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HEALTH PLAN OF CAREOREGON, INC.

Statutory Basis Financial Statements with
Supplementary Information

December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)

HEALTH PLAN OF CAREOREGON, INC.

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KPMG LLP
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1300 South West Fifth Avenue
Portland, OR 97201

Independent Auditors' Report

Board of Directors
Health Plan of CareOregon, Inc.:

Opinions

We have audited the financial statements of Health Plan of CareOregon, Inc. (the Company), which comprise the statutory statements of admitted assets, liabilities, capital, and surplus as of December 31, 2021 and 2020, and the related statutory statements of revenue and expenses, changes in capital and surplus, and cash flow for the years then ended, and the related notes to the financial statements.

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities, capital, and surplus of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flow for the years then ended in accordance with accounting practices prescribed or permitted by the State of Oregon Department of Consumer and Business Services, Division of Financial Regulation described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of the Company as of December 31, 2021 and 2020, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note X to the financial statements, the financial statements are prepared by the Company using accounting practices prescribed or permitted by the State of Oregon Department of Consumer and Business Services, Division of Financial Regulation, which is a basis of accounting other than U.S. generally accepted accounting principles. Accordingly, the financial statements are not intended to be presented in accordance with U.S. generally accepted accounting principles. The effects on the financial statements of the variances between the statutory accounting practices and U.S. generally accepted accounting principles are also described in Note X.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices prescribed or permitted by the State of Oregon Department of Consumer and Business Services, Division of Financial Regulation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the supplemental investment risk interrogatories and supplemental investment schedule is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the State of Oregon Department of Consumer and Business Services, Division of Financial Regulation. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Portland, Oregon
April 27, 2022

HEALTH PLAN OF CAREOREGON, INC.

Statutory Basis Statements of Admitted Assets, Liabilities, Capital and Surplus

December 31, 2021 and 2020

Admitted Assets		**2021**	**2020**
Admitted assets:			
Bonds	$	59,322,377	73,642,597
Cash, cash equivalents and short-term investments		2,511,829	10,538,498
Total cash and invested assets		61,834,206	84,181,095
Investment income due and accrued		252,898	425,888
Premiums and considerations		4,953,288	6,132,224
Amounts receivable relating to uninsured plans		8,453,015	7,471,974
Receivable from parent, subsidiaries and affiliates		115,055	25,870
Health care and other amounts receivable		4,768,313	2,987,700
Total admitted assets	$	80,376,775	101,224,751
Liabilities, Capital and Surplus			
Liabilities:			
Claims unpaid	$	29,505,444	27,275,400
Accrued medical incentive pool and bonus amounts		145,260	—
Unpaid claims adjustment expenses		1,350,100	1,139,200
Aggregate health policy reserves		20,236,000	20,217,000
Premiums received in advance		330,201	355,307
General expenses due or accrued		1,066,926	959,467
Amounts due to parent, subsidiaries and affiliates		4,138,411	2,111,176
Other liabilities		127,000	185,000
Total liabilities		56,899,342	52,242,550
Capital and surplus:			
Gross paid in and contributed surplus		56,400,000	56,400,000
Unassigned funds		(32,922,567)	(7,417,799)
Total capital and surplus		23,477,433	48,982,201
Total liabilities, capital and surplus	$	80,376,775	101,224,751

See accompanying notes to statutory basis financial statements.

HEALTH PLAN OF CAREOREGON, INC.

Statutory Basis Statements of Revenue and Expenses

Years ended December 31, 2021 and 2020

		2021	2020
Revenues:			
Net premium income	$	216,552,515	217,163,041
Change in unearned premium reserves and reserve for rate credits		1,135,135	(17,741,909)
Total revenues		217,687,650	199,421,132
Underwriting deductions:			
Hospital and medical		192,485,833	162,355,476
Claims adjustment expenses		16,372,983	14,294,622
General administrative expenses		14,548,003	11,965,892
Total underwriting deductions		223,406,819	188,615,990
Net underwriting (loss) gain		(5,719,169)	10,805,142
Investment gains:			
Net investment income earned		1,615,091	1,493,991
Net realized capital gains		1,138,111	38,474
Net investment gains		2,753,202	1,532,465
Net (loss) income	$	(2,965,967)	12,337,607

See accompanying notes to statutory basis financial statements.

HEALTH PLAN OF CAREOREGON, INC.

Statutory Basis Statements of Changes in Capital and Surplus

Years ended December 31, 2021 and 2020

	Gross paid-in and contributed surplus	Unassigned funds	Total capital and surplus
Balance, December 31, 2019	$ 56,400,000	(15,120,098)	41,279,902
Net income	—	12,337,607	12,337,607
Change in net unrealized capital losses	—	(26,380)	(26,380)
Change in nonadmitted assets	—	(4,608,928)	(4,608,928)
Balance, December 31, 2020	56,400,000	(7,417,799)	48,982,201
Net loss	—	(2,965,967)	(2,965,967)
Change in net unrealized capital losses	—	25,862	25,862
Change in nonadmitted assets	—	(22,564,663)	(22,564,663)
Balance, December 31, 2021	$ 56,400,000	(32,922,567)	23,477,433

See accompanying notes to statutory basis financial statements.

HEALTH PLAN OF CAREOREGON, INC.

Statutory Basis Statements of Cash Flow

Years ended December 31, 2021 and 2020

		2021	2020
Cash from operations:			
Premiums collected net of reinsurance	$	218,860,480	219,371,232
Net investment income		1,966,131	1,551,598
Benefit and loss related payments		(214,273,303)	(165,314,488)
Commissions, expenses paid and aggregate write-ins for deductions		(29,886,914)	(31,857,456)
Net cash from operations		(23,333,606)	23,750,886
Cash from investments:			
Proceeds from bonds sold, matured or repaid		41,587,416	9,170,888
Cost of bonds acquired		(26,280,479)	(25,478,036)
Net cash from investments		15,306,937	(16,307,148)
Net change in cash, cash equivalents and short-term investments		(8,026,669)	7,443,738
Cash, cash equivalents and short-term investments, beginning of year		10,538,498	3,094,760
Cash, cash equivalents and short-term investments, end of year	$	2,511,829	10,538,498

See accompanying notes to statutory basis financial statements.

(1) Description of Operations

Health Plan of CareOregon, Inc. (the Company) is a Health Care Service Contractor (HCSC) incorporated and domiciled in the state of Oregon and is regulated by the State of Oregon Department of Consumer and Business Services (DCBS), Division of Financial Regulation (the Insurance Division). It originated as a Special Needs Medicare Advantage Prescription Drug Plan (MA-PD plan) organized to benefit Medicaid and Medicare dually eligible members in Oregon.

The Company provides health benefits through its contracted network of hospitals, participating physicians and other health care organizations. It operates under annual contracts with the Center for Medicare and Medicaid Services (CMS), which pays a risk-adjusted rate per member. It commenced operations as a MA-PD plan January 1, 2006.

The Company is a domestic Oregon nonprofit public benefit corporation, wholly owned by CareOregon, Inc. (the Parent). The Parent is a Medicaid managed health care plan that provides health care services to members who are enrolled in the Oregon Health Plan, which is administered by the Oregon Health Authority (OHA) of the State of Oregon's Department of Human Services. The Parent is a State of Oregon charitable nonprofit corporation organized and operated exclusively for charitable, educational and scientific purposes, including, for such purposes, making distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986. The Parent's vision is healthy communities for all individuals regardless of income or social circumstances.

The Company maintains a Management Agreement with the Parent. Under the terms of this Management Agreement, the Company utilizes the Parent's personnel, office space, equipment, computer systems, software and operating methodologies to manage its business.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting and Presentation

The Company's statutory basis financial statements are presented on the basis of accounting practices prescribed or permitted by the Insurance Division. The Insurance Division recognizes only statutory accounting practices prescribed or permitted by DCBS and has adopted the National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual (SAP) as a component of prescribed or permitted practices by the state, which comprise a comprehensive basis of accounting that differs from generally accepted accounting principles in the United States of America (GAAP).

The most significant differences between SAP and GAAP are as follows:

Investments in bonds designated as highest quality or high quality (NAIC designations 1 or 2) are reported at amortized cost with all other bonds (NAIC designations 3 to 6) reported at the lower of amortized cost or NAIC designated fair value. For GAAP, bonds are classified as trading securities and reported at fair value with unrealized holding gains and losses reported as a separate component of investment income.

Nonadmitted assets (principally, a portion of prepaid expenses and certain receivables) are excluded from the statutory basis statements of admitted assets, liabilities, capital and surplus through a direct charge to unassigned surplus. Changes in the balance of nonadmitted assets are reflected as a charge or credit to capital and surplus. Under GAAP, such assets are included in the balance sheet.

Cash – If in aggregate the cash balance is negative cash, it is reported as a negative asset not a liability. For GAAP, negative cash is reported as a liability.

Cash flow – Statutory presentation in the statements of cash flow shows changes in cash, cash equivalents and short-term investments; GAAP presents changes in cash and cash equivalents. Statutory accounting excludes the reconciliation between net income and cash provided by operating activities.

A reconciliation of net loss and capital and surplus of the Company, as determined in accordance with SAP to amounts determined in accordance with GAAP, is as follows at December 31:

		2021		2020	
		Net loss	Capital and surplus	Net income	Capital and surplus
GAAP-basis amounts	$	(6,845,013)	55,860,647	14,771,811	62,705,661
SAP to GAAP differences:					
Investments		3,879,046	132,169	(2,434,204)	(3,772,740)
Amounts recoverable from reinsurers		—	(116,017)	—	—
Health care and other amounts receivable		—	(4,048,511)	—	(7,601,745)
Other nonadmitted assets		—	(28,350,855)	—	(2,348,975)
Statutory basis amounts	$	(2,965,967)	23,477,433	12,337,607	48,982,201

Included in non-admitted assets at December 31, 2021 are new deposits of approximately $22,234,000, representing funds held by a third-party service provider for prepaid benefit cards for dental benefits.

(b) Use of Estimates

The preparation of the statutory basis financial statements in conformity with the *Annual Statement Instructions and Accounting Practices and Procedures Manuals* requires management to develop estimates and assumptions that affect the reported amounts of admitted assets and liabilities at the date of the statutory basis financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results achieved could differ from these estimates.

(c) Cash and Invested Assets

The Company considers cash to be cash in the bank or on hand available for current use. The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Short-term investments consist of bond funds and bonds that have remaining maturities of one year or less at the time of acquisition and are stated at amortized cost as required by the NAIC for temporary/sweep cash investments. Discounts and premiums are amortized or accreted using the scientific interest method.

At December 31, 2021 and 2020, cash, cash equivalents and short-term investments consist of managed operating cash management funds of $(578,127) and $(1,470,255) (negative amount represents checks written but not yet cleared the bank), respectively, and cash equivalents of $3,089,956 and $12,008,753 at December 31, 2021 and 2020, respectively.

Long-term bonds have maturities of greater than one year at the date of acquisition and are stated at amortized cost, as required by the NAIC. Discounts and premiums are amortized or accreted using the scientific interest method. At December 31, 2021 and 2020, long-term bonds consist of NAIC designated classes 1, 2 and 3 bonds of $59,322,377 and $73,642,597, respectively.

Net investment income earned consists primarily of interest and dividends less investment expenses. Interest is recognized on an accrual basis and dividends are recorded as earned at the ex-dividend date. Realized capital gains and losses are determined on a specific-identification basis and are included in income. Security transactions are accounted for on a trade-date basis with any unsettled transactions recorded as a receivable or payable for securities in the Company’s admitted assets and liabilities, respectively.

The portfolio of investments covers a wide range of industries. Market value changes are monitored regularly. If there is deemed to be an other-than-temporary impairment (OTTI), the loss is recorded as part of net realized investment losses in accordance with the Company’s policy. The Company recognized an impairment write-down of $26,380 during the year ended December 31, 2020.

(d) Concentrations of Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash and short-term investments. The Company maintains its cash in accounts that, at times, may exceed federally insured limits. The Company makes such deposits with high credit quality entities and has not incurred any losses in such accounts. Investments are primarily fixed-income securities and by their nature are subject to market interest rate fluctuations. Potential concentrations of credit risk exist due to market concentrations of high-quality, fixed-income investments, which react similarly to changing economic conditions.

The Company’s revenue was generated by providing health care services in accordance with the terms of the CMS contract. Loss of the contract due to nonrenewal or federal legislative funding decisions would materially affect the financial position of the Company. The current CMS contract is effective through December 31, 2022 and is renewable on an annual basis.

The Company’s providers, members, personnel, and offices are geographically concentrated in the State of Oregon. Segments of the member population are served by concentrations of clinics and hospitals throughout Oregon.

(e) Fair Value Measurements

The Statutory Accounting Principles Working Group (the Working Group) adopted Statement of Statutory Accounting Principle (SSAP) No. 100, *Fair Value Measurements*, which defines fair value, establishes a measurement framework and expands disclosures. The SSAP substantially adopts the guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*. However, it excludes consideration of own-credit-risk in estimating the fair value of a liability, including derivatives. The Working Group also adopted a supplement that conforms references in other statutory accounting principles to the SSAP No. 100 language (e.g., changing market value to fair value). ASC Topic 820 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

(i) Basis of Fair Value Measurement

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 – Inputs to the valuation methodology are quoted prices in markets that are not considered to be active or financial instruments without quoted market prices but for which all significant inputs are observable, either directly or indirectly. Such inputs include market interest rates and volatilities spreads and yield curves.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurements level of assets and liabilities within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

At December 31, 2021 or 2020, the Company had no investments recorded at fair market value with exception of level 1 cash equivalents.

(f) Income Taxes

The Internal Revenue Service has recognized the Company as exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code. The Company files income tax returns in the U.S. federal, state and local jurisdictions.

The Company recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company recognizes interest and penalties related to income tax matters in interest expense and other administrative expenses, respectively.

(Continued)

(g) Claims Unpaid

Unpaid claims and claim adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for claims incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and, while management believes the amount is adequate, the actual liabilities may be in excess of or less than the amounts provided. The methods for developing such estimates and for establishing the resulting liability are continually evaluated by management and subjected to an actuarial review of historical claim experience. Any adjustments are reflected in the period determined.

(h) Reinsurance Receivable

In the normal course of business, the Company seeks to limit its exposure to loss on any single insured enrollee and to recover a portion of benefits paid, by ceding reinsurance risks under excess coverage agreements. Reinsurance agreements do not relieve the Company from its obligation to pay providers. Amounts recoverable from reinsurance contracts are estimated in a manner consistent with the claim limits and conditions associated with the reinsurance policy. Reinsurance premiums are included in premium revenue and recoveries are reported as a component of medical costs. The Company is required to obtain certain reinsurance coverage as a contractor of CMS.

During 2021 and 2020, the Company ceded 90% of the risk in excess of $500,000 for hospital and physician services combined. Aggregate coverage per single insured enrollee is $2,000,000. CMS also provides reinsurance coverage on the Medicare Part D benefit by assuming 80% of the allowed claims costs above the True Out-of-Pocket (TrOOP) threshold of $6,550 and $6,350 during 2021 and 2020, respectively.

(i) Receivable from Parent and Affiliates

Receivable from Parent and affiliates represents costs paid by the Company on behalf of the Parent or affiliates and reimbursements due from the Parent or affiliates.

(j) Amounts due to Parent and Affiliates

Amounts due to Parent and affiliates represent the amounts due to the Parent for management services provided to the Company and reimbursements for direct expenses incurred by the Parent or affiliates on behalf of the Company.

(k) Premium Deficiency Reserve (PDR)

The Company evaluates its health care contracts to determine whether the expected claims payments or incurred costs, claim adjustment expenses and administration costs exceed the premiums to be collected for the remainder of a contract period. If it is probable that a loss will be incurred, the Company recognizes a PDR by recording an additional liability for the deficiency, with a corresponding charge to operations. The evaluations are subjected to an actuarial review and analysis. A PDR is included in aggregate health policy reserves. The Company uses anticipated investment income as a factor in the PDR calculation, in accordance with SSAP No. 54, *Individual and Group Accident and Health Contracts*. No such reserve was deemed necessary at December 31, 2021 or 2020.

(l) Minimum Capital and Surplus

The Company is required to periodically file financial statements with regulatory agencies in accordance with statutory accounting and reporting practices. The Company must comply with the regulatory capital and surplus requirements prescribed or permitted by the Insurance Division. The Insurance Division is required to take action when the Company falls below 200% of the Risk Based Capital (RBC) requirement. The Insurance Division has the authority to take action under certain circumstances if the Company falls below 300% of the RBC requirement. At December 31, 2021 and 2020, the regulatory capital and surplus of the Company exceeded the 200% RBC requirement.

The Company complies with the minimum regulatory capital and surplus under the regulation of the State of Oregon. At December 31, 2021 and 2020, $2.5 million in securities were held to satisfy the state regulatory requirements.

The State of Oregon limits the amount of capital and surplus that can be distributed as dividends without prior approval to 10% of capital and surplus.

(m) Dividends

The Insurance Division restricts the payment of dividends to the Parent. Under the State of Oregon's insurance regulations, the payment of dividends by the Company cannot be made except from earned profits of the Company and only in certain circumstances, and not without prior written approval of the Insurance Division. No dividends were paid or declared in 2021 or 2020.

(n) Claims Adjustment and General Administrative Expenses

Claims adjustment expenses (CAE) are those costs expected to be incurred in connection with the adjustment and recording of health claims. A detailed review of the Parent's and the Company's administrative expenses is performed to determine the allocation between CAE and general administrative expenses to be reported in the statutory basis statements of revenue and expenses. The Company has recorded an estimate of unpaid CAE associated with incurred but unpaid claims. Management believes the amount of the liability for unpaid CAE as of December 31, 2021 and 2020 is adequate to cover the Company's cost for the adjustment and recording of unpaid claims; however, actual expenses may differ from those established estimates.

(o) Subsequent Events

Subsequent events are events or transactions that occur after the financial statement date but before financial statements are available to be issued that provide additional evidence about conditions that existed at the date of the financial statements.

The Company has evaluated subsequent events through April 27, 2022 which is the date the financial statements were available to be issued.

(3) Revenue Recognition

(a) Premiums Receivable

CMS calculates the premiums the Company receives using risk scores assigned to its enrolled members. These risk scores are derived from the severity of illness evidenced by claims the Company receives from providers and other data, which are submitted to CMS. The Company recognized premium revenue and premium receivables from CMS for these risk score adjustments. Risk score receivables are $4,953,288 and $6,131,470 at December 31, 2021 and 2020, respectively. These amounts are included on the statement of admitted assets, liabilities, capital and surplus as premiums and considerations.

(b) Uninsured Plans

Funds received as federal reinsurance and low-income cost sharing subsidy (LICS) payments are accounted for as reimbursements (or advanced payments) in accordance with the NAIC's INT 05-05, *Accounting for Revenue under Medicare Part D* Coverage, and are, therefore, not recognized as premium revenue. Federal reinsurance and LICS advances from CMS result in receivable or payable relating to uninsured plans depending on whether those advances are less or greater than the actual costs incurred. Included in the receivable for amounts relating to uninsured plans at December 31, 2021 are federal reinsurance receivable of $6,739,038 and a LICS receivable of $1,713,977. Included in the receivable for amounts relating to uninsured plans at December 31, 2020 are federal reinsurance receivable of $4,907,942 and a LICS receivable of $2,564,032.

(c) Premium Revenue

For the years ended December 31, 2021 and 2020, the Company received premium revenue from CMS. Premiums receivable and revenue are recorded when earned. Premiums earned represent amounts received from CMS for health care services and are recognized as revenue in the period in which the enrolled members are entitled to receive health care services. Expenses incurred in connection with acquiring new insurance business, such as sales commissions, are charged to income as incurred. The premiums received from CMS or members prior to the effective date are recorded in the statement of admitted assets, liabilities, capital and surplus as premiums received in advance and subsequently credited to income as earned during the coverage period.

CMS and the Company share profit and losses on the Part D benefit within defined risk corridors around a target amount determined in the bid. At December 31, 2021 and 2020, the Company had an anticipated risk corridor receivable of $4,768,313 and $2,987,700, respectively (included in health care and other amounts receivable), and an increase in premiums earned of $2,372,980 and $2,475,091, respectively, related to the anticipated risk corridor adjustment. The amount of net premiums written by the Company in the years ended December 31, 2021 and 2020 subject to retrospective rating features was $15,138,221 and $13,739,817, respectively, or 7.0% and 6.9% of the total net premiums written, respectively.

(Continued)

(4) Cash and Invested Assets

At December 31, 2021 and 2020, the cost or amortized cost (statement value), gross unrealized gains (losses) and NAIC-designated fair value of investments, and cash were as follows:

	December 31, 2021				December 31, 2020			
	Cost or amortized cost	Gross unrealized Gains	Gross unrealized Losses	Estimated fair values	Cost or amortized cost	Gross unrealized Gains	Gross unrealized Losses	Estimated fair values
Cash and cash equivalents	$ 2,511,829	—	—	2,511,829	10,538,498	—	—	10,538,498
Long-term bonds:								
U.S. government and sponsored agencies securities	26,478,694	50,428	(332,560)	26,196,562	20,905,188	970,712	(5,461)	21,870,439
Political subdivisions	499,758	41,127	—	540,885	899,726	61,866	—	961,592
Special revenue and special assessments	4,195,334	39,300	(80,585)	4,154,049	9,221,895	402,150	(2,845)	9,621,200
Industrial and miscellaneous	28,040,242	500,317	(354,510)	28,186,049	40,863,561	2,302,943	(31,360)	43,135,144
Foreign government bonds	—	—	—	—	499,808	13,642	—	513,450
Mortgage-backed securities:								
U.S. government and sponsored agencies securities	108,349	4,314	—	112,663	1,252,419	34,836	—	1,287,255
Total bonds	59,322,377	635,486	(767,655)	59,190,208	73,642,597	3,786,149	(39,666)	77,389,080
Total cash and invested assets	$ 61,834,206	635,486	(767,655)	61,702,037	84,181,095	3,786,149	(39,666)	87,927,578

The Company employs a systematic methodology to evaluate OTTI. The Company, along with its investment advisers, considers the following factors, where applicable depending on the type of securities, in the evaluation of whether a decline in value is other than temporary: (a) the likelihood that the Company will be able to collect all amounts due according to the contractual terms of the debt security; (b) the characteristics, quality and value of the underlying collateral or issuer securing the position; (c) collateral structure; (d) the length of time and extent to which the fair value has been below amortized cost; (e) the financial condition and near-term prospects of the issuer; (f) adverse conditions related to the security or industry; (g) the rating of the security; and (h) the Company's ability and intent to hold the investment for a period of time sufficient to allow for an anticipated recovery to amortized cost.

The Company also considers other qualitative and quantitative factors in determining the existence of OTTI including, but not limited to, unrealized loss trend analysis and significant short-term changes in value.

When a bond is other than temporarily impaired, a new cost basis is established. For loan-backed and structured securities, any difference between the new amortized cost basis and any increased present value of future cash flow expected to be collected is accreted into net investment income over the expected life of the bond.

The impairment review process provides a framework for deriving OTTI in a manner consistent with market participant assumptions. In these analyses, collateral type, investment structure and credit quality are critical elements in determining OTTI.

As of December 31, 2021 or 2020, there were no investments that were in a significant loss position for a continuous 12 months or longer period, other than the ones for which OTTI was already recognized.

For the fixed-income securities disclosed previously, the gross unrealized losses are primarily due to interest rate movements and are not considered OTTI losses based on the Company's specific criteria for evaluating these losses.

The Company has not deemed the investments in structured and loan-backed securities to be other-than-temporarily impaired based on the present value cash flows and because the Company considers the various factors in the evaluation of whether an interest related decline in value is other than temporary, including the Company's near-term intent to sell, contractual and regulatory obligations, and the ability not to sell the investment until anticipated recovery of the cost of the investment, concluding they have both the ability and intent not to sell these investments until recovery, which may be maturity.

Included in cash and invested assets at December 31, 2021 and 2020 is $373,344 and $299,766, respectively, of restricted investments that the Company has on deposit with US Bank, in compliance with the requirements of the Oregon Revised Statute (ORS) 750.045.

Fair values are obtained from independent pricing sources. The investment broker/dealer utilizes Barclays Capital and Interactive Data as the two main sources of fair values. Both are independent third-party price vendors. If a price is not available from either vendor, then broker-dealer and/or custodian prices are used. U.S. Treasury securities are valued using Level 1 inputs. All other investments are valued using Level 2 inputs. There were no transfers of investments between Level 1 and Level 2 during the years ended December 31, 2021 or 2020.

Maturities of investments in bonds at cost or amortized cost at December 31:

		2021	2020
1 year or less	$	647,182	5,907,427
Over 1 year through 5 years		37,742,966	42,501,448
Over 5 years through 10 years		20,682,229	24,067,555
Over 10 years through 20 years		250,000	1,166,167
Total bonds	$	59,322,377	73,642,597

Mortgage-backed securities are allocated to maturity groupings using the effective date of maturity that results from the estimated cash flows, incorporating estimated prepayment assumptions. All investments in bonds have the NAIC high-quality bond ratings of Class 1, Class 2 or Class 3 as of December 31, 2021.

Proceeds from the sale of long-term bonds prior to maturity were $38,508,988 and $7,190,001, respectively, for the years ended December 31, 2021 and 2020. There were no sales of short-term investment securities during the year ended December 31, 2021 or 2020.

Gross realized capital gains and (losses) are as follows:

		2021	2020
Gross gains	$	1,197,809	64,733
Gross losses		(59,698)	(26,259)
Net realized capital gains	$	1,138,111	38,474

(5) Change in Incurred Claims

Claims unpaid include both reported and unreported medical claims. Unpaid claims incurred but not reported represent an estimate of claims incurred for or on behalf of the Company's members that had not yet been reported to the Company. Claims unpaid are based on a number of factors including hospital admission data and prior claims experience, as well as claims processing patterns. Adjustments, if necessary, are made to medical expense in the period the actual claims costs are ultimately determined.

For the years ended December 31, activity in the reserves for unpaid claims and claims adjustment expense was as follows:

Claims reserves		2021	2020
Balance at January 1	$	28,414,600	24,724,209
Incurred related to:			
Current year		212,626,650	178,007,826
Prior years		(3,767,834)	(1,357,728)
Total incurred		208,858,816	176,650,098
Paid related to:			
Current year		182,074,259	149,836,665
Prior years		24,343,613	23,123,042
Total paid		206,417,872	172,959,707
Balance at December 31	$	30,855,544	28,414,600

Amounts incurred related to prior years vary from previously estimated liabilities as the claims are ultimately adjudicated and paid. Liabilities are reviewed and revised as information regarding actual claims payments becomes known.

(6) Ceded Reinsurance

The Company's reinsurer, Physicians Insurance, a U.S. organization, is independent and not controlled, either directly or indirectly, by the Company or any of its representatives. The reinsurer may not unilaterally cancel reinsurance agreements for reasons other than nonpayment of premiums. The estimated amount of aggregate reduction in surplus if all reinsurance agreements were terminated at December 31, 2021 is $0.

The amount of losses paid by the insurer may exceed the premiums paid for the reinsurance policy. Estimated reinsurance recoveries from the reinsurer compared to premiums paid, at December 31 are:

		For dates of service	
		2021	**2020**
Reinsurance premiums	$	442,341	387,953
Estimated reinsurance recoveries		(116,017)	(409)
Total	$	326,324	387,544

Neither the Company nor any of its related parties control, directly or indirectly, any reinsurer with which the Company conducts business. No policies issued by the Company have been reinsured with a foreign company that is controlled, either directly or indirectly, by a party not primarily engaged in the business of insurance. The Company does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel the agreement.

(7) Related-Party Transactions

During the period ended December 31, 2021, the Company paid monthly costs incurred and amounts due to the Parent in a timely manner and did not incur any interest expense. The management fee incurred by the Company in 2021 and 2020 totaled $23,628,715 and $19,475,663, respectively. The amount due to the Parent and affiliates at December 31, 2021 and 2020 was $4,138,411 and $2,111,176, respectively. Amounts due to the Parent represent management fees for management services provided to the Company by the Parent and for expenses paid by the Parent on the Company’s behalf.

The receivable from the Parent at December 31, 2021 and 2020 totaled $115,055 and $25,870, respectively. The receivable from the Parent resulted from claims paid by the Company on behalf of the Parent.

Housecall Providers, PC, an affiliate, provided clinical services to the Company in the amount of $1,986,439 and $1,964,729 for the years ended December 31, 2021 and 2020, respectively.

The Company’s statutory basis statements of revenue and expenses include both direct costs incurred and a management fee charged by the Parent. Some costs included in the management fee represent costs incurred by the Parent in performing services for both the Parent and the Company. These joint costs were allocated by the Parent to the Company based on documented actual allocation of resources.

In 2021 and 2020, the Company’s board of directors and family members had affiliations with the following entities that maintain contractual agreements or other transactions with the Company or its Parent: La Clinica, Legacy Medical Group, Multnomah County Health Department, Oregon Health & Science University, SAIF Corporation, Providence Health & Services and Columbia Memorial Hospital.

(8) Commitments and Contingencies

(a) Regulatory

The Company is subject to numerous and complex laws and regulations of federal, state and local governments and/or accreditation requirements. Compliance with such laws, regulations and accreditation requirements can be subject to retrospective review and interpretation as well as regulatory actions. These laws and regulations include, but are not necessarily limited to, requirements of tax exemption, government reimbursement, government program participation, privacy and security, false claims, accreditation, and health care reform. In recent years, government activity has increased with respect to compliance and enforcement actions.

In the ordinary course of business operations, the Company is subject to periodic reviews, investigations and audits by various federal, state and local regulatory agencies and accreditation agencies.

The Company received a notification of CMS selecting the Company's contract for risk adjustment data validation (RADV) audit to validate the coding practices of and documentation maintained by health care providers that supported payments for the contract years 2014 and 2015. As of December 31, 2021, the Company recorded an estimated accrual for retrospective adjustments based on the samples tested by CMS in the amount of $127,000. No accrual has been established for potential extrapolated adjustments because it is not estimable at this point.

The Company's compliance with a wide variety of rules and regulations and accreditation requirements applicable to its business may result in certain remediation activities and regulatory fines and penalties, which could be substantial.

(b) Other

A strain of coronavirus, identified in December 2019 (COVID 19), has spread globally including the geographic locations of the Company's members. Although not completely measurable, the Company's medical cost trend, access to labor, and supply chains are being impacted by the COVID 19 pandemic. Such events are generally outside of the Company's control and can have a material adverse impact on its operations in 2022 and beyond. Management anticipates that the Company may experience an increase in medical cost trend due to pent-up demand that could be significant.

(9) Health Care and Other Amounts Receivable

The Company receives pharmaceutical rebates on a quarterly basis. Estimates of pharmaceutical rebates receivable are based on contractual rebate terms. Activity in pharmaceutical rebate receivable is summarized as follows:

	Estimated pharmacy rebate receivable	Pharmacy rebates billed/ confirmed	Actual rebates collected		
			Within 90 days of billing	Within 91 to 180 days of billing	More than 180 days after billing
December 31, 2021	$ 3,721,877	—	—	—	—
September 30, 2021	4,553,513	3,678,730	3,678,730	—	—
June 30, 2021	4,215,617	3,254,327	3,233,598	20,729	—
March 31, 2021	8,330,764	3,136,452	3,192,365	(36,494)	(19,419)
December 31, 2020	6,891,696	2,885,995	2,687,325	171,958	26,712
September 30, 2020	4,714,999	2,885,267	2,746,141	(15,389)	154,515
June 30, 2020	4,042,677	2,806,003	2,834,835	13,984	(42,816)
March 31, 2020	3,396,223	2,948,781	3,127,097	(14,035)	(164,281)
December 31, 2019	2,550,000	2,588,011	2,311,395	138,495	138,121
September 30, 2019	2,364,826	2,444,613	2,288,460	184,650	(28,497)
June 30, 2019	2,584,741	2,484,828	2,320,368	200,446	(35,986)
March 31, 2019	2,649,932	2,449,226	2,090,700	394,362	(35,836)

The Company evaluated admissibility of pharmacy rebates receivable under the statutory accounting practice and has non-admitted the entire balance of pharmacy rebates receivable as of December 31, 2021 and 2020.

(10) Medical Loss Ratio

Effective January 1, 2011, as part of the Patient Protection and Affordable Care Act, minimum medical loss ratios (MLR) were mandated for all commercial fully insured medical plans with annual rebates owed to policyholders if the actual loss ratios, calculated in a manner prescribed by the U.S. Department of Health and Human Services (HHS) falls below certain targets. HHS issued guidance specifying the types of costs that should be included in benefit expense for purposes of calculating MLR.

Beginning with the 2014 contract year, the MA-PD plan became subject to MLR requirements similar to the commercial fully insured medical plans. The target MLR for the Medicare plan is 85%. The Company’s MLR was below the minimum target levels for 2020 and a liability for rebates for 2020 of $20,217,00 was recorded as of December 31, 2020. This amount was adjusted to $20,236,000 based on required runout activities during 2021, and the amount is expected to be recouped by CMS in 2022. No MLR liability was considered necessary related to plan year 2021.

(11) Reconciliation between the Audited Statutory Financial Statements and the Annual Statement Filed with the Insurance Department of the State of Oregon Division of Financial Regulation

An adjustment related to classification of expense was made to the December 31, 2021 statutory financial statements that were not reflected in the Company's annual filing with the Insurance Department of the State of Oregon Division of Financial Regulation. The table below reflects these adjustments as shown on the statutory financial statements and in the Health Plan's annual filings as of and for the year ended December 31, 2021:

		As reported on the annual filing	Impact of adjustment	As reported on the statutory statements
Statutory statement of cash flow:				
Benefit and loss related payments	$	(187,669,471)	(26,603,832)	(214,273,303)
Commissions, expenses paid and aggregate write-ins for deductions		(56,490,746)	26,603,832	(29,886,914)

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2021
(To Be Filed by April 1)

Of The Health Plan of CareOregon, Inc.

ADDRESS (City, State and Zip Code) Portland , OR 97204-1753

NAIC Group Code 0000 NAIC Company Code 12277 Federal Employer's Identification Number (FEIN) 46-3264330

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 80,376,775

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	Federal National Mortgage Association	Bonds, MBS	$ 1,135,696	1.4 %
2.02	Toyota Auto Loan Extended Note Trust 2020-1	ABS	$ 843,421	1.0 %
2.03	Linde Inc.	Bonds	$ 546,094	0.7 %
2.04	Northrop Grumman Corporation	Bonds	$ 529,047	0.7 %
2.05	Thermo Fisher Scientific Inc.	Bonds	$ 526,372	0.7 %
2.06	Golden Credit Card Trust - Series 2018-4	ABS	$ 524,021	0.7 %
2.07	American Express Company	Bonds	$ 522,099	0.6 %
2.08	Emerson Electric Co.	Bonds	$ 517,885	0.6 %
2.09	Federal Home Loan Mortgage Corporation	Bonds, MBS	$ 517,508	0.6 %
2.10	Ford Credit Auto Owner Trust 2020-Rev1	ABS	$ 516,852	0.6 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC-1	$ 52,104,891	64.8 %	3.07	P/RP-1	$	%
3.02	NAIC-2	$ 6,968,540	8.7 %	3.08	P/RP-2	$	%
3.03	NAIC-3	$ 248,946	0.3 %	3.09	P/RP-3	$	%
3.04	NAIC-4	$	%	3.10	P/RP-4	$	%
3.05	NAIC-5	$	%	3.11	P/RP-5	$	%
3.06	NAIC-6	$	%	3.12	P/RP-6	$	%

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02	Total admitted assets held in foreign investments	$ 1,528,389	1.9 %
4.03	Foreign-currency-denominated investments	$	%
4.04	Insurance liabilities denominated in that same foreign currency	$	%

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

		1	2
5.01	Countries designated NAIC-1	$	%
5.02	Countries designated NAIC-2	$	%
5.03	Countries designated NAIC-3 or below	$	%

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC - 1:		
6.01	Country 1: United Kingdom	$ 263,326	0.3 %
6.02	Country 2: Netherlands	$ 258,982	0.3 %
	Countries designated NAIC - 2:		
6.03	Country 1:	$	%
6.04	Country 2:	$	%
	Countries designated NAIC - 3 or below:		
6.05	Country 1:	$	%
6.06	Country 2:	$	%

		1	2
7.	Aggregate unhedged foreign currency exposure	$	%

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

		1	2
8.01	Countries designated NAIC-1	$	%
8.02	Countries designated NAIC-2	$	%
8.03	Countries designated NAIC-3 or below	$	%

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC - 1:		
9.01	Country 1:	$	%
9.02	Country 2:	$	%
	Countries designated NAIC - 2:		
9.03	Country 1:	$	%
9.04	Country 2:	$	%
	Countries designated NAIC - 3 or below:		
9.05	Country 1:	$	%
9.06	Country 2:	$	%

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Designation	3	4
10.01	BP Capital Markets p.l.c.	1FE	$ 263,326	0.3 %
10.02	Shell International Finance B.V.	1FE	$ 258,982	0.3 %
10.03	Air Liquide Finance SA	1FE	$ 255,696	0.3 %
10.04	Equinor ASA	1FE	$ 250,799	0.3 %
10.05	UBS Group AG	1FE	$ 250,000	0.3 %
10.06	Takeda Pharmaceutical Company Limited	2FE	$ 249,586	0.3 %
10.07			$	%
10.08			$	%
10.09			$	%
10.10			$	%

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11.

		1	2
11.02	Total admitted assets held in Canadian investments	$ 2,277,511	2.8 %
11.03	Canadian-currency-denominated investments	$	%
11.04	Canadian-denominated insurance liabilities	$	%
11.05	Unhedged Canadian currency exposure	$	%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions:

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	%
	Largest three investments with contractual sales restrictions:		
12.03		$	%
12.04		$	%
12.05		$	%

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

	1 Issuer	2	3
13.02		$	%
13.03		$	%
13.04		$	%
13.05		$	%
13.06		$	%
13.07		$	%
13.08		$	%
13.09		$	%
13.10		$	%
13.11		$	%

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for 14.02 through 14.05.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	%
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	%
14.04		$	%
14.05		$	%

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 Nondiversified
14.06	Wells Fargo Funds Trust - Treasury Plus Money Market Fund	$ 666,457	$ 666,457	$
14.07		$	$	$
14.08		$	$	$
14.09		$	$	$
14.10		$	$	$
14.11		$	$	$
14.12		$	$	$
14.13		$	$	$
14.14		$	$	$
14.15		$	$	$

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	%
	Largest three investments in general partnership interests:		
15.03		$	%
15.04		$	%
15.05		$	%

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	%
16.03		$	%
16.04		$	%
16.05		$	%
16.06		$	%
16.07		$	%
16.08		$	%
16.09		$	%
16.10		$	%
16.11		$	%

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$	%
16.13	Mortgage loans over 90 days past due	$	%
16.14	Mortgage loans in the process of foreclosure	$	%
16.15	Mortgage loans foreclosed	$	%
16.16	Restructured mortgage loans	$	%

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

		Residential		Commercial		Agricultural	
	Loan to Value	1	2	3	4	5	6
17.01	above 95%	$	%	$	%	$	%
17.02	91 to 95%	$	%	$	%	$	%
17.03	81 to 90%	$	%	$	%	$	%
17.04	71 to 80%	$	%	$	%	$	%
17.05	below 70%	$	%	$	%	$	%

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1	2	3
18.02		$	%
18.03		$	%
18.04		$	%
18.05		$	%
18.06		$	%

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$	%
	Largest three investments held in mezzanine real estate loans:		
19.03		$	%
19.04		$	%
19.05		$	%

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	At End of Each Quarter 2nd Quarter 4	At End of Each Quarter 3rd Quarter 5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$	%	$	$	$
20.02 Repurchase agreements	$	%	$	$	$
20.03 Reverse repurchase agreements	$	%	$	$	$
20.04 Dollar repurchase agreements	$	%	$	$	$
20.05 Dollar reverse repurchase agreements	$	%	$	$	$

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	Owned 1	Owned 2	Written 3	Written 4
21.01 Hedging	$	%	$	%
21.02 Income generation	$	%	$	%
21.03 Other	$	%	$	%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	At End of Each Quarter 2nd Quarter 4	At End of Each Quarter 3rd Quarter 5
22.01 Hedging	$	%	$	$	$
22.02 Income generation	$	%	$	$	$
22.03 Replications	$	%	$	$	$
22.04 Other	$	%	$	$	$

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	At End of Each Quarter 2nd Quarter 4	At End of Each Quarter 3rd Quarter 5
23.01 Hedging	$	%	$	$	$
23.02 Income generation	$	%	$	$	$
23.03 Replications	$	%	$	$	$
23.04 Other	$	%	$	$	$

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage of Column 1 Line 13	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	26,478,694	42.822	26,478,694		26,478,694	42.822
1.02 All other governments		0.000				0.000
1.03 U.S. states, territories and possessions, etc. guaranteed		0.000				0.000
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	499,758	0.808	499,758		499,758	0.808
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	4,303,683	6.960	4,303,683		4,303,683	6.960
1.06 Industrial and miscellaneous	28,040,242	45.347	28,040,242		28,040,242	45.347
1.07 Hybrid securities		0.000				0.000
1.08 Parent, subsidiaries and affiliates		0.000				0.000
1.09 SVO identified funds		0.000				0.000
1.10 Unaffiliated Bank loans		0.000				0.000
1.11 Total long-term bonds	59,322,377	95.938	59,322,377		59,322,377	95.938
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)		0.000				0.000
2.02 Parent, subsidiaries and affiliates		0.000				0.000
2.03 Total preferred stocks		0.000				0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)		0.000				0.000
3.02 Industrial and miscellaneous Other (Unaffiliated)		0.000				0.000
3.03 Parent, subsidiaries and affiliates Publicly traded		0.000				0.000
3.04 Parent, subsidiaries and affiliates Other		0.000				0.000
3.05 Mutual funds		0.000				0.000
3.06 Unit investment trusts		0.000				0.000
3.07 Closed-end funds		0.000				0.000
3.08 Total common stocks		0.000				0.000
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages		0.000				0.000
4.02 Residential mortgages		0.000				0.000
4.03 Commercial mortgages		0.000				0.000
4.04 Mezzanine real estate loans		0.000				0.000
4.05 Total valuation allowance		0.000				0.000
4.06 Total mortgage loans		0.000				0.000
5. Real estate (Schedule A):						
5.01 Properties occupied by company		0.000				0.000
5.02 Properties held for production of income		0.000				0.000
5.03 Properties held for sale		0.000				0.000
5.04 Total real estate		0.000				0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	(578,127)	(0.935)	(578,127)		(578,127)	(0.935)
6.02 Cash equivalents (Schedule E, Part 2)	3,089,956	4.997	3,089,956		3,089,956	4.997
6.03 Short-term investments (Schedule DA)		0.000				0.000
6.04 Total cash, cash equivalents and short-term investments	2,511,829	4.062	2,511,829		2,511,829	4.062
7. Contract loans		0.000				0.000
8. Derivatives (Schedule DB)		0.000				0.000
9. Other invested assets (Schedule BA)		0.000				0.000
10. Receivables for securities		0.000				0.000
11. Securities Lending (Schedule DL, Part 1)		0.000		XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)		0.000				0.000
13. Total invested assets	61,834,206	100.000	61,834,206		61,834,206	100.000