expenses would have been increased by the following amounts in 2018:

ASO Plans	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total SASC
The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans as follows during 2018:			
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$ -	\$ -	\$ -
b. Total net other income or expenses (including interest paid to or received from plans)	\$ -	\$ -	\$ -
c. Net gain or (Loss) from operations	\$ -	\$ -	\$ -
d. Total claim payment volume	\$ -	\$ -	\$ -

ASC Plans	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total SASC
The gain from operations from Administrative Service Contract (ASC) uninsured plans and the uninsured portion of partially insured plans was as follows during 2018:			
a. Gross reimbursement for medical cost incurred	\$ 9,374,308	\$ -	\$ 9,374,308
b. Gross administrative fees accrued	\$ 336,739	\$ -	\$ 336,739
c. Other income or expenses (including interest paid to or received from plans)	\$ -	\$ -	\$ -
d. Gross expenses incurred (claims and administrative)	\$ 9,711,047	\$ -	\$ 9,711,047
e. Total net gain or loss from operations	\$ -	\$ -	\$ -

### 19) DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

Not applicable

### 20) FAIR VALUE MEASUREMENTS

A.

December 31, 2019	Level I	Level II	Level III	Total
<b>Fixed income debt securities</b>				
Domestic				
Short-term money market funds, at fair value, restricted	\$ -	\$ -	\$ -	\$ -
US treasury securities and obligations of US government corporations and agencies, available-for-sale, at fair value	-	-	-	-
Corporate bonds, available-for-sale, at fair value	-	54,192	-	54,192
Collateralized securities, available-for-sale, at fair value	-	7,120	-	7,120
<b>Total fixed income debt securities</b>	<b>-</b>	<b>61,312</b>	<b>-</b>	<b>61,312</b>
Equity securities				
Domestic	184,351	-	-	184,351
Foreign	133,506	-	-	133,506
Preferred	1,446	-	-	1,446
<b>Total equity securities</b>	<b>319,303</b>	<b>-</b>	<b>-</b>	<b>319,303</b>
<b>Total</b>	<b>\$ 319,303</b>	<b>\$ 61,312</b>	<b>\$ -</b>	<b>\$ 380,615</b>

December 31, 2018	Level I	Level II	Level III	Total
<b>Fixed income debt securities</b>				
Domestic				
Short-term money market funds, at fair value, restricted	\$ -	\$ -	\$ -	\$ -
US treasury securities and obligations of US government corporations and agencies, available-for-sale, at fair value	-	3,858	-	3,858
Corporate bonds, available-for-sale, at fair value	-	304,787	-	304,787
Collateralized securities, available-for-sale, at fair value	-	6,497	-	6,497
<b>Total fixed income debt securities</b>	<b>-</b>	<b>315,142</b>	<b>-</b>	<b>315,142</b>
Equity securities				
Domestic	108,490	73,289	636	182,415
Foreign	149,618	-	-	149,618
Preferred	3,206	-	-	3,206
<b>Total equity securities</b>	<b>261,314</b>	<b>73,289</b>	<b>636</b>	<b>335,239</b>
<b>Total</b>	<b>\$ 261,314</b>	<b>\$ 388,431</b>	<b>\$ 636</b>	<b>\$ 650,381</b>

## NOTES TO FINANCIAL STATEMENTS

The table below sets forth a summary of the changes in the fair value of our Level III investments for the year ended December 31, 2019.

## C. Aggregate Fair Value by Hierarchical Level

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bond	1,656,535	\$ 1,595,067	\$ -	\$ 1,656,535	\$ -	\$ -
Collateralized Mortgage Obligation	402,359	394,009	-	402,359	-	-
Mortgage Back Securities	276,862	272,108	-	276,862	-	-
Redeemable Preferred Stocks	1,128	1,125	1,128	-	-	-
Perpetual Preferred Stocks	4,652	4,204	4,652	-	-	-
Common Stock	317,857	317,857	317,857	-	-	-
Short Term	6,779	6,780	3,364	3,415	-	-
Cash and Cash Equivalent	53,789	53,788	17,677	4,085	-	32,027
<b>Total</b>	<b>\$ 2,719,961</b>	<b>\$ 2,644,938</b>	<b>\$ 344,678</b>	<b>\$ 2,343,256</b>	<b>\$ -</b>	<b>\$ 32,027</b>

## D. Not Practicable to Estimate Fair Value Detail

December 31, 2019

Type or Class of Financial Instrument

CUSIP	Lot	Security Description	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
<b>Cash and Cash Equivalents</b>						
CASHUS-D0-0	1	JP MORGAN BANK DEPOSIT SWEEP	\$ -	0.00004		
CASHUS-D0-0	2	JP MORGAN BANK DEPOSIT SWEEP	17	0.00004		
CASHUS-D0-0	3	JP MORGAN BANK DEPOSIT SWEEP	671	0.00004		
CASHUS-D0-0	4	JP MORGAN BANK DEPOSIT SWEEP	1,107	0.00004		
CASHUS-D0-0	5	JP MORGAN BANK DEPOSIT SWEEP	1,661	0.00004		
CASHUS-D0-0	6	JP MORGAN BANK DEPOSIT SWEEP	0	0.00004		
CASHUS-D0-0	7	JP MORGAN BANK DEPOSIT SWEEP	1,135	0.00004		
CASHUS-D0-0	8	JP MORGAN BANK DEPOSIT SWEEP	1	0.00004		
CASHUS-D0-0	9	JP MORGAN BANK DEPOSIT SWEEP	1,479	0.00004		
CASHUS-D0-0	10	JP MORGAN BANK DEPOSIT SWEEP	17,038	0.00004		
CASHUS-D0-0	11	JP MORGAN BANK DEPOSIT SWEEP	2,687	0.00004		
CASHUS-D0-0	12	JP MORGAN BANK DEPOSIT SWEEP	0	0.00004		
CASHUS-D0-0	13	JP MORGAN BANK DEPOSIT SWEEP	5,598	0.00004		
CASHUS-D0-0	14	JP MORGAN BANK DEPOSIT SWEEP	41	0.00004		
CASHUS-D0-0	15	JP MORGAN BANK DEPOSIT SWEEP	592	0.00004		
<b>Total Cash and Cash Equivalents</b>			<b>\$ 32,027</b>			

## 21) OTHER ITEMS

- A. Unusual or infrequent items – None
- B. Troubled debt restructuring: debtor – None
- C. Other disclosures - In February 2018, HHSI announced that as a result of the recently enacted Federal tax reforms that it was going to use 50% of the benefit it is receiving to benefit its policy holders in 2018 and invest, over the next five years, in initiatives that would drive improvements in health care for its members in the areas of behavioral health, access to care and addiction. To that end, through 2019 the Company distributed \$131,957 to its members and invested an additional \$57,746 in health care initiatives.
- D. Business interruption insurance recoveries – None
- E. State transferable and non-transferable tax credits – None
- F. Sub-prime mortgage related risk exposure – None
- G. Retained assets – None
- H. Insurance – Linked Securities (ICS) Contracts – None
- I. Amount that could be realized on life insurance where the reporting entity is the owner and beneficiary or otherwise has obtained rights to control the policy - None

## 22) EVENTS SUBSEQUENT

The Company follows established guidelines for accounting and disclosure of events that occur after the balance sheet date but before financial statements are issued. The Company has evaluated subsequent events for recognition or disclosure in these financial statements through the date of their issuance on February 27, 2020.

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 an U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of Dec. 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 \$122,766. This amount is reflected in special surplus. This assessment is expected to impact risk based capital (RBC) by 30.0%. Reporting the ACA assessment as of December 31, 2019, would not have triggered an RBC action level.



## NOTES TO FINANCIAL STATEMENTS

	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act(YES/NO)?	Yes	
B. ACA fee assessment payable for the upcoming year	122,766	-
C. ACA fee assessment paid	-	-
D. Premium written subject to ACA 9010 assessment	6,143,565	-
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	2,732,680	-
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	2,609,914	-
G. Authorized Control Level (Five-Year Historical Line 15)	415,959	-
H. Would reporting the ACA assessment as of Dec. 31, 2019 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)

If yes, give full details.

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

Yes ( ) No (X)

If yes, give full details.

## 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)

- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate \$\_\_\_\_\_.

- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement? \$556,381

- (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)

If yes, give full details.

## Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$75,877 increase to surplus.

- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes ( ) No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$\_\_\_\_\_

- B. Uncollectible Reinsurance**  
Not applicable

- C. Commutation of Ceded Reinsurance**  
Not applicable

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

## NOTES TO FINANCIAL STATEMENTS

## 24) RETROSPECTIVELY RATED CONTRACTS and CONTRACTS SUBJECT TO REDETERMINATION

## D. Medical loss ratio rebates required pursuant to the Public Health Services Act

	1	2	3	4	5
	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred	-	-	-	-	-
(2) Medical loss ratio rebates paid	-	-	-	-	-
(3) Medical loss ratio rebates unpaid	-	-	-	-	-
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	-
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred	-	-	-	-	-
(8) Medical loss ratio rebates paid	-	-	-	-	-
(9) Medical loss ratio rebates unpaid	-	-	-	-	-
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	-

## E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

(1) Did the reporting entity write accidental and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions	Yes
(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year	<u>Amount</u>
a. Permanent ACA Risk Adjustment Program	
Asset	
1 Premium adjustments receivable due to ACA Risk Adjustment	102,240
Liabilities	
2 Risk adjustment user fees payable for ACA Risk Adjustment	672
3 Premium adjustments payable due to ACA Risk Adjustment	20,777
Operations (Revenue & Expense)	
Reported as revenue in Premium for accident and health contracts	
4 (written/collected) due to ACA Risk Adjustment	81,463
5 Reported in expenses as ACA risk adjustment user fees (incurred/paid)	672
b. Transitional ACA Reinsurance Program	
Asset	
1 Amounts recoverable for claims paid due to ACA Reinsurance	-
2 Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	-
3 Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	-
Liabilities	
4 Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	-
5 Ceded reinsurance premium payable due to ACA Reinsurance	-
6 Liabilities for amounts held under uninsured plans contributions for ACA reinsurance	-
Operations (Revenue & Expense)	
7 Ceded reinsurance premium payable due to ACA Reinsurance	-
8 Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	-
9 ACA Reinsurance contributions - not reported as ceded premium	-
c. Temporary ACA Risk Corridors Program	
Asset	
1 Accrued retrospective premium due to ACA Risk Corridors	-
Liabilities	
2 Reserve for credits or policy experience rating refunds due to ACA Risk Corridors	-
Operations (Revenue & Expense)	
3 Effect of ACA Risk Corridors on net premium income (paid/received)	-
4 Effect of ACA Risk Corridors on change in reserves for rate credits	-

NOTES TO FINANCIAL STATEMENTS

Accrued During the prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Unsettled Balance as of Reporting Date		
				Prior Year Accrued Less Payments (Col 1-3)	Prior Year Accrued Less Payments (Col 2-4)	To Prior Year Balance	To Prior Year Balance	Cumulative Balance from Prior Years (Col 1-3+7)	Cumulative Balance from Prior Years (Col 2-4+8)	
1	2	3	4	5	6	7	8	Ref	9	10
Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)

(3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission)

a. Permanent ACA Risk Adjustment Program											
1 Premium adjustment receivable	81,031	-	89,332	-	(8,301)	-	8,653	-	A	352	-
2 Premium adjustment (payable)	-	(3,296)	-	(3,296)	-	-	-	(121,416)	B	-	(121,416)
3 Subtotal ACA Permanent Risk Adjustment Program	81,031	(3,296)	89,332	(3,296)	(8,301)	-	8,653	(121,416)		352	(121,416)
b. Transitional ACA Reinsurance Program											
1 Amounts recoverable for claims paid	8,464	-	8,464	-	-	-	-	-	C	-	-
2 Amounts recoverable for claims unpaid (contra liability)	-	-	-	-	-	-	-	-	D	-	-
3 Amounts receivable relating to uninsured plans	-	-	-	-	-	-	-	-	E	-	-
4 Liabilities for contributions payable due to ACA reinsurance - not reported as cede premium	-	-	-	-	-	-	-	-	F	-	-
5 Ceded reinsurance premiums payable	-	-	-	-	-	-	-	-	G	-	-
6 Liability for amounts held under uninsured plans	-	-	-	-	-	-	-	-	H	-	-
7 Subtotal ACA transitional Reinsurance program	8,464	-	8,464	-	-	-	-	-		-	-
c. Temporary ACA Risk Corridors Program											
1 Accrued retrospective premium	-	-	-	-	-	-	-	-	I	-	-
2 Reserve for rate credited or policy experience rating refunds	-	-	-	-	-	-	-	-	J	-	-
3 Subtotal ACA Risk Corridors program	-	-	-	-	-	-	-	-		-	-
d. Total for ACA Risk sharing provisions	89,495	(3,296)	97,796	(3,296)	(8,301)	-	8,653	(121,416)		352	(121,416)

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year

Risk Corridor Program Year	Accrued During the prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Unsettled Balance as of		
					Prior Year Accrued Less Payments (Col 1-3)	Prior Year Accrued Less Payments (Co 2-4)	To Prior Year Balance	To Prior Year Balance	Cumulative Balance from Prior Years (Col 1-3+7)	Cumulative Balance from Prior Years (Col 2-4+8)	
	1	2	3	4	5	6	7	8	Ref	9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)

a. 2015											
1. Accrued retrospective premium	-	-	-	-	-	-	-	-		-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-		-	-
b. 2016											
1. Accrued retrospective premium	-	-	-	-	-	-	-	-		-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-		-	-
c. 2017											
1. Accrued retrospective premium	-	-	-	-	-	-	-	-		-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-		-	-
d. 2018											
1. Accrued retrospective premium	-	-	-	-	-	-	-	-		-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-		-	-
e. Total for Risk Corridors	-	-	-	-	-	-	-	-		-	-

(5) ACA Risk Corridors Receivable as of Reporting Date

Risk Corridors Program Year	1 Estimated Amount to Filed or Final Amount Filed with CMS	2 Non-Accrued Amounts for Impairment or Other Reasons	3 Amounts received from CMS	4 Asset Balance (Gross of Non admissions) (1-2-3)	5 Non-admitted Amount	6 Net Admitted Asset (4-5)
a. 2015	-	-	-	-	-	-
b. 2016	-	-	-	-	-	-
c. 2017	-	-	-	-	-	-
d. 2018	-	-	-	-	-	-
e. Total (a+b+c)	-	-	-	-	-	-

25) CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Reserves for incurred claims attributable to insured events of prior years of \$12,079 unfavorably impacted 2019 results of operations as a result of re-estimation of unpaid claims. The unfavorable impact is the result of ongoing analysis of recent loss development trends. Original estimates are revised as additional information becomes available.

26) INTERCOMPANY POOLING ARRANGEMENTS

Not applicable

27) STRUCTURED SETTLEMENTS

Not applicable

## NOTES TO FINANCIAL STATEMENTS

### 28) HEALTH CARE RECEIVABLES

Pharmacy rebate receivables are included in premiums and other receivables on the balance sheet. The amount of pharmacy rebates estimated, billed or otherwise collected for the last two years was as follows:

	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	\$ 141,154	\$ 62,809	\$ -	\$ 63,257	\$ 2,999
9/30/2019	129,168	59,342	0	60,466	2,546
6/30/2019	120,612	54,931	0	65,253	2,833
3/31/2019	128,325	59,014	0	63,845	895
12/31/2018	\$ 127,415	\$ 56,136	\$ -	\$ 62,370	\$ 2,079
9/30/2018	127,947	57,682	0	56,690	2,612
6/30/2018	114,462	53,638	0	55,465	991
3/31/2018	112,277	51,809	0	51,284	1,397

### 29) PARTICIPATING POLICIES

Not applicable

### 30) PREMIUM DEFICIENCY RESERVES

There was no premium deficiency reserve required at December 31, 2019 or 2018.

### 31) ANTICIPATED SALVAGE AND SUBROGATION

Salvage and subrogation amounts are not separately quantified or identified. Any actual recoveries are considered in the calculation of the outstanding claim liability.

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ X ] No [ ]  
 If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [ X ] No [ ] N/A [ ]
- 1.3 State Regulating? New Jersey.....
- 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. ....12/31/2015
- 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. ....12/31/2015
- 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). ....02/10/2017
- 3.4 By what department or departments? New Jersey Department of Banking and Insurance.....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [ ] No [ ] N/A [ X ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ ] No [ ] N/A [ X ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [ ] No [ X ]
- 4.12 renewals? Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [ ] No [ X ]
- 4.22 renewals? Yes [ ] No [ X ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [ X ]  
 If yes, complete and file the merger history data file with the NAIC.
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [ X ]
- 6.2 If yes, give full information .....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [ X ]
- 7.2 If yes, .....0.0 %
- 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 Nationality	2 Type of Entity
.....	.....
.....	.....
.....	.....

## GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [ X ]  
 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [ X ]  
 8.4 If response to 8.3 is yes, please provide 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 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 Ernst & Young, LLP, 5 Times Square, New York, NY 10036-6530.....
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [ X ]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [ X ]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [ X ] No [ ] N/A [ ]
- 10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
 Kenny Kan (Vice President and Chief Actuary), Horizon BCBSNJ, 3 Penn Plaza East, Newark, NJ 07105-2248.....
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ X ] No [ ]
- Enterprise Property Holdings, LLC and Three Penn Plaza Property Holdings Urban Renewal, LLC.....

12.11 Name of real estate holding company

12.12 Number of parcels involved .....3

12.13 Total book/adjusted carrying value \$ .....69,730,135

- 12.2 If yes, provide explanation  
 Reporting entity has two wholly-owned entities that are real estate holding companies.....
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?  
 Reporting Entity has two wholly-owned entities that are real estate holding companies.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ X ] No [ ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  
 Yes [ X ] No [ ]
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
  - b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
  - c. Compliance with applicable governmental laws, rules and regulations;
  - d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
  - e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [ X ]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [ X ]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

## GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [ X ]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

### BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [ X ] No [ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [ X ] No [ ]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict 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 the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- |  |   |          |
|--|---|----------|
|  | 20.21 To directors or other officers              | \$.....0 |
|  | 20.22 To stockholders not officers                | \$.....0 |
|  | 20.23 Trustees, supreme or grand (Fraternal only) | \$.....0 |
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [ X ]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- |  |                            |          |
|--|----------------------------|----------|
|  | 21.21 Rented from others   | \$.....0 |
|  | 21.22 Borrowed from others | \$.....0 |
|  | 21.23 Leased from others   | \$.....0 |
|  | 21.24 Other                | \$.....0 |
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [ X ] No [ ]
- 22.2 If answer is yes:
- |  |  |                  |
|--|--|------------------|
|  | 22.21 Amount paid as losses or risk adjustment | \$.....2,003,891 |
|  | 22.22 Amount paid as expenses                  | \$.....0         |
|  | 22.23 Other amounts paid                       | \$.....0         |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ X ] No [ ]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....0

### INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [ X ] No [ ]
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 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 [ ] NA [ 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 [ ] NA [ X ]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] NA [ 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 [ ] NA [ 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:
- |  |  |          |
|--|--|----------|
|  | 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 |

## GENERAL INTERROGATORIES

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

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

25.21 Subject to repurchase agreements	\$ .....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	\$ .....539,800
25.28 On deposit with states	\$ .....0
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	\$ .....100,248,890
25.32 Other	\$ .....0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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 <input type="checkbox"/> No <input type="checkbox"/>
26.42 Permitted accounting practice	Yes <input type="checkbox"/> No <input type="checkbox"/>
26.43 Other accounting guidance	Yes <input type="checkbox"/> No <input type="checkbox"/>

26.5 By responding YES to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following: Yes  No

- 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 within 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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase, NA.....	New York, NY.....
Wells Fargo, NA.....	San Francisco, CA.....
Citi Bank.....	New York, NY.....

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
BNY Mellon, NA.....	New York, NY.....	The company utilizes BNY Mellon for its short-term investments.....

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

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

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



## GENERAL INTERROGATORIES

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

1 Name of Firm or Individual	2 Affiliation
Black Rock, Inc.....	U.....
Shenkman Capital Mgmt.....	U.....
Wellington Mgmt, Co.....	U.....
Alliance Capital Mgmt.....	U.....
Prudential Investment Mgmt, Inc.....	U.....
Vanguard Group, Inc.....	U.....
TimesSquare Capital Management, LLC.....	U.....
Aegon USA Investment Management.....	U.....
PACIFIC INVESTMENT MANAGEMENT COMPANY LLC.....	U.....
Lazard Asset Management, LLC.....	U.....

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 [ ] No [ X ]

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 [ ] No [ X ]

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

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
111069.....	Aberdeen Asset Management, LLC.....	549300RU316568TLL50.....	SEC.....	NO.....
108477.....	Alliance Capital Management.....	0JK55UGWSWNF3X7KLQ85.....	SEC.....	NO.....
107105.....	BlackRock, Inc.....	549300LVXYIVJKE13M84.....	SEC.....	NO.....
104559.....	Pacific Investment Management Company, LLC.....	549300KGPQZXGMYYN38.....	SEC.....	NO.....
105676.....	Prudential Investment Management, Inc.....	5493009SX8QJBZY16B87.....	SEC.....	NO.....
112192.....	Shenkman Capital Management.....	549300915M5PZJRLF317.....	SEC (file number: 801-25180).....	NO.....
153456.....	TimesSquare Capital Management, LLC.....	N/A.....	SEC.....	NO.....
105958.....	Vanguard Group, Inc.....	54930002789CX3L0CJP6.....	SEC (file number: 801-11953).....	NO.....
122836.....	Lazard Asset Management, LLC.....	P11BQ116K7EXV2096E20.....	SEC.....	NO.....
106595.....	Wellington Management Company.....	549300YHP12TEZNLCCX41.....	SEC.....	NO.....

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2001 561709-85-8.....	Timesquare Small Cap Growth Fund.....	14,129,435
29.2002 52106N-88-9.....	LAZARD EM FDS.....	31,540,265
29.2003 02368A-20-8.....	ABF LARGE CAP VAL INSTL.....	497,226
29.2004 24610B-81-8.....	DELAWARE GROUP EQUITY FDS V.....	66,532
29.2005 315794-71-9.....	FIDELITY FREEDOM 2055 K.....	171
29.2006 315794-73-5.....	FIDELITY FREEDOM 2045 K.....	86,685
29.2007 315794-74-3.....	FIDELITY FREEDOM 2040 K.....	374,073
29.2008 315794-75-0.....	FIDELITY FREEDOM 2035 K.....	2,098,231
29.2009 315794-76-8.....	FIDELITY FREEDOM 2030 K.....	2,554,207
29.2010 315794-77-6.....	FIDELITY FREEDOM 2025 K.....	7,348,670
29.2011 315794-78-4.....	FIDELITY FREEDOM 2020 K.....	3,723,174
29.2012 315794-79-2.....	FIDELITY FREEDOM 2015 K.....	1,982,686
29.2013 315794-81-8.....	FIDELITY FREEDOM 2010 K.....	18,115
29.2014 315794-83-4.....	FIDELITY FREEDOM INCM K.....	178,411
29.2015 315910-26-5.....	FIDELITY INTL DISCOVERY K.....	541,097
29.2016 315910-50-5.....	FIDELITY WORLDWIDE FD.....	778,617
29.2017 315911-69-3.....	FID TOT MKT IDX IPR.....	458,209
29.2018 315911-72-7.....	FID INTL INDEX IPR.....	205,333
29.2019 315911-74-3.....	FID EXT MKT IDX IPR.....	437,630
29.2020 315911-75-0.....	FID 500 INDEX IPR.....	2,990,934
29.2021 315912-40-2.....	FIDELITY LARGE CAP STOCK FD.....	665,759
29.2022 316071-70-3.....	FIDELITY CONTRAFUND INC K.....	2,264,984
29.2023 316128-65-1.....	FIDELITY EQUITY INCOME K.....	211,052
29.2024 316138-20-5.....	FIDELITY REAL ESTATE INVS FD.....	741,497
29.2025 316146-35-6.....	FID US BOND IDX.....	724,311
29.2026 316146-40-6.....	FIDELITY HIGH INCOME.....	759,186
29.2027 316345-60-2.....	FIDELITY BALANCED K.....	814,124
29.2028 31635T-10-4.....	FID INFL PR BD IDX.....	150,139
29.2029 416529-80-8.....	HARTFORD SM CAP GROWTH FD - Y.....	860,876
29.2030 55273W-47-5.....	MFS SER TR XI MD CP VALUE R5.....	216,711
29.2031 57630A-59-2.....	MASSMUTUAL SELECT FDS SEL MC.....	1,007,541
29.2032 63872R-57-4.....	LOOMIS CORE PL BD N.....	741,396
29.2033 641233-20-0.....	NEUBERGER BERMAN GENESIS INSTL.....	594,469
29.2034.....		
29.2035.....		
29.2036.....		
29.2037.....		
29.2999 TOTAL		79,761,742

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

**GENERAL INTERROGATORIES**

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
Timesquare Small Cap Growth Fund	PAYLOCITY HOLDING CORPORATION	346,171	12/31/2019
Timesquare Small Cap Growth Fund	CURIOSITYSTREAM INC.	316,499	
Timesquare Small Cap Growth Fund	REXNORD CORP.	299,544	
Timesquare Small Cap Growth Fund	ADDUS HOMECARE COR.	267,046	
Timesquare Small Cap Growth Fund	TRINET GROUP INC.	267,046	
LAZARD EM FDS	China Construction Bank H.	1,634,295	12/31/2019
LAZARD EM FDS	Samsung Electronics Ltd.	1,547,319	
LAZARD EM FDS	SK Hynix Inc.	1,069,784	
LAZARD EM FDS	Banco Do Brasil SA	1,019,540	
LAZARD EM FDS	Sberbank	975,710	
ABF LARGE CAP VAL INSTL	JPMorgan Chase & Co.	13,873	11/30/2019
	Citigroup Inc.	13,525	
	Wells Fargo & Co.	12,530	
	Medtronic PLC	11,188	
	General Electric Co.	9,746	
DELAWARE GROUP EQUITY FDS V	East West Bancorp Inc.	1,796	12/31/2019
	ITT INC.	1,710	
	MasTec Inc.	1,477	
	Selective Insurance Group	1,311	
	Webter Financial Corp.	1,204	
FIDELITY FREEDOM 2055 K	Fidelity Series Emerging Markets	19	12/31/2019
	Fidelity Series International Growth	17	
	Fidelity Series International Value	16	
	Fidelity Series Intrinsic Opps.	15	
	Fidelity Series Growth & Income Fund	13	
FIDELITY FREEDOM 2045 K	Fidelity Series Emerging Markets	9,717	12/31/2019
	Fidelity Series International Growth	8,469	
	Fidelity Series International Value	8,114	
	Fidelity Series Intrinsic Opps.	7,594	
	Fidelity Series Growth & Income Fund	6,649	
FIDELITY FREEDOM 2040 K	Fidelity Series Emerging Markets	41,934	12/31/2019
	Fidelity Series International Growth	36,547	
	Fidelity Series International Value	34,976	
	Fidelity Series Intrinsic Opps.	32,806	
	Fidelity Series Growth & Income Fund	28,691	
FIDELITY FREEDOM 2035 K	Fidelity Series Emerging Markets	221,783	12/31/2019
	Fidelity Series International Growth	191,149	
	Fidelity Series International Value	183,805	
	Fidelity Series Intrinsic Opps.	168,278	
	Fidelity Series Growth & Income Fund	147,086	
FIDELITY FREEDOM 2030 K	Fidelity Series Investment Grade Bond	470,740	12/31/2019
	Fidelity Series Emerging Markets	235,498	
	Fidelity Series International Growth	198,206	
	Fidelity Series International Value	189,267	
	Fidelity Series Intrinsic Opps.	165,513	
FIDELITY FREEDOM 2025 K	Fidelity Series Investment Grade Bond	1,640,223	12/31/2019
	Fidelity Series Emerging Markets	608,470	
	Fidelity Series International Growth	498,975	
	Fidelity Series International Value	473,989	
	Fidelity Series Infl-Prtct Bd Idx	444,595	
FIDELITY FREEDOM 2020 K	Fidelity Series Investment Grade Bond	925,953	12/31/2019

**GENERAL INTERROGATORIES**

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
	Fidelity Series Emerging Markets	285,195	
	Fidelity Series Infl-Prtct Bd Idx	250,942	
	Fidelity Series Government MM Fund	242,751	
	Fidelity Series Long-Term Trs Bond	228,231	
FIDELITY FREEDOM 2015 K	Fidelity Series Investment Grade Bond	559,910	12/31/2019
	Fidelity Series Government MM Fund	185,183	
	Fidelity Series Infl-Prtct Bd Idx	156,632	
	Fidelity Series Emerging Markets	136,409	
	Fidelity Series International Growth	104,686	
FIDELITY FREEDOM 2010 K	Fidelity Series Investment Grade Bond	5,800	12/31/2019
	Fidelity Series Government MM Fund	2,292	
	Fidelity Series Infl-Prtct Bd Idx	1,658	
	Fidelity Series Emerging Markets	1,085	
	Fidelity Series International Growth	775	
FIDELITY FREEDOM INCM K	Fidelity Series Investment Grade Bond	67,832	12/31/2019
	Fidelity Series Government MM Fund	33,006	
	Fidelity Series Infl-Prtct Bd Idx	21,177	
	Fidelity Series Short-Term Credit	8,189	
	Fidelity Series Emerging Markets	7,939	
FIDELITY INTL DISCOVERY K	Nestle S.A	15,421	12/31/2019
	Roche Holding AG Part. Cert	14,988	
	BP PLC	12,012	
	SAP SE	11,417	
	Astra Zeneca PLC	10,119	
FIDELITY WORLDWIDE FD	Microsoft Corp	30,444	12/31/2019
	Apple Inc	24,526	
	Alphabet Inc	21,023	
	Bank of America Corporation	17,986	
	Facebook Inc	16,273	
FID TOT MKT IDX IPR	Apple Inc	17,458	12/31/2019
	Microsoft Corp	17,091	
	Amazon.com Inc	10,951	
	Facebook Inc	7,011	
	Berkshire Hathaway Inc B	6,277	
FID INTL INDEX IPR	Nestle SA	4,291	12/31/2019
	Roche Holding AG Part. Cert	3,039	
	Novartis AG	2,710	
	Toyota Motor Corp	2,135	
	HSBC Holding PLC	2,094	
FID EXT MKT IDX IPR	Tesla Inc	4,945	12/31/2019
	Blackstone Group Inc	3,107	
	Lululemon Athletica Inc	2,319	
	Worldpay Inc	2,276	
	Splunk Inc	1,926	
FID 500 INDEX IPR	Apple Inc	136,087	12/31/2019
	Microsoft Corp	133,695	
	Amazon.com Inc	85,541	
	Facebook Inc	55,033	
	Berkshire Hathaway Inc B	49,350	
FIDELITY LARGE CAP STOCK FD	General Electric Co	42,076	12/31/2019
	Microsoft Corp	34,619	
	Exxon Mobil Corp	29,893	
	Comcast Corp	24,633	
	Altria Group Inc	23,501	
FIDELITY CONTRAFUND INC K	Facebook Inc	168,515	12/31/2019
	Amazon.com Inc	147,677	

**GENERAL INTERROGATORIES**

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
	Microsoft Corp.....	126,386	
	Berkshire Hathaway Inc B.....	125,480	
	Visa Inc.....	88,108	
FIDELITY EQUITY INCOME K.....	JPMorgan Chase & Co.....	8,716	12/31/2019.....
	Berkshire Hathaway Inc B.....	6,859	
	Johnson & Johnson.....	6,564	
	Bank of America Corporation.....	6,289	
	Wells Fargo & Co.....	5,530	
FIDELITY REAL ESTATE INVS FD.....	Prologis Inc.....	78,376	12/31/2019.....
	Digital Realty Trust Inc.....	42,488	
	Boston Properties Inc.....	41,895	
	Welltower Inc.....	39,373	
	Duke Realty Corp.....	39,003	
FID US BOND IDX.....	Gannie Mae 3.5% 30 Year.....	18,832	12/31/2019.....
	Fannie Mae 3.5% 30 Year.....	18,687	
	Fannie Mae 4% 30 Year.....	18,542	
	Fannie Mae 3% 30 Year.....	18,180	
	Freddie Mac 3.5% 30 Year.....	16,949	
FIDELITY HIGH INCOME.....	Tenet Healthcard Corp.....	8,275	12/31/2019.....
	Cheniere Energy Partners.....	8,047	
	Ally Financial Inc.....	7,668	
	Community Health Systems Inc.....	7,288	
	Caesars Resort Collection LLC.....	6,833	
FID INFL PR BD IDX.....	US Treasury Note 0.62%.....	5,360	12/31/2019.....
	US Treasury Note 0.38%.....	5,285	
	US Treasury Note 0.25%.....	5,225	
	US Treasury Note 0.12%.....	5,195	
FIDELITY BALANCED K.....	Apple Inc.....	24,912	12/31/2019.....
	Microsoft Corp.....	18,806	
	Amazon.com Inc.....	14,084	
	Alphabet Inc.....	13,677	
	Facebook Inc.....	11,968	
MASSMUTUAL SELECT FDS SEL MC.....	Teleflex Inc.....	23,576	12/31/2019.....
	The Cooper Companies Inc.....	18,438	
	Ball Corp.....	18,136	
	Worldpay Inc.....	18,035	
	Dollar General Corp.....	17,430	
HARTFORD SM CAP GROWTH FD - Y.....	Science Applications International Corp.....	11,364	12/31/2019.....
	Five9 Inc.....	11,105	
	Steven Madden Ltd.....	10,761	
	Omniceil Inc.....	10,675	
	Performance Food Group Co.....	10,503	
MFS SER TR XI MD CP VALUE R5.....	MFS Institutional Money Market Portfolio.....	4,573	12/31/2019.....
	Nasdaq Inc.....	2,904	
	Hartford Financial Services Group Inc.....	2,796	
	L3Harris Technologies Inc.....	2,557	
	Stanley Black & Decker Inc.....	2,536	
LOOMIS CORE PL BD N.....	US Treasury Notes 3.12%.....	66,058	12/31/2019.....
	FNMA Pass-Thru 3.5%.....	13,345	
	FNMA 3.5%.....	13,123	
	US Treasury Bonds 0.88%.....	12,678	
	US Treasury Bonds 1%.....	11,418	
NEUBERGER BERMAN GENESIS INSTL.....	Pool Corp.....	15,575	12/31/2019.....
	Fair Isaac Corp.....	14,208	
	Aspen Technology Inc.....	13,732	
	West Pharmaceutical Services Inc.....	13,257	
	Manhattan Associates Inc.....	12,127	

## GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	2,272,047,893	2,346,620,656	74,572,763
30.2 Preferred Stocks.....	5,328,997	5,779,986	450,989
30.3 Totals	2,277,376,890	2,352,400,642	75,023,752

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

The reporting entity used Interactive Data Corporation to value its securities.....

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

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

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

The reporting entity used Interactive Data Corporation to value its securities.....

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

32.2 If no, list exceptions:

## GENERAL INTERROGATORIES

33. By self-designating 5GI securities, the reporting entity is certifying the following elements of 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 [  ]
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 [  ]
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.  
 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 [  ]

### OTHER

- 36.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ .....7,840,899
- 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 Name	2 Amount Paid
Blue Cross Blue Shield Association.....	\$.....3,379,753

- 37.1 Amount of payments for legal expenses, if any? \$ .....7,519,129
- 37.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....0

- 38.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers, or departments of government, if any? \$ .....571,660
- 38.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers, or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
1868 Public Affairs.....	\$.....180,000
Mercury Public Affairs.....	\$.....180,000

# GENERAL INTERROGATORIES

## PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [ X ]
- 1.2 If yes, indicate premium earned on U.S. business only. \$ .....0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ .....
- 1.31 Reason for excluding .....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above \$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ .....0
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$ .....0
- 1.62 Total incurred claims \$ .....0
- 1.63 Number of covered lives .....0
- All years prior to most current three years:
- 1.64 Total premium earned \$ .....0
- 1.65 Total incurred claims \$ .....0
- 1.66 Number of covered lives .....0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$ .....0
- 1.72 Total incurred claims \$ .....0
- 1.73 Number of covered lives .....0
- All years prior to most current three years:
- 1.74 Total premium earned \$ .....0
- 1.75 Total incurred claims \$ .....0
- 1.76 Number of covered lives .....0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$ .....11,439,508,678		\$ .....12,463,820,930
2.2	Premium Denominator	\$ .....11,571,072,270		\$ .....12,597,770,766
2.3	Premium Ratio (2.1/2.2)	.....0.989		.....0.989
2.4	Reserve Numerator	\$ .....1,234,183,942		\$ .....1,117,109,487
2.5	Reserve Denominator	\$ .....1,226,663,942		\$ .....1,106,668,758
2.6	Reserve Ratio (2.4/2.5)	.....1.006		.....1.009

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [ ] No [ X ]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [ X ] No [ ]
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [ X ]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes [ ] No [ X ]
- 5.2 If no, explain:  
The reporting entity is large enough to absorb any potential risks.
- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical \$ .....0
- 5.32 Medical Only \$ .....0
- 5.33 Medicare Supplement \$ .....0
- 5.34 Dental and 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:  
Contracts with participating providers contain conventional hold harmless and completion of treatment provisions
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [ ] No [ X ]
- 7.2 If no, give details  
The reporting entity utilizes actuarial triangles
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year .....95,620
- 8.2 Number of providers at end of reporting year .....101,986
- 9.1 Does the reporting entity have business subject to premium rate guarantees? ..... Yes [ X ] No [ ]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months .....26,731,051
- 9.22 Business with rate guarantees over 36 months .....0

# GENERAL INTERROGATORIES

## PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [ ] No [ X ]

10.2 If yes:

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

11.1 Is the reporting entity organized as:

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

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [ X ] No [ ]

11.3 If yes, show the name of the state requiring such minimum capital and surplus. New Jersey.....

11.4 If yes, show the amount required. \$.....825,752,385

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ] No [ X ]

11.6 If the amount is calculated, show the calculation

See RBC filing

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

1	Name of Service Area
All 21 counties of the state of New Jersey.....	

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

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

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

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

14.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers? Yes [ ] No [ ] N/A [ X ]

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

1	2	3	4	Assets Supporting Reserve Credit		
				5	6	7
Company Name	NAIC Company Code	Domiciliary Jurisdiction	Reserve Credit	Letters of Credit	Trust Agreements	Other

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

15.1 Direct Premium Written \$.....

15.2 Total Incurred Claims \$.....

15.3 Number of Covered Lives .....

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

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 [ X ]



**FIVE - YEAR HISTORICAL DATA**

	1 2019	2 2018	3 2017	4 2016	5 2015
<b>Balance Sheet</b> (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	5,684,866,572	5,527,795,121	5,437,934,860	4,257,607,230	4,089,203,288
2. Total liabilities (Page 3, Line 24)	2,952,186,194	2,542,533,759	2,665,725,428	1,871,670,633	1,783,293,928
3. Statutory minimum capital and surplus requirement	825,752,385	886,032,860	872,207,596	624,261,018	625,426,676
4. Total capital and surplus (Page 3, Line 33)	2,732,680,378	2,985,261,367	2,772,209,433	2,385,936,594	2,305,909,361
<b>Income Statement</b> (Page 4)					
5. Total revenues (Line 8)	11,547,551,033	12,456,477,106	12,222,785,696	6,692,731,823	6,123,621,921
6. Total medical and hospital expenses (Line 18)	10,105,717,753	10,763,210,799	10,691,103,748	5,674,257,319	5,075,402,862
7. Claims adjustment expenses (Line 20)	344,960,254	286,400,721	294,133,728	169,613,366	181,315,952
8. Total administrative expenses (Line 21)	1,330,523,114	1,499,377,079	1,269,261,202	987,311,117	912,527,621
9. Net underwriting gain (loss) (Line 24)	(233,650,088)	(92,511,493)	(31,712,982)	(138,449,979)	(45,624,514)
10. Net investment gain (loss) (Line 27)	89,450,312	119,230,902	104,075,169	70,124,096	98,140,320
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income or (loss) (Line 32)	1,222,913	336,109,706	56,667,187	(82,980,748)	20,614,995
<b>Cash Flow</b> (Page 6)					
13. Net cash from operations (Line 11)	380,980,422	(235,824)	603,616,035	4,273,509	73,109,621
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital	2,732,680,378	2,985,261,367	2,772,209,433	2,385,936,594	2,305,909,361
15. Authorized control level risk-based capital	414,141,418	443,016,430	436,103,798	384,789,724	356,327,337
<b>Enrollment</b> (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	1,238,975	1,256,354	1,371,189	1,283,634	1,357,803
17. Total members months (Column 6, Line 7)	14,898,941	15,570,280	16,547,934	15,739,625	16,892,540
<b>Operating Percentage</b> (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	87.5	86.4	87.5	84.8	82.9
20. Cost containment expenses	2.0	1.7	1.6	1.2	1.3
21. Other claims adjustment expenses	1.0	0.6	0.8	1.3	1.7
22. Total underwriting deductions (Line 23)	102.0	100.7	100.3	102.1	100.7
23. Total underwriting gain (loss) (Line 24)	(2.0)	(0.7)	(0.3)	(2.1)	(0.7)
<b>Unpaid Claims Analysis</b>					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	883,977,456	1,003,561,374	908,293,541	526,137,924	515,541,536
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	933,496,441	1,011,719,596	604,457,212	553,375,088	531,150,504
<b>Investments In Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	1,378,664,806	1,274,337,013	1,236,843,393	1,162,343,733	985,959,614
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31	1,378,664,806	1,274,337,013	1,236,843,393	1,162,343,733	985,959,614
33. Total investment in parent included in Lines 26 to 31 above					

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

If no, please explain

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Allocated by States and Territories

State, Etc.	1 Active Status (a)	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama	AL	N							0	0
2. Alaska	AK	N							0	0
3. Arizona	AZ	N							0	0
4. Arkansas	AR	N							0	0
5. California	CA	N							0	0
6. Colorado	CO	N							0	0
7. Connecticut	CT	N							0	0
8. Delaware	DE	N							0	0
9. District of Columbia	DC	N							0	0
10. Florida	FL	N							0	0
11. Georgia	GA	N							0	0
12. Hawaii	HI	N							0	0
13. Idaho	ID	N							0	0
14. Illinois	IL	N							0	0
15. Indiana	IN	N							0	0
16. Iowa	IA	N							0	0
17. Kansas	KS	N							0	0
18. Kentucky	KY	N							0	0
19. Louisiana	LA	N							0	0
20. Maine	ME	N							0	0
21. Maryland	MD	N							0	0
22. Massachusetts	MA	N							0	0
23. Michigan	MI	N							0	0
24. Minnesota	MN	N							0	0
25. Mississippi	MS	N							0	0
26. Missouri	MO	N							0	0
27. Montana	MT	N							0	0
28. Nebraska	NE	N							0	0
29. Nevada	NV	N							0	0
30. New Hampshire	NH	N							0	0
31. New Jersey	NJ	L	5,268,610,606	0	0	874,954,885	0	0	6,143,565,491	0
32. New Mexico	NM	N							0	0
33. New York	NY	N							0	0
34. North Carolina	NC	N							0	0
35. North Dakota	ND	N							0	0
36. Ohio	OH	N							0	0
37. Oklahoma	OK	N							0	0
38. Oregon	OR	N							0	0
39. Pennsylvania	PA	N							0	0
40. Rhode Island	RI	N							0	0
41. South Carolina	SC	N							0	0
42. South Dakota	SD	N							0	0
43. Tennessee	TN	N							0	0
44. Texas	TX	N							0	0
45. Utah	UT	N							0	0
46. Vermont	VT	N							0	0
47. Virginia	VA	N							0	0
48. Washington	WA	N							0	0
49. West Virginia	WV	N							0	0
50. Wisconsin	WI	N							0	0
51. Wyoming	WY	N							0	0
52. American Samoa	AS	N							0	0
53. Guam	GU	N							0	0
54. Puerto Rico	PR	N							0	0
55. U.S. Virgin Islands	VI	N							0	0
56. Northern Mariana Islands	MP	N							0	0
57. Canada	CAN	N							0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	5,268,610,606	0	0	874,954,885	0	0	6,143,565,491	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX								0	0
61. Total (Direct Business)	XXX	5,268,610,606	0	0	874,954,885	0	0	6,143,565,491	0	0
<b>DETAILS OF WRITE-INS</b>										
58001.	XXX									
58002.	XXX									
58003.	XXX									
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0	0

(a) Active Status Counts  
L – Licensed or Chartered – Licensed insurance carrier or domiciled RRG ..... 1 R – Registered – Non-domiciled RRGs ..... 0  
E – Eligible – Reporting entities eligible or approved to write surplus lines in the state ..... 0 Q – Qualified – Qualified or accredited reinsurer ..... 0  
N – None of the above – Not allowed to write business in the state lines in the state ..... 56

(b) Explanation of basis of allocation of premiums by states, etc.  
Situs of contract

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

**PART 1 - ORGANIZATIONAL CHART**

NAIC#	Federal Employee #	
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55069	22-0999690	A. Horizon Healthcare Services, Inc. (1)
	22-2561496	B. Horizon Healthcare Plan Holding Company, Inc.
95529	22-2651245	1. Horizon Healthcare of New Jersey, Inc. (2)
11146	22-3331515	2. Horizon Healthcare Dental, Inc. (3)
	22-3346524	3. Horizon Casualty Services, Inc.
14690	46-1362174	4. Horizon Insurance Company
	13-4290405	C. Enterprise Property Holdings, LLC
	27-1179993	D. Three Penn Plaza Property Holdings Urban Renewal, LLC
	20-0252405	E. Horizon Charitable Foundation, Inc.
	46-2605607	F. Multistate Professional Services, Inc.
	47-4428396	G. Multistate Investment Services, Inc.

- (1) Horizon Healthcare Services, Inc., a New Jersey domestic health service corporation, d/b/a Horizon Blue Cross Blue Shield of New Jersey.
- (2) Horizon Healthcare of New Jersey, Inc., a New Jersey domestic health maintenance organization.
- (3) Horizon Healthcare Dental, Inc., a New Jersey domestic dental plan organization.
- (4) Horizon Insurance Company, a New Jersey domestic Life, Accident and Health Organization

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