



# HEALTH ANNUAL STATEMENT

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

## Regence BlueCross BlueShield of Oregon

NAIC Group Code 1207 1207 NAIC Company Code 54933 Employer's ID Number 93-0238155  
(Current) (Prior)

Organized under the Laws of Oregon, State of Domicile or Port of Entry OR

Country of Domicile United States of America

Licensed as business type: HMDI

Is HMO Federally Qualified? Yes [ ] No [ ]

Incorporated/Organized 10/07/1941 Commenced Business 06/01/1942

Statutory Home Office 100 SW Market Street, Portland, OR, US 97201  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 100 SW Market Street  
(Street and Number)  
Portland, OR, US 97201 503-225-5221  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 100 SW Market Street, Portland, OR, US 97207-1271  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 1621 SW 1st Avenue  
(Street and Number)  
Portland, OR, US 97201 503-225-6069  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.regence.com

Statutory Statement Contact Daniel Wayne Striplin, 503-225-6069  
(Name) (Area Code) (Telephone Number)  
dan.striplin@cambiahealth.com 503-273-4128  
(E-mail Address) (FAX Number)

### OFFICERS

President Angela Mae Dowling Treasurer Andreas Bernhard Ellis  
 Secretary John Wilson Attey Assistant Secretary Lisa Tawn Murphy

### OTHER

Christopher Guy Blanton, Vice President, Individual Market Shikha Aneesh Gupta, Vice President, Network Management James Lance Walton, Vice President, Sales

### DIRECTORS OR TRUSTEES

Peggy Yevonne Fowler John William Morgan Angela Mae Dowling  
Mark Burns Ganz Luis Fernando Machuca

State of Oregon SS:  
 County of Multnomah

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.

Angela Mae Dowling John Wilson Attey Andreas Bernhard Ellis  
 President Secretary Treasurer

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

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

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	592,562,924		592,562,924	566,788,083
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	93,068
2.2 Common stocks	257,018,591		257,018,591	267,780,071
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)	8,872,332		8,872,332	9,028,804
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ (10,129,604), Schedule E - Part 1), cash equivalents (\$ 399,859, Schedule E - Part 2) and short-term investments (\$ 13,326,644, Schedule DA)	3,596,899		3,596,899	(9,765,205)
6. Contract loans, (including \$ premium notes)			0	0
7. Derivatives (Schedule DB)			0	0
8. Other invested assets (Schedule BA)	3,822,471	3,128,892	693,579	49,440
9. Receivables for securities	762,296		762,296	488,995
10. Securities lending reinvested collateral assets (Schedule DL)			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	866,635,513	3,128,892	863,506,621	834,463,246
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	3,992,585		3,992,585	3,617,261
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	105,559,653	234,411	105,325,242	90,820,581
15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums (\$ 4,442,939 ) and contracts subject to redetermination (\$ 31,232,398 )	35,675,337		35,675,337	35,356,125
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	8,032,674		8,032,674	7,961,492
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	57,868,642	7,972,328	49,896,314	52,737,847
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software	18,371,926	18,371,926	0	0
21. Furniture and equipment, including health care delivery assets (\$ )	9,885,442	9,885,442	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	11,509,225		11,509,225	11,620,499
24. Health care (\$ 7,594,809 ) and other amounts receivable	19,445,162	11,850,353	7,594,809	3,842,295
25. Aggregate write-ins for other than invested assets	11,258,817	3,860,576	7,398,241	5,340,661
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,148,234,976	55,303,928	1,092,931,048	1,045,760,007
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	1,148,234,976	55,303,928	1,092,931,048	1,045,760,007
<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	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Physicians Deferred Compensation	1,890,904		1,890,904	2,014,819
2502. Executives and Directors Deferred Compensation	1,853,167		1,853,167	1,864,322
2503. Miscellaneous Assets	3,748,074	93,904	3,654,170	1,140,263
2598. Summary of remaining write-ins for Line 25 from overflow page	3,766,672	3,766,672	0	321,257
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	11,258,817	3,860,576	7,398,241	5,340,661

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ .....1,284,609 reinsurance ceded) .....	175,367,629	7,447,310	182,814,939	201,529,454
2. Accrued medical incentive pool and bonus amounts .....	12,743,678		12,743,678	2,500,658
3. Unpaid claims adjustment expenses .....	8,011,992		8,011,992	8,628,408
4. Aggregate health policy reserves, including the liability of \$ .....0 for medical loss ratio rebate per the Public Health Service Act .....	63,420,296		63,420,296	47,801,089
5. Aggregate life policy reserves.....			0	0
6. Property/casualty unearned premium reserves.....			0	0
7. Aggregate health claim reserves.....			0	0
8. Premiums received in advance.....	19,554,919		19,554,919	21,294,357
9. General expenses due or accrued.....	21,201,723		21,201,723	23,159,246
10.1 Current federal and foreign income tax payable and interest thereon (including \$ .....1,237,543 on realized capital gains (losses)) .....	13,239,083		13,239,083	6,818,012
10.2 Net deferred tax liability.....	9,617,040		9,617,040	4,497,014
11. Ceded reinsurance premiums payable.....	103,941		103,941	293,241
12. Amounts withheld or retained for the account of others.....	5,345,506		5,345,506	5,424,100
13. Remittances and items not allocated.....	6,049,293		6,049,293	5,160,263
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current).....			0	0
15. Amounts due to parent, subsidiaries and affiliates.....	25,826,843		25,826,843	34,193,428
16. Derivatives.....			0	0
17. Payable for securities.....	2,456,583		2,456,583	1,938,850
18. Payable for securities lending .....			0	0
19. Funds held under reinsurance treaties (with \$ ..... authorized reinsurers, \$ .....0 unauthorized reinsurers and \$ .....0 certified reinsurers).....			0	0
20. Reinsurance in unauthorized and certified (\$ ..... ) companies .....			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates .....			0	0
22. Liability for amounts held under uninsured plans.....	59,627,850		59,627,850	41,516,609
23. Aggregate write-ins for other liabilities (including \$ .....1,947,389 current).....	1,947,389	0	1,947,389	1,763,951
24. Total liabilities (Lines 1 to 23).....	424,513,765	7,447,310	431,961,075	406,518,680
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	22,214,543	60,287,573
26. Common capital stock.....	XXX	XXX		
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX		
29. Surplus notes.....	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	638,755,426	578,953,754
32. Less treasury stock, at cost:				
32.1. .... shares common (value included in Line 26 \$ ..... ) .....	XXX	XXX		
32.2. .... shares preferred (value included in Line 27 \$ ..... ) .....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	660,969,969	639,241,327
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,092,931,044	1,045,760,007
<b>DETAILS OF WRITE-INS</b>				
2301. Unclaimed Property .....	442,544		442,544	374,683
2302. Amounts Payable to Related Party Under Reinsurance Contracts .....	1,504,845		1,504,845	1,389,268
2303. ....			0	0
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	1,947,389	0	1,947,389	1,763,951
2501. Gain on sale of building subject to sale leaseback rule .....	XXX	XXX	22,214,543	25,705,694
2502. Surplus appropriated for the Affordable Care Act Section 9010 Fee .....	XXX	XXX		34,581,879
2503. ....	XXX	XXX		0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	22,214,543	60,287,573
3001. ....	XXX	XXX		0
3002. ....	XXX	XXX		0
3003. ....	XXX	XXX		0
3098. Summary of remaining write-ins for Line 30 from overflow page .....	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	5,725,117	5,900,766
2. Net premium income ( including \$ _____ non-health premium income).....	XXX	1,796,373,741	1,880,481,150
3. Change in unearned premium reserves and reserve for rate credits .....	XXX	(15,544,123)	(2,876,307)
4. Fee-for-service (net of \$ _____ medical expenses).....	XXX	.0	
5. Risk revenue .....	XXX	.0	
6. Aggregate write-ins for other health care related revenues .....	XXX	.0	.0
7. Aggregate write-ins for other non-health revenues .....	XXX	.0	.0
8. Total revenues (Lines 2 to 7) .....	XXX	1,780,829,618	1,877,604,843
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....	36,164,141	887,749,478	945,990,982
10. Other professional services .....	4,604,127	113,021,121	123,776,863
11. Outside referrals .....	2,424,811	59,523,737	83,854,769
12. Emergency room and out-of-area .....	8,714,627	213,924,770	219,641,135
13. Prescription drugs .....	8,125,877	199,472,274	215,150,284
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts .....		11,594,925	1,434,780
16. Subtotal (Lines 9 to 15) .....	60,033,583	1,485,286,305	1,589,848,813
<b>Less:</b>			
17. Net reinsurance recoveries .....		(11,172,482)	(471,830)
18. Total hospital and medical (Lines 16 minus 17) .....	60,033,583	1,496,458,787	1,590,320,643
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$ _____54,573,862 cost containment expenses .....		119,651,126	142,120,222
21. General administrative expenses .....		135,824,688	147,817,541
22. Increase in reserves for life and accident and health contracts (including \$ _____ increase in reserves for life only) .....		.0	.0
23. Total underwriting deductions (Lines 18 through 22).....	60,033,583	1,751,934,601	1,880,258,406
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	28,895,017	(2,653,563)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		20,254,303	34,437,510
26. Net realized capital gains (losses) less capital gains tax of \$ _____4,506,879 .....		8,369,919	3,363,744
27. Net investment gains (losses) (Lines 25 plus 26) .....	.0	28,624,222	37,801,254
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ _____ ) (amount charged off \$ _____108,954 )] .....		(108,954)	(180,289)
29. Aggregate write-ins for other income or expenses .....	.0	110,281	(555,334)
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	57,520,566	34,412,068
31. Federal and foreign income taxes incurred .....	XXX	27,305,710	8,580,655
32. Net income (loss) (Lines 30 minus 31) .....	XXX	30,214,856	25,831,413
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX		.0
0602. ....	XXX		.0
0603. ....	XXX		.0
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above) .....	XXX	0	0
0701. ....	XXX		.0
0702. ....	XXX		.0
0703. ....	XXX		.0
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	.0	.0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above) .....	XXX	0	0
1401. ....			.0
1402. ....			.0
1403. ....			.0
1498. Summary of remaining write-ins for Line 14 from overflow page .....	.0	.0	.0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above) .....	0	0	0
2901. Other Income .....		143,038	334,406
2902. Other Expense .....		(32,757)	(889,740)
2903. ....			.0
2998. Summary of remaining write-ins for Line 29 from overflow page .....	.0	.0	.0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above) .....	0	110,281	(555,334)

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

	1 Current Year	2 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year.....	639,241,327	635,259,622
34. Net income or (loss) from Line 32.....	30,214,856	25,831,413
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 4,914,783.....	7,487,543	(16,575,268)
37. Change in net unrealized foreign exchange capital gain or (loss).....	2,023,179	165,297
38. Change in net deferred income tax.....	(205,242)	(5,357,515)
39. Change in nonadmitted assets.....	(2,791,694)	9,917,778
40. Change in unauthorized and certified reinsurance.....	0	0
41. Change in treasury stock.....	0	0
42. Change in surplus notes.....	0	0
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in.....	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....	0	0
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....	0	0
46. Dividends to stockholders.....		
47. Aggregate write-ins for gains or (losses) in surplus.....	(15,000,000)	(10,000,000)
48. Net change in capital and surplus (Lines 34 to 47).....	21,728,642	3,981,705
49. Capital and surplus end of reporting period (Line 33 plus 48)	660,969,969	639,241,327
<b>DETAILS OF WRITE-INS</b>		
4701. Ordinary Distribution.....	(15,000,000)	(10,000,000)
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	(15,000,000)	(10,000,000)

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	1,779,513,796	1,861,288,833
2. Net investment income .....	22,642,600	33,378,778
3. Miscellaneous income .....	(796,446)	(1,509,338)
4. Total (Lines 1 through 3) .....	1,801,359,950	1,893,158,273
5. Benefit and loss related payments .....	1,512,858,594	1,593,507,850
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7. Commissions, expenses paid and aggregate write-ins for deductions .....	240,183,331	303,682,251
8. Dividends paid to policyholders .....		
9. Federal and foreign income taxes paid (recovered) net of \$ 2,713,236 tax on capital gains (losses) .....	25,391,517	5,736,293
10. Total (Lines 5 through 9) .....	1,778,433,442	1,902,926,394
11. Net cash from operations (Line 4 minus Line 10) .....	22,926,508	(9,768,121)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	259,011,318	240,013,943
12.2 Stocks .....	140,630,736	57,845,979
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	6,693
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0
12.7 Miscellaneous proceeds .....	0	3,251,454
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	399,642,054	301,118,069
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	281,772,414	301,816,789
13.2 Stocks .....	107,300,473	86,735,420
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	188,384	1,089,925
13.5 Other invested assets .....	842,637	0
13.6 Miscellaneous applications .....	174,812	872,541
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	390,278,720	390,514,675
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) .....	9,363,334	(89,396,606)
<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 .....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	0	0
16.6 Other cash provided (applied) .....	(18,928,738)	18,970,416
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(18,928,738)	18,970,416
<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) .....	13,361,104	(80,194,311)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	(9,764,205)	70,430,106
19.2 End of year (Line 18 plus Line 19.1) .....	3,596,899	(9,764,205)

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

--	--	--

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**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 Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income .....	1,796,373,741	739,682,620	24,691,217	15,827,087	4,758,612	386,439,004	578,102,007	0	46,873,194	0
2. Change in unearned premium reserves and reserve for rate credit .....	(15,544,123)	(4,386,696)	0	(147,231)	(46,928)	(11,366,124)	432,449	0	(29,593)	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) .....	1,780,829,618	735,296,924	24,691,217	15,679,856	4,711,684	375,072,880	578,534,456	0	46,843,601	0
8. Hospital/medical benefits .....	887,749,478	295,394,458	12,797,505	151,625	326,436	215,769,705	355,627,029	0	7,682,720	XXX
9. Other professional services .....	113,021,121	41,884,855	1,076,985	4,878,594	2,731,005	19,616,737	41,979,618	0	853,327	XXX
10. Outside referrals .....	59,523,737	15,998,154	0	5,242,358	552,991	10,783,853	26,946,381	0	0	XXX
11. Emergency room and out-of-area .....	213,924,770	143,745,971	3,162,535	2,039,284	378,772	18,156,531	44,823,876	0	1,617,801	XXX
12. Prescription drugs .....	199,472,274	94,097,019	29,826	0	0	74,817,155	28,692,193	0	1,836,061	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 .....	11,594,925	373,323	0	0	0	63,482	11,158,120	0	0	XXX
15. Subtotal (Lines 8 to 14) .....	1,485,286,305	591,498,780	17,066,851	12,311,861	3,989,204	339,207,483	509,227,217	0	11,989,929	XXX
16. Net reinsurance recoveries .....	(11,172,482)	6,782,545	0	0	0	0	0	0	(17,955,027)	XXX
17. Total medical and hospital (Lines 15 minus 16) .....	1,496,458,787	598,281,325	17,066,851	12,311,861	3,989,204	339,207,483	509,227,217	0	29,944,956	XXX
18. Non-health claims (net) .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ _____ cost containment expenses .....	119,651,126	34,746,707	1,770,894	1,395,033	318,961	11,758,027	41,523,879	0	28,137,625	0
20. General administrative expenses .....	135,824,688	66,981,048	2,489,182	1,580,035	362,076	14,905,664	42,916,227	0	6,610,456	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) .....	1,751,934,601	866,438,990	21,326,927	15,286,929	4,670,241	385,871,154	593,667,323	0	64,693,037	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23) .....	28,895,017	48,858,934	3,364,290	412,927	41,443	9,201,726	(15,132,867)	0	(17,849,436)	0
DETAILS OF WRITE-INS										
0501. _____										XXX
0502. _____										XXX
0503. _____										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) .....	0	0	0	0	0	0	0	0	0	XXX
0601. _____		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0602. _____		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0603. _____		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 thru 0603 plus 0698) (Line 6 above) .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. _____										XXX
1302. _____										XXX
1303. _____										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page .....	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above) .....	0	0	0	0	0	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**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) .....	740,805,526	66,218	1,189,125	739,682,619
2. Medicare Supplement .....	24,691,217	.0	.0	24,691,217
3. Dental only .....	15,827,087	.0	.0	15,827,087
4. Vision only .....	4,758,612	.0	.0	4,758,612
5. Federal Employees Health Benefits Plan .....	386,439,004	.0	.0	386,439,004
6. Title XVIII - Medicare .....	578,102,007	.0	.0	578,102,007
7. Title XIX - Medicaid .....		.0	.0	.0
8. Other health .....	21,918,197	26,024,140	1,069,143	46,873,194
9. Health subtotal (Lines 1 through 8) .....	1,772,541,650	26,090,358	2,258,268	1,796,373,740
10. Life .....				.0
11. Property/casualty .....				.0
12. Totals (Lines 9 to 11)	1,772,541,650	26,090,358	2,258,268	1,796,373,740

∞



ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**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	1,502,222,982	583,755,169	17,311,227	12,011,110	3,928,203	337,144,994	523,696,205	0	14,376,074	0
1.2 Reinsurance assumed	17,755,853	364,028	0	0	0	0	0	0	17,391,825	0
1.3 Reinsurance ceded	8,472,148	7,293,975	0	0	0	0	0	0	1,178,173	0
1.4 Net	1,511,506,687	586,825,222	17,311,227	12,011,110	3,928,203	337,144,994	523,696,205	0	30,589,726	0
2. Paid medical incentive pools and bonuses	1,351,903	476,478	0	0	0	0	875,425	0	0	0
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	179,818,774	71,947,507	2,275,000	1,072,142	308,000	40,696,000	60,669,611	0	2,850,514	0
3.2 Reinsurance assumed	4,280,775	0	0	0	0	0	0	0	4,280,775	0
3.3 Reinsurance ceded	1,284,609	710,096	0	0	0	0	0	0	574,513	0
3.4 Net	182,814,940	71,237,411	2,275,000	1,072,142	308,000	40,696,000	60,669,611	0	6,556,776	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	12,743,679	208,206	0	0	0	63,482	12,471,991	0	0	0
6. Net healthcare receivables (a)	7,857,130	5,488,918	3,228	0	0	(126,987)	2,491,971	0	0	0
7. Amounts recoverable from reinsurers December 31, current year	8,032,675	8,032,675	0	0	0	0	0	0	0	0
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	200,493,248	69,093,300	2,516,149	771,392	247,000	38,824,000	83,804,748	0	5,236,659	0
8.2 Reinsurance assumed	2,555,544	0	0	0	0	0	0	0	2,555,544	0
8.3 Reinsurance ceded	1,519,338	928,679	0	0	0	0	0	0	590,659	0
8.4 Net	201,529,454	68,164,621	2,516,149	771,392	247,000	38,824,000	83,804,748	0	7,201,544	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	2,500,659	311,362	0	0	0	0	2,189,297	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	7,961,493	7,961,493	0	0	0	0	0	0	0	0
12. Incurred Benefits:										
12.1 Direct	1,473,691,378	591,120,458	17,066,850	12,311,860	3,989,203	339,143,981	498,069,097	0	11,989,929	0
12.2 Reinsurance assumed	19,481,084	364,028	0	0	0	0	0	0	19,117,056	0
12.3 Reinsurance ceded	8,308,601	7,146,574	0	0	0	0	0	0	1,162,027	0
12.4 Net	1,484,863,861	584,337,912	17,066,850	12,311,860	3,989,203	339,143,981	498,069,097	0	29,944,958	0
13. Incurred medical incentive pools and bonuses	11,594,923	373,322	0	0	0	63,482	11,158,119	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**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 & 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 .....	8,648,010	6,050,399	.0	.0	.0	.0	2,597,611	.0	.0	
1.2 Reinsurance assumed .....	186,775	.0	.0	.0	.0	.0	.0	.0	186,775	
1.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	
1.4 Net .....	8,834,785	6,050,399	.0	.0	.0	.0	2,597,611	.0	186,775	.0
<b>2. Incurred but Unreported:</b>										
2.1 Direct .....	171,169,978	65,896,322	2,275,000	1,072,142	308,000	40,696,000	58,072,000	.0	2,850,514	
2.2 Reinsurance assumed .....	4,094,000	.0	.0	.0	.0	.0	.0	.0	4,094,000	
2.3 Reinsurance ceded .....	1,284,609	710,096	.0	.0	.0	.0	.0	.0	574,513	
2.4 Net .....	173,979,369	65,186,226	2,275,000	1,072,142	308,000	40,696,000	58,072,000	.0	6,370,001	.0
<b>3. Amounts Withheld from Paid Claims and Capitations:</b>										
3.1 Direct .....	786	786								
3.2 Reinsurance assumed .....	.0									
3.3 Reinsurance ceded .....	.0									
3.4 Net .....	786	786	.0	.0	.0	.0	.0	.0	.0	.0
<b>4. TOTALS:</b>										
4.1 Direct .....	179,818,774	71,947,507	2,275,000	1,072,142	308,000	40,696,000	60,669,611	.0	2,850,514	.0
4.2 Reinsurance assumed .....	4,280,775	.0	.0	.0	.0	.0	.0	.0	4,280,775	.0
4.3 Reinsurance ceded .....	1,284,609	710,096	.0	.0	.0	.0	.0	.0	574,513	.0
4.4 Net .....	182,814,940	71,237,411	2,275,000	1,072,142	308,000	40,696,000	60,669,611	.0	6,556,776	.0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**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	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	56,985,803	529,768,237	167,171	71,070,240	57,152,974	68,164,621
2. Medicare Supplement .....	2,074,157	15,237,070	4,000	2,271,000	2,078,157	2,516,149
3. Dental Only .....	759,942	11,251,168	0	1,072,142	759,942	771,392
4. Vision Only .....	527,936	3,400,268	0	308,000	527,936	247,000
5. Federal Employees Health Benefits Plan .....	34,786,498	302,358,496	188,000	40,508,000	34,974,498	38,824,000
6. Title XVIII - Medicare .....	70,343,406	453,352,799	620,570	60,049,041	70,963,976	83,804,748
7. Title XIX - Medicaid .....	0	0	0	0	0	0
8. Other health .....	2,788,145	27,801,580	15,945	6,540,831	2,804,090	7,201,545
9. Health subtotal (Lines 1 to 8) .....	168,265,887	1,343,169,618	995,686	181,819,254	169,261,573	201,529,455
10. Healthcare receivables (a) .....	262,455	17,620,667	0	1,562,041	262,455	11,588,033
11. Other non-health .....	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts .....	1,351,903	0	21,234	12,722,445	1,373,137	2,500,658
13. Totals (Lines 9 - 10 + 11 + 12) .....	169,355,335	1,325,548,951	1,016,920	192,979,658	170,372,255	192,442,080

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

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

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior		67,665	68,256	67,944	67,471	67,471
2. 2012		632,119	697,156	697,055	696,713	696,680
3. 2013		XXX	648,556	717,422	718,394	718,129
4. 2014		XXX	XXX	592,634	664,477	664,543
5. 2015		XXX	XXX	XXX	525,120	582,812
6. 2016		XXX	XXX	XXX	XXX	519,293

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

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior		67,712	68,256	67,945	67,471	67,471
2. 2012		709,340	696,809	695,584	695,241	695,209
3. 2013		XXX	736,313	720,074	720,575	720,310
4. 2014		XXX	XXX	678,701	667,907	667,466
5. 2015		XXX	XXX	XXX	592,643	588,383
6. 2016		XXX	XXX	XXX	XXX	589,710

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

Years in which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012		859,607	696,680	49,754	7.1	746,434	86.8	0	0	746,434	86.8
2. 2013		872,794	718,129	50,061	7.0	768,190	88.0	0	0	768,190	88.0
3. 2014		799,769	664,543	59,088	8.9	723,631	90.5	0	0	723,631	90.5
4. 2015		757,300	582,812	51,346	8.8	634,158	83.7	188	137	634,483	83.8
5. 2016		735,296	519,293	40,269	7.8	559,562	76.1	71,257	2,812	633,631	86.2

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**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 2012	2 2013	3 2014	4 2015	5 2016
1. Prior		2,452	2,409	2,374	2,367	2,367
2. 2012		15,419	17,616	17,607	17,603	17,601
3. 2013		XXX	14,725	16,579	16,602	16,603
4. 2014		XXX	XXX	15,681	17,970	17,985
5. 2015		XXX	XXX	XXX	15,632	17,692
6. 2016		XXX	XXX	XXX	XXX	15,236

**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 2012	2 2013	3 2014	4 2015	5 2016
1. Prior		2,479	2,410	2,375	2,367	2,367
2. 2012		18,050	17,615	17,605	17,601	17,598
3. 2013		XXX	17,248	16,631	16,652	16,653
4. 2014		XXX	XXX	18,457	17,971	17,981
5. 2015		XXX	XXX	XXX	18,142	17,693
6. 2016		XXX	XXX	XXX	XXX	17,507

**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 Eamed	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	25,528	17,601	1,257	7.1	18,858	73.9	0	0	18,858	73.9
2. 2013	23,625	16,603	1,157	7.0	17,760	75.2	0	0	17,760	75.2
3. 2014	23,857	17,985	1,599	8.9	19,584	82.1	0	0	19,584	82.1
4. 2015	23,160	17,692	1,558	8.8	19,250	83.1	4	3	19,257	83.1
5. 2016	24,691	15,236	1,182	7.8	16,418	66.5	2,271	90	18,779	76.1

12.MS

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

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

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior		890	891	886	885	885
2. 2012		12,665	13,431	13,432	13,432	13,432
3. 2013		XXX	12,572	13,288	13,295	13,293
4. 2014		XXX	XXX	12,205	12,909	12,911
5. 2015		XXX	XXX	XXX	10,716	11,475
6. 2016		XXX	XXX	XXX	XXX	11,251

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

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior		890	891	886	885	885
2. 2012		13,436	13,431	13,432	13,432	13,432
3. 2013		XXX	13,308	13,288	13,295	13,293
4. 2014		XXX	XXX	13,019	13,001	12,911
5. 2015		XXX	XXX	XXX	11,395	11,475
6. 2016		XXX	XXX	XXX	XXX	12,323

**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 Eamed	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	15,382	13,432	959	7.1	14,391	93.6	0	0	14,391	93.6
2. 2013	15,132	13,293	927	7.0	14,220	94.0	0	0	14,220	94.0
3. 2014	17,094	12,911	1,148	8.9	14,059	82.2	0	0	14,059	82.2
4. 2015	15,150	11,475	1,011	8.8	12,486	82.4	0	0	12,486	82.4
5. 2016	15,680	11,251	872	7.8	12,123	77.3	1,072	42	13,237	84.4

12.D0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

**Section A - Paid Health Claims - Vision Only**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	514	509	507	508	508
2. 2012	4,887	5,415	5,414	5,414	5,414
3. 2013	XXX	4,814	5,274	5,273	5,273
4. 2014	XXX	XXX	4,597	5,019	5,019
5. 2015	XXX	XXX	XXX	3,525	4,052
6. 2016	XXX	XXX	XXX	XXX	3,400

**Section B - Incurred Health Claims - Vision Only**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	515	509	509	508	508
2. 2012	5,260	5,415	5,414	5,414	5,414
3. 2013	XXX	5,163	5,274	5,273	5,273
4. 2014	XXX	XXX	4,920	5,019	5,019
5. 2015	XXX	XXX	XXX	3,772	4,052
6. 2016	XXX	XXX	XXX	XXX	3,708

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	5,459	5,414	387	7.1	5,801	106.3	0	0	5,801	106.3
2. 2013	6,005	5,273	368	7.0	5,641	93.9	0	0	5,641	93.9
3. 2014	5,505	5,019	446	8.9	5,465	99.3	0	0	5,465	99.3
4. 2015	4,245	4,052	357	8.8	4,409	103.9	0	0	4,409	103.9
5. 2016	4,712	3,400	264	7.8	3,664	77.8	308	12	3,984	84.6

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

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

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	28,741	28,581	28,463	28,369	28,369
2.	2012	265,974	292,759	292,759	292,697	292,749
3.	2013	XXX	273,186	302,491	302,280	302,213
4.	2014	XXX	XXX	281,066	315,690	315,875
5.	2015	XXX	XXX	XXX	301,906	336,258
6.	2016	XXX	XXX	XXX	XXX	302,219

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

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	28,798	28,582	28,463	28,369	28,369
2.	2012	298,075	292,838	292,724	292,663	292,715
3.	2013	XXX	306,960	302,618	302,258	302,191
4.	2014	XXX	XXX	319,490	315,951	315,950
5.	2015	XXX	XXX	XXX	340,542	336,978
6.	2016	XXX	XXX	XXX	XXX	342,786

**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 Eamed	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2012	307,785	292,749	20,907	7.1	313,656	101.9	0	0	313,656	101.9
2.	2013	319,419	302,213	21,067	7.0	323,280	101.2	0	0	323,280	101.2
3.	2014	343,725	315,875	28,086	8.9	343,961	100.1	0	0	343,961	100.1
4.	2015	368,722	336,258	29,625	8.8	365,883	99.2	188	155	366,226	99.3
5.	2016	375,073	302,219	23,436	7.8	325,655	86.8	40,571	1,603	367,829	98.1



ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

**Section A - Paid Health Claims - Title XVIII**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior		52,257	51,103	50,932	50,709	50,709
2. 2012		485,799	534,976	534,074	533,848	533,780
3. 2013		XXX	511,257	554,101	554,480	554,432
4. 2014		XXX	XXX	521,263	586,246	587,198
5. 2015		XXX	XXX	XXX	536,735	607,117
6. 2016		XXX	XXX	XXX	XXX	446,347

**Section B - Incurred Health Claims - Title XVIII**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior		53,250	51,103	50,932	50,709	50,709
2. 2012		549,060	534,284	533,686	533,460	533,392
3. 2013		XXX	571,398	555,056	554,796	554,749
4. 2014		XXX	XXX	593,531	588,820	589,181
5. 2015		XXX	XXX	XXX	621,453	612,282
6. 2016		XXX	XXX	XXX	XXX	518,152

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

Years in which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012		616,286	533,780	38,120	7.1	571,900	92.8	0	0	571,900	92.8
2. 2013		625,980	554,432	38,650	7.0	593,082	94.7	0	0	593,082	94.7
3. 2014		645,272	587,198	52,211	8.9	639,409	99.1	0	0	639,409	99.1
4. 2015		666,865	607,117	53,488	8.8	660,605	99.1	621	510	661,736	99.2
5. 2016		578,534	446,347	34,612	7.8	480,959	83.1	72,521	2,376	555,856	96.1

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid									
	1 2012	2 2013	3 2014	4 2015	5 2016					
1. Prior	<b>NONE</b>									
2. 2012										
3. 2013						XXX				
4. 2014						XXX	XXX			
5. 2015						XXX	XXX	XXX		
6. 2016						XXX	XXX	XXX	XXX	

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

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year									
	1 2012	2 2013	3 2014	4 2015	5 2016					
1. Prior	<b>NONE</b>									
2. 2012										
3. 2013						XXX				
4. 2014						XXX	XXX			
5. 2015						XXX	XXX	XXX		
6. 2016						XXX	XXX	XXX	XXX	

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Percent (Col. 2/3)	4 Claim Adjustment Expense Percent (Col. 2/3)	5 Claim and Claim Adjustment Expense (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	<b>NONE</b>									
2. 2013										
3. 2014										
4. 2015										
5. 2016										

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**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 2012	2 2013	3 2014	4 2015	5 2016
1. Prior		330	328	328	328	328
2. 2012		16,812	17,118	17,118	17,118	17,118
3. 2013		XXX	17,869	18,488	18,543	18,543
4. 2014		XXX	XXX	28,478	31,632	31,661
5. 2015		XXX	XXX	XXX	15,632	18,391
6. 2016		XXX	XXX	XXX	XXX	27,802

**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 2012	2 2013	3 2014	4 2015	5 2016
1. Prior		330	328	328	328	328
2. 2012		18,083	16,988	16,985	16,985	16,985
3. 2013		XXX	19,438	18,639	18,683	18,683
4. 2014		XXX	XXX	31,179	31,676	31,680
5. 2015		XXX	XXX	XXX	22,808	18,407
6. 2016		XXX	XXX	XXX	XXX	34,342

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

Years in which Premiums were Earned and Claims were Incurred		1 Premiums Eamed	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012		22,463	17,118	1,222	7.1	18,340	81.6	0	0	18,340	81.6
2. 2013		28,201	18,543	1,293	7.0	19,836	70.3	0	0	19,836	70.3
3. 2014		36,212	31,661	2,815	8.9	34,476	95.2	0	0	34,476	95.2
4. 2015		42,162	18,391	1,620	8.8	20,011	47.5	16	13	20,040	47.5
5. 2016		46,844	27,802	2,156	7.8	29,958	64.0	6,541	259	36,758	78.5

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

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

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	152,849	152,077	151,434	150,637	150,637
2.	2012	1,433,675	1,578,471	1,577,459	1,576,825	1,576,774
3.	2013	XXX	1,482,979	1,627,643	1,628,867	1,628,486
4.	2014	XXX	XXX	1,455,924	1,633,943	1,635,192
5.	2015	XXX	XXX	XXX	1,409,266	1,577,797
6.	2016	XXX	XXX	XXX	XXX	1,325,548

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

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	153,974	152,079	151,438	150,637	150,637
2.	2012	1,611,304	1,577,380	1,575,430	1,574,796	1,574,745
3.	2013	XXX	1,669,828	1,631,580	1,631,532	1,631,152
4.	2014	XXX	XXX	1,659,297	1,640,345	1,640,188
5.	2015	XXX	XXX	XXX	1,610,755	1,589,270
6.	2016	XXX	XXX	XXX	XXX	1,518,528

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	1,852,510	1,576,774	112,606	7.1	1,689,380	91.2	0	0	1,689,380	91.2
2. 2013	1,891,156	1,628,486	113,523	7.0	1,742,009	92.1	0	0	1,742,009	92.1
3. 2014	1,871,434	1,635,192	145,393	8.9	1,780,585	95.1	0	0	1,780,585	95.1
4. 2015	1,877,604	1,577,797	139,005	8.8	1,716,802	91.4	1,017	818	1,718,637	91.5
5. 2016	1,780,830	1,325,548	102,791	7.8	1,428,339	80.2	194,541	7,194	1,630,074	91.5

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**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 Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....	144,926	0	0	0	0	0	0	0	144,926
2. Additional policy reserves (a) .....	7,193,896	0	0	0	0	0	0	0	7,193,896
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 .....	62,181,072	8,985,646	0	279,654	84,034	52,243,049	556,725	0	31,964
5. Aggregate write-ins for other policy reserves .....	1,239,225	1,149,979	0	0	0	89,246	0	0	0
6. Totals (gross) .....	70,759,119	10,135,625	0	279,654	84,034	52,332,295	556,725	0	7,370,786
7. Reinsurance ceded .....	7,338,822								7,338,822
8. Totals (Net)(Page 3, Line 4) .....	63,420,297	10,135,625	0	279,654	84,034	52,332,295	556,725	0	31,964
9. Present value of amounts not yet due on claims .....	0								
10. Reserve for future contingent benefits .....	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								
14. Totals (Net)(Page 3, Line 7) .....	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501. Pharmaceutical rebates due back to insured groups .....	1,239,225	1,149,979				89,246			
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) .....	1,239,225	1,149,979	0	0	0	89,246	0	0	0
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above) .....	0	0	0	0	0	0	0	0	0

(a) Includes \$ ..... 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 (\$ .....839,613 for occupancy of own building) .....	291,067	985,069	3,545,517	37,600	4,859,253
2. Salary, wages and other benefits .....	17,539,667	49,531,032	81,282,195	593,169	148,946,063
3. Commissions (less \$ ..... ceded plus \$ ..... assumed) .....			23,981,343		23,981,343
4. Legal fees and expenses .....	8,546	10,320	1,347,790		1,366,656
5. Certifications and accreditation fees .....					0
6. Auditing, actuarial and other consulting services .....			970,966		970,966
7. Traveling expenses .....	235,520	332,792	2,639,908	13,660	3,221,880
8. Marketing and advertising .....	267,444	23,756	3,367,872		3,659,072
9. Postage, express and telephone .....	177,532	818,356	7,378,052	1,576	8,375,516
10. Printing and office supplies .....	84,608	564,586	659,403	1,245	1,309,842
11. Occupancy, depreciation and amortization .....	71,662	304,986	615,916	2,885	995,449
12. Equipment .....	3,800	57,119	575,101	118	636,138
13. Cost or depreciation of EDP equipment and software .....	1,771,751	10,739,129	9,930,652	307	22,441,839
14. Outsourced services including EDP, claims, and other services .....	32,576,459	11,379,300	11,323,828	15,939	55,295,526
15. Boards, bureaus and association fees .....	34,213	57,459	1,270,473	433	1,362,578
16. Insurance, except on real estate .....	29,190	78,176	1,112,512	545	1,220,423
17. Collection and bank service charges .....		2,236			2,236
18. Group service and administration fees .....		8,047,201	1,967,068		10,014,269
19. Reimbursements by uninsured plans .....	(3,139)	(23,204,261)	(63,035,006)		(86,242,406)
20. Reimbursements from fiscal intermediaries .....	(3,517)	(2,664)	(2,172,210)		(2,178,391)
21. Real estate expenses .....	68,022	486,471	249,550	4,795	808,838
22. Real estate taxes .....	41,131	210,523	198,177	1,236	451,067
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....					0
23.2 State premium taxes .....			1,844,100		1,844,100
23.3 Regulatory authority licenses and fees .....	24,284	673	334,356	38	359,351
23.4 Payroll taxes .....	1,067,049	3,313,333	4,951,255	35,078	9,366,715
23.5 Other (excluding federal income and real estate taxes) .....	8,294	117,667	40,846,220	829	40,973,010
24. Investment expenses not included elsewhere .....				2,094,768	2,094,768
25. Aggregate write-ins for expenses .....	280,279	1,224,005	639,650	1,001	2,144,935
26. Total expenses incurred (Lines 1 to 25) .....	54,573,862	65,077,264	135,824,688	2,805,222	(a) 258,281,036
27. Less expenses unpaid December 31, current year .....	3,654,336	4,357,657	20,772,699	429,024	29,213,716
28. Add expenses unpaid December 31, prior year .....	3,999,361	4,629,047	22,753,279	405,967	31,787,654
29. Amounts receivable relating to uninsured plans, prior year .....		17,946,018	34,791,827	0	52,737,845
30. Amounts receivable relating to uninsured plans, current year .....		16,162,688	33,733,625		49,896,313
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	54,918,887	63,565,324	136,747,066	2,782,165	258,013,442
<b>DETAILS OF WRITE-INS</b>					
2501. Miscellaneous .....	280,279	1,224,005	639,650	1,001	2,144,935
2502. ....					
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	280,279	1,224,005	639,650	1,001	2,144,935

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

**EXHIBIT OF NET INVESTMENT INCOME**

	1	2
	Collected During Year	Earned During Year
1. U.S. government bonds	(a) 1,007,460	1,112,069
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 15,507,545	15,588,105
1.3 Bonds of affiliates	(a) 0	185,246
2.1 Preferred stocks (unaffiliated)	(b) 1,223	988
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	5,169,148	5,119,179
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d) 1,099,006	1,099,006
5. Contract Loans		
6. Cash, cash equivalents and short-term investments	(e) 86,771	89,045
7. Derivative instruments	(f)	
8. Other invested assets	300,000	300,000
9. Aggregate write-ins for investment income	337,920	337,920
10. Total gross investment income	23,509,073	23,831,558
11. Investment expenses		(g) 2,769,277
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 35,945
13. Interest expense		(h) 10,642
14. Depreciation on real estate and other invested assets		(i) 761,391
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		3,577,255
17. Net investment income (Line 10 minus Line 16)		20,254,303
<b>DETAILS OF WRITE-INS</b>		
0901. Miscellaneous Income	276,801	276,801
0902. Prior Year Dividend Income	61,119	61,119
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	337,920	337,920
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 689,645 accrual of discount less \$ 2,640,737 amortization of premium and less \$ 693,111 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ 839,613 for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ 27,925 accrual of discount less \$ 7,027 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ 2,094,768 depreciation on real estate and \$ depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	504,811	0	504,811	239,964	0
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)	1,476,173	(545,886)	930,287	3,289,773	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	55,123	(11,229)	43,894	(46,678)	12,171
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	15,260,359	(3,862,282)	11,398,077	8,689,647	2,005,416
2.21 Common stocks of affiliates	0	0	0	373,199	0
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	7,469		7,469	194	
7. Derivative instruments					
8. Other invested assets				(138,181)	0
9. Aggregate write-ins for capital gains (losses)	0	(7,741)	(7,741)	(5,592)	5,592
10. Total capital gains (losses)	17,303,935	(4,427,138)	12,876,797	12,402,326	2,023,179
<b>DETAILS OF WRITE-INS</b>					
0901. Foreign Contract Realized Losses	0	(7,741)	(7,741)	0	0
0902. Miscellaneous			0	(5,592)	5,592
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	(7,741)	(7,741)	(5,592)	5,592

**EXHIBIT OF NON-ADMITTED 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
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....			.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Derivatives (Schedule DB).....			.0
8. Other invested assets (Schedule BA).....	3,128,892	3,068,575	(60,317)
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets (Schedule DL).....			.0
11. Aggregate write-ins for invested assets.....	0	0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	3,128,892	3,068,575	(60,317)
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	234,411	51,992	(182,419)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....	7,972,328	4,934,154	(3,038,174)
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....			.0
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....	18,371,926	19,670,613	1,298,687
21. Furniture and equipment, including health care delivery assets.....	9,885,442	11,784,001	1,898,559
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivable from parent, subsidiaries and affiliates.....			.0
24. Health care and other amounts receivable.....	11,850,353	7,745,737	(4,104,616)
25. Aggregate write-ins for other than invested assets.....	3,860,577	5,257,163	1,396,586
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	55,303,929	52,512,235	(2,791,694)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. Total (Lines 26 and 27)	55,303,929	52,512,235	(2,791,694)
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501. Miscellaneous Assets.....	93,904	0	(93,904)
2502. Prepaid Assets.....	3,766,673	5,257,163	1,490,490
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	3,860,577	5,257,163	1,396,586



ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**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 .....						
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....	155,769	146,026	146,761	148,952	149,927	1,777,447
4. Point of Service .....						
5. Indemnity Only .....	195,513	201,267	203,156	199,682	206,243	2,424,013
6. Aggregate write-ins for other lines of business .....	134,985	127,263	126,966	126,973	126,604	1,523,657
7. Total	486,267	474,556	476,883	475,607	482,774	5,725,117
<b>DETAILS OF WRITE-INS</b>						
0601. Medicare PPO .....	63,861	53,502	53,039	52,602	52,125	635,848
0602. Medicare HMO .....	2,485	3,780	4,002	4,238	4,575	48,767
0603. Medicare Supplement .....	8,359	8,414	8,345	8,313	8,282	100,262
0698. Summary of remaining write-ins for Line 6 from overflow page .....	60,280	61,567	61,580	61,820	61,622	738,780
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	134,985	127,263	126,966	126,973	126,604	1,523,657

**1. Summary of Significant Accounting Policies****A. Accounting Practices**

Regence BlueCross BlueShield of Oregon (the Company) is incorporated as a nonprofit corporation under the laws of the State of Oregon (the State) and is subject to regulation by the State of Oregon, Department of Consumer and Business Services, Division of Financial Regulation (the DFR), as a health care service contractor.

The Company's statutory basis financial statements are presented in accordance with accounting practices prescribed or permitted by the DFR. The DFR has adopted the National Association of Insurance Commissioners' (NAIC) Accounting Practices & Procedures Manual as its statutory accounting principles (SAP) basis. Prescribed accounting practices are those practices which are incorporated directly or by reference to state laws, regulations and general administrative rules applicable to all insurance enterprises domiciled in a particular state. Permitted accounting practices include deviation from NAIC SAP and state prescribed accounting practices specifically requested by an insurer and granted by the DFR.

The DFR has adopted a prescribed accounting practice for the Company which differs from NAIC SAP. The prescribed practice limits the total amount of any investment that falls under ORS 733.670 to the lesser of seven and one-half percent of the insurer's total assets or the insurer's assets over liabilities and required capitalization. Any amount over the threshold would be non-admitted. NAIC SAP does not have such a requirement. Reporting the investments, as prescribed by the DFR had no impact to the Company's net admitted assets and capital and surplus as of December 31, 2016 and December 31, 2015, respectively.

The DFR has approved no permitted practices for the Company which differ from NAIC SAP or state prescribed accounting practices.

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

<u>NET INCOME</u>	<u>SSAP #</u>	<u>F/S Page</u>	<u>F/S Line #</u>	<u>2016</u>	<u>2015</u>
(1) Regence BlueCross BlueShield of Oregon state basis (Page 4, Line 32, Col 2 & 3)	N/A	N/A	N/A	\$ 30,214,856	\$ 25,831,414
(2) State Prescribed Practices that increase/(decrease) NAIC SAP					
(3) State Permitted Practices that increase/(decrease) NAIC SAP					
(4) NAIC SAP				<u>\$ 30,214,856</u>	<u>\$ 25,831,414</u>
 <u>SURPLUS</u>					
(5) Regence BlueCross BlueShield of Oregon state basis (Page 3, Line 33, Col 3 & 4)	N/A	N/A	N/A	\$ 660,969,969	\$ 639,241,327
(6) State Prescribed Practices that increase/ (decrease) NAIC SAP:				-	-
(7) State Permitted Practices that increase/ (decrease) NAIC SAP:					
(8) NAIC SAP	N/A	N/A	N/A	<u>\$ 660,969,969</u>	<u>\$ 639,241,327</u>

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

The preparation of statutory basis financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Such estimates may affect the disclosure of impaired assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Pharmaceutical rebate receivables, claims unpaid, accrual for asserted and unasserted claims or other matters in litigation, unpaid claims adjustment expenses, accrued retrospective premium, aggregate health policy reserves including reserves for medical loss ratio rebates, other-than-temporary impairment of investments, employee incentive payable, and income taxes represent significant estimates. Actual results could differ significantly from those estimates.

**C. Accounting Policy**

- (1) Cash equivalents include cash equivalents and investments with an original maturity of three months or less at the date of acquisition. Short-term investments include all investments which, at the time of acquisition, had remaining maturities of three months to one year and are stated at amortized cost. The carrying value of cash and short-term investments approximates fair value.

- (2) Bonds not backed by loans are generally stated at book/adjusted carrying value. Book/adjusted carrying values are based on the amortized cost of bonds in classes one and two, which are designated as highest-quality and high-quality, and are adjusted for amortization of premiums and accretion of discounts to maturity. Book/adjusted carrying values for bonds in classes three through six are based on the lower of amortized cost or NAIC designated fair values. The amortization of bonds is calculated using the scientific interest method, on an actual to actual date basis. Bonds without call provisions are amortized to the maturity date. Bonds with call provisions are amortized using yield to worst amortization.
- (3) Unaffiliated common stocks are stated at fair values. Changes in fair value are recorded in capital and surplus.
- (4) Preferred stocks are stated at amortized cost or lower of cost, amortized cost or fair value depending on the NAIC designated rating.
- (5) Mortgage loans on real estate are carried at the outstanding principal amount.
- (6) Loan-backed securities are stated at either amortized cost, if they are in classes one and two, or the lower of amortized cost or fair value, if they are in classes three through six. Securities stated at amortized cost are adjusted for amortization of premiums and accretion of discounts over the estimated life of the security. The prospective-adjustment method is used to value all securities. Prepayment assumptions for single class and multi-class loan-backed securities were obtained from broker, dealer, survey values or internal estimates.
- (7) Regence HMO Oregon is a wholly owned subsidiary of the Company; Capitol Health Care Management, Inc. is a wholly owned subsidiary of Regence HMO Oregon; and Regence Health Maintenance of Oregon, Inc. is a wholly owned subsidiary of Capitol Health Care Management, Inc. Capitol Health Care Management, Inc. and Regence Health Maintenance of Oregon, Inc. are affiliates of the Company. The Company has an eleven percent ownership interest in LifeMap Assurance Company and an eleven percent ownership interest in BridgeSpan Health Company (BridgeSpan). The Company is also a 50 percent limited partner in 200 Market Associates Limited Partnership (the Partnership), a real estate limited partnership.  
  
Regence HMO Oregon, Regence Health Maintenance of Oregon, Inc., LifeMap, and BridgeSpan are considered U.S. insurance subsidiary entities and Capitol Health Care Management, Inc. and the Partnership are considered noninsurance subsidiaries. Regence HMO Oregon, Regence Health Maintenance of Oregon, Inc. and Capitol Health Care Management are unaudited; therefore, investments in these subsidiaries are nonadmitted. Investments in the Company's insurance subsidiaries are valued on the statutory equity method basis, while investments in the Company's noninsurance subsidiaries are valued on the equity basis as determined under accounting principles generally accepted in the United States of America (GAAP). The Company's subsidiaries are classified as common stocks and other invested assets. The Company has an ownership interest in a limited partnership.
- (8) The Company ownership interest is valued based on the GAAP equity basis and is recorded in other invested assets.
- (9) The Company does not invest in derivatives
- (10) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54, *Individual and Group Accident and Health Contracts*.
- (11) Claims unpaid is an actuarial estimate of outstanding claims, including claims incurred but not reported, based upon historical claims experience modified for current trends and changes in benefit coverage. Unpaid claims adjustment expenses represent processing expenses related to claims unpaid and are accrued based on an estimate of expenses to process such claims. Revisions in actuarial estimates are reported in the period in which they arise.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) Estimates of pharmaceutical rebate receivables are determined based upon historical experience, modified for current trends.

#### D. Going Concern

Management has determined that the Company does not have a going concern risk.

**2. Accounting Changes and Corrections of Errors**

The Company does not have any accounting changes or corrections of errors for the current reporting period.

**3. Business Combinations and Goodwill****A. Statutory Purchase Method**

The Company does not have any statutory purchases during the current reporting period.

**B. Statutory Merger**

The Company does not have any statutory mergers during the current reporting period.

**C. Assumption Reinsurance**

The Company does not have any assumption of reinsurance during the current reporting period.

**D. Impairment Loss**

The Company does not have any impairment losses during the current reporting period for business combinations and goodwill.

**4. Discontinued Operations**

The Company does not have discontinued operations during the current reporting period.

**5. Investments****A. Mortgage Loans, including mezzanine Real Estate Loans**

The Company does not have mortgage loans or mezzanine real estate loans.

**B. Debt Restructuring**

The Company does not have restructured debt.

**C. Reverse Mortgages**

The Company does not have reverse mortgages.

**D. Loan-Backed Securities**

(1) Prepayment assumptions for single class and multi-class loan-backed securities were obtained from broker, dealer, survey values or internal estimates.

(2) Recognized other-than-temporary impairments on loan backed securities held at December 31, 2016 was as follows:

	2016		
	Amortized Cost Basis Before Other-than-Temporary Impairment	Other-than-Temporary Impairment Recognized in Loss	Fair Value 1-2
OTTI recognized 4th Quarter:			
j. Intent to sell	\$ -	\$ -	\$ -
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$ 189,248	\$ 2,748	\$ 186,500
l. Total 4th Quarter	\$ 189,248	\$ 2,748	\$ 186,500
m. Annual Aggregate Total		\$ 2,748	

(3) The following loan-backed securities held at December 31, 2016, were other-than-temporarily impaired as the present value of future cash flows expected to be collected was less than the amortized cost:

	1	2	3	4	5	6	7
	Book/Adj Carrying Value before Current Period OTTI	Present Value of Projected Cash Flows	Recognized Other-Than-Temporary Impairment	Amortized Cost After Other-Than-Temporary Impairment	Fair Value at time of OTTI	Date of financial Statement Where Reported	
CUSIP							
07387AEG6	42,167	41,781	(386)	41,781	41,781	12/31/16	
74958XAC8	147,081	144,719	(2,362)	144,719	144,719	12/31/16	
	189,248	186,500	(2,748)	186,500	186,500		

(4) Loan-backed securities in a continuous unrealized loss position at December 31, 2016 and 2015, including those that have interest related other-than-temporary declines, are as follows:

	2016	2015
a. The aggregate amount of unrealized losses:		
1. Less than 12 Months	\$ 1,782,353	\$ 627,894
2. 12 Months or Longer	\$ 169,457	\$ 489,013
b. The aggregate related fair value of securities with unrealized losses:		
1. Less than 12 Months	\$135,541,801	\$82,535,057
2. 12 Months or Longer	\$ 5,119,930	\$15,905,234

(5) The fair value of loan-backed securities in a continuous unrealized loss position declined due to reasons including, but not limited to, changes in interest rates, changes in economic conditions, and changes in market outlook for various industries. The Company does not intend to sell these securities at the reporting date and has the ability to retain the securities for a period of time sufficient to recover the amortized cost basis. Therefore, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2016 and 2015.

The fair values of all loan-backed securities held at December 31, 2016 were practicably estimated and evaluated for impairment.

#### E. Repurchase Agreements and/or Securities Lending Transactions

The Company does not invest in repurchase agreements and was not engaged in securities lending transactions as of December 31, 2016.

#### F. Real Estate

- (1) The Company did not recognize an impairment loss during the reporting period.
- (2) The Company does not have real estate classified as held for sale in the accompanying financial statement.
- (3) The Company did not experience a change in plans related to its real estate investments held for sale.
- (4) The Company does not engage in retail land sales operations.
- (5) The Company does not hold real estate investments with participating mortgage loan features.

#### G. Investments in Low-Income Housing Tax Credits (LIHTC)

The Company does not have investments in Low-Income Housing Tax Credits (LIHTC).

#### H. Restricted Assets

Restricted assets (including pledged) at December 31, 2016 were as follows:

Restricted Asset Category	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 Admitted Restricted (1 minus 4)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	Admitted Restricted to Total Admitted Assets (b)
i. On deposit with states	1,387,821	1,391,702	(3,881)	-	1,387,821	0.12%	0.13%
m. Total Restricted Assets	\$ 1,387,821	\$ 1,391,702	\$ (3,881)	\$ -	\$ 1,387,821	0.12%	0.13%

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

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

- (2) The Company does not have assets pledged as collateral not captured in other categories.
- (3) The Company does not have other restricted assets.
- (4) The Company does not have collateral received and reflected as assets.

#### I. Working Capital Finance Investments

The Company does not have any working capital finance investments.

**J. Offsetting and Netting of Assets and Liabilities**

The Company does not have any offsetting and netting assets or liabilities.

**K. Structured Notes**

The Company had the following structured notes at December 31, 2016:

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Referenced Security
912828N71	3,125,179	3,078,786	3,175,500	NO
912828XL9	8,850,358	9,124,245	8,993,930	NO
Total	\$ 11,975,537	\$ 12,203,031	\$ 12,169,430	

**L. 5\* securities**

Investment	Number of 5* Securities		Aggregate BACV		Aggregate Fair Value	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
(1) Bond - AC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) Bond - FV	1	-	43,346	-	43,346	-
(3) LB&SS - AC	-	-	-	-	-	-
(4) LB&SS - FV	-	-	-	-	-	-
(5) Preferred Stock - AC	-	-	-	-	-	-
(6) Preferred Stock - FV	-	-	-	-	-	-
(7) Total (1+2+3+4+5+6)	1	0	\$ 43,346	\$ -	\$ 43,346	\$ -

AC - Amortized Cost

FV - Fair Value

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

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

**7. Investment Income**

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

**8. Derivative Instruments**

The Company does not invest in derivative instruments.

**9. Income Taxes**

- A. (1) The components of the net deferred tax asset recognized in the Company's Statements of Admitted Assets, Liabilities, Capital and Surplus – Statutory Basis at December 31 were as follows:

	12/31/2016			12/31/2015			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	\$ 16,962,997	\$ 3,000,951	\$ 19,963,948	\$ 15,708,259	\$ 4,489,501	\$ 20,197,760	\$ 1,254,738	\$ (1,488,550)	\$ (233,812)
Statutory valuation allowance adjustments	-	-	-	-	-	-	-	-	-
Adjusted gross deferred tax assets	16,962,997	3,000,951	19,963,948	15,708,259	4,489,501	20,197,760	1,254,738	(1,488,550)	(233,812)
Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
Subtotal net admitted deferred tax assets	16,962,997	3,000,951	19,963,948	15,708,259	4,489,501	20,197,760	1,254,738	(1,488,550)	(233,812)
Deferred tax liabilities	(2,301,682)	(27,279,306)	(29,580,988)	(2,618,742)	(22,076,032)	(24,694,774)	317,060	(5,203,274)	(4,886,214)
Net admitted deferred tax asset / (Net deferred tax liability)	\$ 14,661,316	\$ (24,278,355)	\$ (9,617,040)	\$ 13,089,517	\$ (17,586,531)	\$ (4,497,014)	\$ 1,571,799	\$ (6,691,824)	\$ (5,120,026)

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

(2) The Company recorded a decrease in admitted deferred tax assets pursuant to the provisions of SSAP No. 101 as follows:

	12/31/2016			12/31/2015			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 7,442,081	\$ 1,331,908	\$ 8,773,989	\$ 6,161,395	\$ 2,057,987	\$ 8,219,382	\$ 1,280,686	\$ (726,079)	\$ 554,607
(b) Adjusted gross deferred tax assets expected to be realized after application of the threshold limitation	5,995,502	-	5,995,502	587,072	-	587,072	5,408,430	-	5,408,430
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	5,995,502	-	5,995,502	587,072	-	587,072	5,408,430	-	5,408,430
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	99,145,496	XXX	XXX	95,886,199	XXX	XXX	3,259,297
(c) Adjusted gross deferred tax assets offset by gross deferred tax liabilities	3,525,414	1,669,043	5,194,457	8,959,792	2,431,514	11,391,306	(5,434,378)	(762,471)	(6,196,848)
(d) Deferred tax assets admitted as the result of application of SSAP No. 101	\$ 16,962,997	\$ 3,000,951	\$ 19,963,948	\$ 15,708,259	\$ 4,489,501	\$ 20,197,760	\$ 1,254,738	\$ (1,488,550)	\$ (233,811)
Deferred tax liability	(2,301,682)	(27,279,306)	(29,580,988)	(2,618,742)	(22,076,032)	(24,694,774)	317,060	(5,203,274)	(4,886,214)
Net admitted deferred tax asset or deferred tax liability	\$ 14,661,316	\$ (24,278,355)	\$ (9,617,040)	\$ 13,089,517	\$ (17,586,531)	\$ (4,497,014)	\$ 1,571,799	\$ (6,691,824)	\$ (5,120,025)

(3) The ratio used to determine the amount of adjusted gross DTAs expected to be realized and the amount of adjusted capital and surplus used to determine the percentage threshold limitation are as follows:

	2016	2015
(a) Ratio percentage used to determine recovery period and threshold limitation amount	1116%	1022%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in B(2) above	\$ 660,969,975	\$ 639,504,854

The Company did not use tax planning strategies in determining admitted deferred tax assets for the years ended December 31, 2016 and 2015.

B. No deferred tax liabilities have been recognized for amounts described in ASC 740-10-25-3.

C. The components of federal income tax incurred for the years ended December 31 were as follows:

	2016	2015	Change
Federal income tax	\$ 31,812,589	\$ 10,391,905	\$ 21,420,684
Less federal income tax on net capital gains or losses	(4,506,879)	(1,811,250)	(2,695,629)
Federal income tax incurred	\$ 27,305,710	\$ 8,580,655	\$ 18,725,055

The tax effects of temporary differences that give rise to significant portions of deferred tax assets were as follows at December 31:

	Ordinary Deferred Tax Assets		
	2016	2015	Change
Discounting of unpaid losses	\$ 851,080	\$ 875,876	\$ (24,796)
Receivables - nonadmitted	8,371,184	7,171,167	1,200,017
Fixed Assets	1,870,725	4,294,412	(2,423,687)
Intangibles	1,190,098	1,208,790	(18,692)
Contingent Liabilities	116,506		116,506
Vacation Pay	1,215,256	1,064,075	151,181
Deferred acquisition Costs	1,117,912		1,117,912
Compensation and benefits accrual	1,459,902	833,103	626,799
Lifemap Assurance Company	260,836	260,836	-
Other	509,498		509,498
Total deferred tax assets	16,962,997	15,708,259	1,254,738
Admitted ordinary deferred tax assets	\$ 16,962,997	\$ 15,708,259	\$ 1,254,738

	Capital Deferred Tax Assets		
	2016	2015	Change
Wash sales	\$ 26,325	\$ 28,306	\$ (1,981)
Impaired Assets	2,974,626	4,461,195	(1,486,569)
Total deferred tax assets	3,000,951	4,489,501	(1,488,550)
Statutory valuation allowance adjustment	-	-	-
Admitted capital deferred tax assets	<u>\$ 3,000,951</u>	<u>\$ 4,489,501</u>	<u>\$ (1,488,550)</u>

The tax effects of temporary differences that give rise to significant portions of deferred tax liabilities were as follows at December 31:

	Ordinary Deferred Tax Liabilities		
	2016	2015	Change
Accrued dividends	\$ (104,361)		\$ (104,361)
Partnership investments	(2,030,000)	(2,030,000)	-
Deferred market discount on bonds	(167,321)		(167,321)
Other		(588,742)	588,742
Total deferred tax liabilities	(2,301,682)	(2,618,742)	317,060
Statutory valuation allowance adjustment	-	-	-
Adjusted ordinary deferred tax liabilities	<u>\$ (2,301,682)</u>	<u>\$ (2,618,742)</u>	<u>\$ 317,060</u>

	Capital Deferred Tax Liabilities		
	2016	2015	Change
Tax effect on unrealized stock gains	\$ (24,046,346)	\$(19,148,951)	\$ (4,897,395)
Other	(3,232,960)	(2,927,081)	\$ (305,879)
Statutory valuation allowance adjustment	-	-	-
Adjusted capital deferred tax liabilities	<u>\$ (27,279,306)</u>	<u>\$ (22,076,032)</u>	<u>\$ (5,203,274)</u>

Net deferred tax assets at December 31 were as follows:

	2016	2015	Change
Admitted deferred tax assets			
Ordinary	\$ 16,962,997	\$ 15,708,259	\$ 1,254,738
Capital	3,000,951	4,489,501	(1,488,550)
	19,963,948	20,197,760	(233,812)
Adjusted deferred tax liabilities			
Ordinary	(2,301,682)	(2,618,742)	317,060
Capital	(27,279,306)	(22,076,032)	(5,203,274)
	(29,580,988)	(24,694,774)	(4,886,213)
Net admitted deferred tax asset	<u>\$ (9,617,040)</u>	<u>\$ (4,497,014)</u>	<u>\$ (5,120,026)</u>

The change in net deferred income tax was comprised of the following at December 31:

	2016	2015	Change
Total deferred tax assets	\$ 19,963,948	\$ 20,197,760	
Total deferred tax liabilities	(29,580,988)	(24,694,774)	
Net deferred tax asset	<u>\$ (9,617,040)</u>	<u>\$ (4,497,014)</u>	\$ (5,120,026)
Tax effect of net unrealized capital gains or losses			4,914,783
Change in net deferred income tax			<u>\$ (205,243)</u>



- D. The Company's effective tax rate on pretax income from operations differs from the federal statutory rate primarily due to the non-deductibility of the Health Insurer Fee and certain compensation under the ACA. Total Statutory income tax expense at December 31 was as follows:

	<u>2016</u>	<u>2015</u>
Federal income tax incurred	\$ 27,305,710	\$ 8,580,655
Change in net deferred income tax	205,243	5,357,515
Total statutory income tax	<u>\$ 27,510,953</u>	<u>\$ 13,938,170</u>

- E. At December 31, 2016 and 2015, the Company had no capital loss, net operating loss or credit carryovers.

The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
2016	\$ 29,636,282	\$ 3,055,956	\$ 32,692,238
2015	\$ 10,520,201	\$ 1,815,781	\$ 12,335,982
2014	N/A	13,087,561	13,087,561
	<u>\$ 40,156,484</u>	<u>\$ 17,959,298</u>	<u>\$ 58,115,782</u>

- F. The Company joins Cambia Health Solutions, Inc. (the Holding Company) and its other eligible affiliates including: Asuris Northwest Health, BridgeSpan Health Company, Regence BlueShield, Regence BlueCross BlueShield of Utah, Commencement Bay Life Company, Regence Health Maintenance of Oregon, Inc., Regence HMO Oregon, LifeMap Assurance Company, and their eligible subsidiaries and affiliates, in the filing of a consolidated federal income tax return and is party to a federal income tax sharing agreement. Under the tax sharing agreement, the Company pays to or receives from the Holding Company the amount, if any, by which the Holding Company's federal income tax liability was affected by virtue of inclusion of the Company in the consolidated federal return. Effectively, this results in the Company's annual income tax provision being computed, with adjustments for the use of alternative minimum tax (AMT) credits, as if the Company filed a separate return.
- G. The Company did not have any federal or foreign income tax loss contingencies in accordance with SSAP No. 5R.

#### 10. Information Concerning Parent, Subsidiaries and Affiliates

- A. The Company is an affiliate of Cambia Health Solutions, Inc. (The Holding Company), a nonprofit holding company.
- B & C. The Company's board of directors declared ordinary cash distributions to the Holding Company of \$15,000,000 and \$10,000,000 on December 21, 2016 and December 18, 2015, respectively, resulting in a decrease to unassigned funds. The distributions were ordinary because they did not exceed the greater of: (1) ten percent of the Company's combined capital and surplus as of December 31, 2015 and 2014 or (2) net gain from the Company's operations for the twelve month period ending December 31, 2015 and 2014. The Company notified the Insurance Division of both distributions and received a response indicating that the Insurance Division did not object to the distributions.
- D. A note receivable from Holding Company of \$1,640,000 as of December 31, 2014, including accrued interest of \$3,460,000, was expected to mature on June 1, 2015. The note was amended effective June 1, 2015 with an increased principal amount of \$5,100,000 and maturity date of June 1, 2035. The note receivable is included in bonds and rated by the NAIC. The related accrued interest at December 31, 2016 and 2015 was \$285,121 and \$99,875, respectively, and is recorded in investment income due and accrued.

The Company reported net amounts due to affiliates of \$25,826,843 and \$34,193,428 and net amounts due from affiliates of \$11,509,224 and \$11,620,499 as of December 31, 2016 and 2015, respectively. Related intercompany receivables and payables are netted on a monthly basis and settled within 90 days of incurrence.

- E. The Company guarantees all commitments and liabilities for LifeMap Assurance Company (LifeMap). No liability is currently recorded for the Company's obligation under this guarantee. Should LifeMap be unable to fulfill its obligations or commitments, the Company would be required to perform under the guarantee. There is no limit to the maximum potential amount of future payments the Company could be required to make under the guarantee. The probability of significant activity on this guarantee is negligible. If action was required, the Company would recognize any amount paid in general administrative expenses in the Statements of Revenues, Expenses, Capital and Surplus.

The Company holds insolvency agreements that guarantee all covered liabilities for Regence HMO Oregon and Regence Health Maintenance of Oregon, Inc. As of December 31, 2016 and 2015, the Company had no obligations under these agreements.

The Company assumes certain premiums and claims from LifeMap and Asuris Northwest Health. Total assumed premium income was \$26,090,358 and \$23,662,119 for 2016 and 2015, respectively. Total assumed claims incurred were \$19,481,065 and \$13,187,292 for 2016 and 2015, respectively.

The Company cedes certain premiums and claims to LifeMap. Total ceded premium income was \$152,872 and \$203,169 for 2016 and 2015, respectively. Total ceded claims incurred were zero for 2016 and 2015, respectively.

- F. The Company pays for certain expenses, including occupancy and certain employee benefits, on behalf of the Holding Company, its subsidiaries and affiliates. The basis of allocation is mainly driven by statistics used to measure the cost of the Holding Company employees' occupation of space in the Company's buildings. The main statistics used for these allocations are headcount, square footage, and full-time equivalent employees. Administrative costs allocated to the Holding Company were \$21,715,995 and \$20,198,423 for the years ended December 31, 2016 and 2015, respectively.

The Company processes out-of-area claims for Regence BlueShield, Regence BlueCross BlueShield of Utah (Regence BCBSU) and Regence BlueShield of Idaho, Inc. under various administrative service fee agreements. The claims and the associated claims reimbursements are not included as part of the Company's hospital and medical expenses or net premium income, as the Company is not at risk for this business. The Company's affiliates also process out-of-area claims for the Company under various administrative fee agreements. These claims and the associated premiums are recorded as part of the Company's hospital and medical expenses and net premium income, as the Company is at risk for this business.

The Company has a Management and Administrative Services Agreement with the Holding Company and its subsidiaries and affiliates. Pursuant to this agreement, management and certain services such as strategic planning, budgeting, actuarial, underwriting, marketing, finance, legal, information technology and human resources are provided to the Company. Costs incurred by the Holding Company and its subsidiaries and affiliates for services under the agreement are allocated to the Company. The basis of allocation is mainly driven by the Company's ratio of membership, number of employees, gross operating expense and claims expense when compared to totals of subsidiaries and affiliates of the Holding Company. The amounts allocated from the Holding Company were \$99,992,507 and \$102,653,225 for the years ended December 31, 2016 and 2015, respectively. Amounts allocated from Regence BlueShield, Regence BCBSU, Regence BlueShield of Idaho, Inc., and BridgeSpan Health Company were \$64,617,906 and \$66,560,725 for the years ended December 31, 2016 and 2015, respectively. These amounts are included in claims adjustment and general administrative expenses.

OmedaRx is the exclusive provider of pharmacy benefit management services for the Company. OmedaRx provides services such as claims processing, rebate administration, pharmacy network contracting, contract support services and clinical services. On a weekly basis, the Company remits payment to OmedaRx for incurred prescription drug claims. OmedaRx is then responsible for remitting payment. Claims paid related to prescription drugs for the years ended December 31, 2016 and 2015, respectively, were \$238,253,528 and \$220,997,305. As of December 31, 2016 and 2015, respectively, the Company reported amounts due to OmedaRx of \$14,454,253 and \$23,090,927 for unpaid drug claims. These amounts were recorded within claims unpaid and the liability for amounts held under uninsured accident and health plans on the Statements of Admitted Assets, Liabilities, Capital and Surplus – Statutory Basis. In 2012, the Company signed an agreement with Omeda Rx under which the Company pays a monthly administrative fee to Omeda Rx based on actual costs incurred by Omeda Rx. Administrative fees paid to OmedaRx for the years ended December 31, 2016 and 2015, respectively, amounted to \$14,540,492 and \$16,398,157. The contract also provides minimum effective rate guarantees for drug costs and rebates. Prior to 2016, on an annual basis, the Company paid Omeda Rx a performance incentive for achieving drug costs and rebates lower than the minimum guarantees. Effective in 2016, the Company no longer pays Omeda Rx an incentive. Performance incentives due to Omeda Rx for the year ended December 31, 2015 amounted to \$8,148,022.

The Company's financial condition and the results of operations may have differed if the Company had operated as an unaffiliated company.

- G. The Holding Company, located in Portland, Oregon, is the sole member of Regence Insurance Holding Corporation (RIHC) and Direct Health Solutions (DHS). RIHC is the sole member of the Company, Regence BlueShield, Regence BCBSU and has a long-term management agreement with Regence BlueShield of Idaho, Inc. (collectively referred to as the Plans). The Holding Company, its subsidiaries RIHC, DHS, OmedaRx, Upfront Healthcare Services, Inc., Cambia Health Foundation and Cascadia Echo Holding Company LLC, as well as the Plans and their subsidiaries, are collectively referred to as Cambia.

- H. The Company does not own shares of an upstream intermediate or ultimate parent, either directly or indirectly via downstream subsidiary, controlled or affiliated company.
- I. The Company does not hold any investments in subsidiary, controlled, or affiliated companies that exceed 10 percent of admitted assets.
- J. The Company did not recognize any impairment write down for its investment in any subsidiary, controlled or affiliated companies during the statement period.
- K. The Company does not hold any investments in foreign insurance subsidiaries.
- L. The Company's wholly-owned subsidiary, Regence HMO Oregon, owns a 100% interest in Capitol Health Care Management, Inc. (CHCM), a downstream noninsurance holding company. The Company carries Regence HMO Oregon at statutory equity basis. Regence HMO Oregon carries CHCM at equity basis which is non-admitted in accordance with SSAP No. 97 Investments in Subsidiary, Controlled and Affiliated Entities, A Replacement of SSAP No. 88. The Company does not utilize the look-through approach for the valuation of CHCM.
- M. The Company does not have investments in subsidiary, controlled or affiliated entities which do not meet the definition of 8bi entities as defined in SSAP No. 97 *Investments in Subsidiary, Controlled and Affiliated Entities, A Replacement of SSAP No. 88*.
- N. The Company does not have investments in insurance subsidiary, controlled or affiliated entities for which the audited statutory equity reflects a departure from the NAIC statutory accounting practices and procedures.

#### 11. Debt

- A. The Company has access to a revolving line of credit through the Holding Company to supplement short-term cash flows. The maximum available line of credit is \$85,000,000 for the Holding Company and its subsidiaries and affiliates. The amount available to borrow was \$75,000,000 at December 31, 2016. The interest rate is calculated based on LIBOR plus 70 basis points for the term of the loan and was 1.47 percent at December 31, 2016. The Company had no borrowings outstanding on the line of credit as of December 31, 2016 and December 31, 2015. For the year ending December 31, 2016 there were new borrowings of \$15,000,000 and repayments of \$15,000,000. For the current quarter there were no new borrowings or repayments.
- B. The Company does not have any Federal Home Loan Bank (FHLB) agreements.

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

##### A - D. Defined Benefit Plans

The Company does not sponsor a defined benefit pension plan.

##### E. Defined Contribution Plans

**Physicians Deferred Compensation Plans.** The Company maintains a separate non-qualified deferred compensation plan covering certain member physicians who voluntarily defer payment of their billings. The Company funds the obligations primarily through the purchase of group flexible paid-up life insurance contracts for active participants and annuity contracts for retired participants. As the Company is the owner and named beneficiary of these contracts, in order to reflect policies to pay benefits equal to accumulations, the assets and liabilities under the plans are recorded as physicians deferred compensation plans and amounts withheld or retained for account of others for \$1,890,904 and \$2,014,819 at December 31, 2016 and 2015, respectively.

**Executive and Directors Deferred Compensation Plans.** The Company offers a Deferred Income Program for Executives and a Deferred Income Program for Directors (collectively, the Programs). The purpose of the Programs is to provide an unfunded, nonqualified deferred compensation arrangement to key employees and eligible directors. The Company facilitated payments totaling \$96,215 and \$72,708 to the Programs for the years ended December 31, 2016 and 2015, respectively. The assets under the plans are recorded as executives and directors deferred compensation plans and the liabilities under the plans are recorded as amounts withheld or retained for account of others for \$1,853,167 and \$1,864,322 at December 31, 2016 and 2015, respectively.

F. Multi-employer Plans

The Company does not participate in any multi-employer plans

G. Consolidated/Holding Company Plans

**Employee Retirement Plans.** The Company participates in a defined benefit pension plan sponsored by the Holding Company that covers substantially all regular employees having one or more years of service. Benefits are based upon years of service and the employee's final average compensation. The Holding Company froze the defined benefit pension plan as of December 31, 2009. Subsequent to the freeze date, there were no new participants enrolled in the plan, and no pension benefits were earned after that date. Benefits-eligible employees who had not yet met plan eligibility criteria were immediately eligible, and non-vested plan participants became fully vested. The Company also participates in a supplemental executive retirement plan sponsored by the Holding Company to cover key employees meeting certain eligibility requirements. The Company's practice is to reimburse the Holding Company for employee retirement plan obligations related to its employees and record such amounts as employment related expenses. Supplemental Executive Retirement Plan expense is allocated to the Company monthly, based on relative salary dollars. Pension Plan expense represents the Company's portion of contributions to the Plan. Retirement plan expense recognized by the Company was \$2,598,750 and \$2,925,093 for 2016 and 2015, respectively. The Company has no legal obligation for benefits under these plans; the obligation is carried by the Holding Company. As sponsor of the plan, the Holding Company is legally required to fund the plans regardless of amounts paid to the Holding Company by the Company.

**Employee Savings Plan.** The Company participates in an employee savings plan sponsored by the Holding Company in which the Holding Company will match employee contributions up to 100 percent of the first six percent of salary for each pay period in which the employee makes a contribution. In addition, the Holding Company can provide a discretionary contribution of up to five percent of eligible earnings for eligible employees, subject to annual review and board approval. The Company has no legal obligation for benefits under this plan; the obligation is carried by the Holding Company. Expense is allocated to the Company based on the portion of the employees' functional activities that relate to the Company and relative salary dollars. The Company's share of the net expense was \$8,930,620 and \$8,363,744 for 2016 and 2015, respectively.

H. Postemployment Benefits and Compensated Absences

The Company's postemployment benefits and compensated absences are accrued for in accordance with SSAP No. 11, *Postemployment Benefits and Compensated Absences*.

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

The Company does not sponsor a defined benefit postretirement health care plan that provides prescription drug coverage.

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

- (1) The Company has no common stock outstanding.
- (2) The Company has no preferred stock outstanding.
- (3) The Company has no dividend restrictions.
- (4) The Company does not issue dividends.
- (5) The Company does not have stockholders.
- (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (7) There were no advances to surplus not repaid.
- (8) The Company has no stock held for special purposes.
- (9) Pursuant to Statements of Statutory Accounting Principles SSAP No. 106 Affordable Care Act Section 9010 Assessment (SSAP No. 106), the Company's estimated assessment payable in 2016 was reclassified from unassigned surplus to special surplus funds on the Statement of Liabilities, Capital and Surplus at December 31, 2015. In January 2016 the IRS announced a one year moratorium on the 2017 insurer assessment and therefore no reclassification of unassigned surplus to special surplus funds was required at December 31, 2016. The reclassification from unassigned surplus to special surplus does not reduce total surplus.
- (10) The portion of unassigned funds (surplus) represented or (reduced) by cumulative unrealized gains and losses was \$55,339,593 at December 31, 2016. The portion of surplus reduced by nonadmitted assets was \$55,303,929 at December 31, 2016.

- (11) The Company has not issued surplus notes.  
 (12) and (13) The Company has not been involved in a quasi-reorganization.

**14. Liabilities, Contingencies and Assessments**

A. Contingent Commitments

The Company holds contingent commitments with its subsidiaries and affiliates. See Note 10.E

B. Assessments

The Company is assessed each year by the Oregon Transitional Reinsurance Program. The liability associated with this assessment was \$0 and \$4,000,852 on December 31, 2016 and 2015, respectively and is included in general expenses due or accrued.

C. Gain Contingencies

The Company has no gain contingencies.

D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits

The Company does not have claims related extra contractual obligation and bad faith losses stemming from lawsuits.

E. Joint and Several Liabilities

The Company does not have any joint and several liabilities.

F. All Other Contingencies

- (1) The Company is involved in various legal actions arising in the ordinary course of business. The Company accrues a liability for such matters when it is probable that a liability has been incurred and the amount can be reasonably estimated. When only a range of possible loss can be established, the most probable amount in the range is accrued. If no amount within this range is a better estimate than any other amount within the range, the midpoint of the range is accrued. It is the Company's opinion that the resolution of these matters will not have a material impact on its statutory basis financial statements.
- (2) The Company does not have any portions of assets covered by SSAP No. 6, SSAP No. 47 and SSAP No. 66 that is reasonably possible to be uncollectible.

**15. Leases**

A. Lessee Leasing Arrangements

- (1) The Company leases equipment under various noncancelable operating lease agreements that expire on various dates through May 2018. The Company leases and subleases office space under various noncancelable operating lease agreements which expire on various dates through December 2024. Rent expense, including amounts allocated to the Company by the Holding Company, for 2016 and 2015 was \$3,825,685 and \$4,127,742, respectively. The Company's office space leases contain rent escalation clauses whereby the Company's rent will increase by an amount equal to the percentage increase in the Consumer Price Index, not to exceed four percent. These leases expire on various dates with renewal options available on many of these leases. In the normal course of business, operating leases are generally renewed or replaced by other leases.
- (2) At December 31, 2016, the future minimum lease payments under noncancelable operating leases were as follows (in thousands):

2017	7,738,866
2018	7,876,453
2019	8,052,999
2020	8,267,222
2021	8,489,597
Thereafter	23,331,969
	<u>\$63,757,106</u>

- (3) On December 19, 2013, the Company sold real estate located at 1621 SW 1<sup>st</sup> Avenue and 100 SW Market Street, Portland, Oregon, to an unrelated third party. These properties were subsequently leased back to the Company at market rates based on occupied square footage. This lease is considered to be an operating lease. Outside of the lease agreement, there are no continuing involvement requirements in the terms of the sale or lease agreements.

At December 31, 2016, the future minimum lease payments under the sale leaseback were as follows:

2017	2,871,984
2018	2,958,132
2019	3,046,884
2020	3,138,288
2021	3,232,440
Thereafter	6,758,700
	<u>\$22,006,428</u>

#### B. Lessor Leasing Arrangements

The Company does not have any material lease arrangements in which it is the lessor and does not invest in leveraged leases.

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

Financial instruments that potentially subject the Company to concentrations of risk are primarily bonds, as well as loan-backed securities, equity securities, cash, cash equivalents and short-term investments. Cash, cash equivalents and short-term investments include investments in money market securities and securities backed by the U.S. Government. Deposits with a single financial institution may exceed FDIC insured limits of \$250,000. The Company uses multiple financial institutions to limit exposure to these risks.

The Company operates in a business environment which is subject to various risks and uncertainties. Such risk and uncertainties include, but are not limited to, medical risk, interest rate risk, market risk, credit risk and legal and regulatory changes. Concentrations of risk with respect to uncollected premiums and agents' balances in the course of collection are limited as no significant amounts are due from any individual customer.

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

#### A. Transfers of Receivables Reported as Sales

The Company does not have transfers of receivables reported as sales in the reporting period.

#### B. Transfer and Servicing of Financial Assets

The Company does not have a securities lending program

#### C. Wash Sales

- (1) In the course of the Company's asset management, securities are sold and reacquired within 30 days of the sale date to enhance the Company's yield on its investment portfolio.
- (2) The details by NAIC designation 3 or below of securities sold during the year ended December 31, 2016 and reacquired within 30 days of the sale date are:

Description	NAIC Designation	Number of Transactions	Book Value of Securities Sold	Cost of Securities Repurchased	Gain (Loss)
Bonds	3	22	\$ 156,450	\$ 156,172	\$ 711
Bonds	4	22	\$ 219,512	\$ 220,752	\$ 1,813
Common Stock	L	26	\$ 646,910	\$ 655,186	\$ 13,713

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

The Company does not have any ASO plans.

**B. ASC Plans**

The net gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans was as follows during 2016 and 2015:

	2016		
	Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total
Gross reimbursement for medical costs incurred	\$ 466,472,204	\$ 487,528,715	\$ 954,000,919
Gross administrative fees accrued	38,560,054	28,931,581	67,491,635
Gross expenses incurred (claims and administrative)	(515,822,109)	(539,106,270)	(1,054,928,379)
Total net gain (loss) from operations	\$ (10,789,851)	\$ (22,645,974)	\$ (33,435,824)

	2015		
	Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total
Gross reimbursement for medical costs incurred	\$ 438,979,977	\$ 417,465,278	\$ 856,445,255
Gross administrative fees accrued	35,021,429	25,137,772	60,159,201
Gross expenses incurred (claims and administrative)	(489,128,139)	(465,155,645)	(954,283,784)
Total net gain (loss) from operations	\$ (15,126,733)	\$ (22,552,595)	\$ (37,679,328)

C. The Company does not have any Medicare or other similarly structured cost based reimbursement contracts.

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

The Company does not have direct premiums written/produced by managing general agents or third party administrators.

**20. Fair Value Measurements**

A. Assets and liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition:

(1) The following tables summarize fair value measurements of assets measured and reported at fair value by each level of inputs as follows:

	Fair Value Measurement at December 31, 2016			
	Level 1	Level 2	Level 3	Total
<b>Bonds</b>				
Industrial and miscellaneous	\$ -	\$ 12,159,064	\$ -	\$ 12,159,064
Hybrid securities	-	211,155	-	211,155
Total bonds	-	12,370,219	-	12,370,219
<b>Common Stock</b>				
Industrial and miscellaneous	202,800,058	-	4,362,520	207,162,578
Mutual funds	43,711,841	-	-	43,711,841
Total Common Stocks	246,511,899	-	4,362,520	250,874,419
Total Assets at Fair Value	\$ 246,511,899	\$ 12,370,219	\$ 4,362,520	\$ 263,244,638

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

	Fair Value Measurement at December 31, 2015			
	Level 1	Level 2	Level 3	Total
<b>Preferred Stock</b>				
Industrial and miscellaneous	\$ 84,191	\$ -	\$ -	\$ 84,191
<b>Total Preferred Stocks</b>	<b>84,191</b>	<b>-</b>	<b>-</b>	<b>84,191</b>
<b>Bonds</b>				
Industrial and miscellaneous	-	51,534,890	106,478	51,641,368
Hybrid securities	-	207,694	-	207,694
<b>Total bonds</b>	<b>-</b>	<b>51,742,584</b>	<b>106,478</b>	<b>51,849,062</b>
<b>Common Stock</b>				
Industrial and miscellaneous	197,839,536	-	4,561,348	202,400,884
Mutual funds	59,608,213	-	-	59,608,213
<b>Total Common Stocks</b>	<b>257,447,749</b>	<b>-</b>	<b>4,561,348</b>	<b>262,009,097</b>
<b>Cash equivalents and short-term investments</b>	<b>-</b>	<b>53,230</b>	<b>-</b>	<b>53,230</b>
<b>Total Assets at Fair Value</b>	<b>\$ 257,531,940</b>	<b>\$ 51,795,814</b>	<b>\$ 4,667,826</b>	<b>\$ 313,995,580</b>

The Company recognizes transfers between levels at the end of the reporting period. There were no significant transfers between Levels 1 or 2.

- (2) The following tables represents a reconciliation of assets valued using Level 3 inputs on a recurring basis for the years ended December 31, 2016 and 2015:

	Balance at 1/1/2016	Transfers into Level 3	Transfers out of Level 3	Total Gains (Losses) in Net Income	Total Gains (Losses) in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2016
<b>a. Assets:</b>										
<b>Bonds:</b>										
Bonds (NAIC 3-6)	\$ 106,478	\$ -	\$ (106,478)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Common Stock:</b>										
Private Equity	4,561,348	-	-	-	(198,828)	-	-	-	-	4,362,520
<b>Total Assets</b>	<b>\$ 4,667,826</b>	<b>\$ -</b>	<b>\$ (106,478)</b>	<b>\$ -</b>	<b>\$ (198,828)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,362,520</b>
	Balance at 1/1/2015	Transfers into Level 3	Transfers out of Level 3	Total Gains (Losses) in Net Income	Total Gains (Losses) in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2015
<b>a. Assets:</b>										
<b>Bonds:</b>										
Bonds (NAIC 3-6)	\$ -	\$ 485,653	\$ (379,175)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,478
<b>Common Stock:</b>										
Public Equity	1,021	11,149	(12,170)	-	-	-	-	-	-	-
Private Equity	5,106,762	-	-	-	(545,414)	-	-	-	-	4,561,348
<b>Total Assets</b>	<b>\$ 5,107,783</b>	<b>\$ 496,802</b>	<b>\$ (391,345)</b>	<b>\$ -</b>	<b>\$ (545,414)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,667,826</b>

- (3) The Company recognizes transfers between levels at the end of the reporting period. There were no significant transfers between Levels 1, 2, or 3 for the years ended December 31, 2016 or 2015.

- (4) The fair value of bonds other than those classified as Level 1 are determined using an income approach. Fair value of bonds classified as Level 2 are derived using pricing models that incorporate estimated market interest rates. Level 2 inputs used in these models include benchmark yields, credit spreads, broker quotes and other observable market data. Loan-backed securities also incorporate prepayment speeds, default rates, and collateral values into the pricing models. These Level 2 inputs are based on information obtained from third-party pricing services. Industrial and miscellaneous bonds and loan-backed securities classified as Level 3 include certain securities in a default position, since management judgment is a significant input in estimating fair value.

- (5) The Company does not invest in derivative assets or liabilities.

B. Not applicable.

- C. The following table summarizes the aggregate fair value for all financial instruments as of December 31, 2016 by each level of input:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3
Bonds	\$ 595,116,393	\$ 592,562,924	\$ 74,763,098	\$ 514,057,154	\$ 6,296,141
Common Stock	250,874,419	250,874,419	246,511,899	-	4,362,520
Short-term investments	13,326,135	13,326,644	12,752,396	573,739	-
Cash Equivalents	399,859	399,859	399,859	-	-
	<b>\$ 859,716,806</b>	<b>\$ 857,163,846</b>	<b>\$ 334,427,252</b>	<b>\$ 514,630,893</b>	<b>\$ 10,658,661</b>



D. Not applicable.

**21. Other Items**

A. Extraordinary items

No extraordinary items occurred for the years ended December 31, 2016 or 2015.

B. Troubled Debt Restructuring: Debtors

The Company has not experienced troubled debt restructuring.

C. Other Disclosures

(1) Common stock in the amount of \$2,243,735 and \$5,836,037 at December 31, 2016 and 2015, respectively, were considered impaired due to market valuation changes determined to be other than temporary. The impairment was recorded as a realized capital loss.

(2) There was no impaired preferred stock at December 31, 2016 and 2015, respectively.

(3) Bonds in the amount of \$545,886 and \$1,123,447 at December 31, 2016 and 2015, respectively, were considered impaired due to market valuation changes determined to be other than temporary. The impairment was recorded as a realized capital loss.

D. Business Interruption Insurance Recoveries

The Company had no business interruptions insurance recoveries in the reporting period

E. State Transferable and Non-transferable Tax Credits

The Company does not have state transferable or non-transferable tax credits.

F. Subprime Mortgage Related Risk Exposure

(1) Direct investments in subprime mortgage loans: None

(2) Direct investments in securities with subprime exposure: None

(3) Direct exposure through other investments: None

(4) Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage: None

G. Retained Assets

The Company does not have retained asset accounts for beneficiaries.

**22. Events Subsequent**

The Company has evaluated events subsequent to the Statement of Admitted Assets, Liabilities, and Surplus date of December 31, 2016, through the date of its Annual Statement filing of March 1, 2017, and has determined that there are no subsequent events that require disclosure except the following:

In January 2016 the IRS announced a one year moratorium on the 2017 insurer assessment and therefore no reclassification of unassigned surplus to special surplus funds was required as of December 31, 2016. At December 31, 2015, the fee was segregated from unassigned surplus to special surplus with no impact to total surplus in the amount of \$34,581,879.

	<u>Current Year</u>	<u>Prior Year</u>
Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of		
A. the federal Affordable Care Act?	N/A	Yes
B. ACA fee assessment payable for the upcoming year	\$ -	\$ 34,581,879
C. ACA fee assessment paid	32,222,596	34,181,883
D. Premium written subject to ACA 9010 assessment	N/A	1,836,458,918
Total Adjusted Capital before surplus adjustment		
E. (Five-Year Historical Line 14)	661,226,279	632,641,794
Total Adjusted Capital after surplus adjustment		
F. (Five-Year Historical Line 14 minus 22B above)	661,226,279	598,059,915
Authorized Control Level after surplus adjustment		
G. (Five-Year Historical Line 15)	59,234,348	62,287,871
Would reporting the ACA assessment as of December		
H. 31, 2015, have triggered as RBC action level?	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 an insured 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)

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

Yes ( ) No (X)

**Section 3 – Ceded Reinsurance Report-Part B**

- (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 payment or other similar credits that are reflected in Section 2 above) of terminations 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. (\$0).

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

Yes ( ) No (X)

## B. Uncollectible Reinsurance

The Company did not have uncollectible reinsurance during the reporting period.

## C. Commutation of Ceded Reinsurance

The Company does not have commutation of ceded reinsurance during the reporting period.

## D. Certified Reinsurer Downgraded or Status Subject to Revocation

No certified reinsurer to which the Company cedes reinsurance has had its rating downgraded or its status subject to revocation.

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

A. The Company provides for expected premium adjustments for certain groups whose contracts include retrospective rating features. A receivable may be established for groups whose incurred claims and retention charged exceeds earned premium. Accrued retrospective premium receivables are admitted assets.

B. The Company records accrued retrospective premium as an adjustment to revenues.

C. The amount of net premiums written by the Company at December 31, 2016 and 2015 that were subject to retrospective rating features were \$105,103,505 and \$91,194,049 respectively, representing six percent and five percent of total net premium in 2016 and 2015, respectively.

D. On a quarterly basis, the Company evaluates its need for a medical loss ratio rebate reserve. This evaluation considers the ratio of the current amount of incurred claims plus quality improvement costs over earned premiums less applicable taxes and fees by market segment. Should the Company fall below the minimum medical loss ratio thresholds set by the Affordable Care Act, a reserve would be recorded for the potential payout. During 2016, there were no medical loss ratio rebates paid by the Company. As of December 31, 2016 the Company did not record a reserve for future medical loss ratio rebates as the company did not expect a potential payout for medical loss ratio rebates in 2017.

## E. Risk Sharing Provisions of the Affordable Care Act

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

(2) Impact of risk-sharing provisions of the ACA on Admitted Assets, Liabilities, and Revenue for the current year:

## a. Permanent ACA Risk Adjustment Program

Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment	\$ 9,156,407
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment	72,938
3. Premium adjustments payable due to ACA Risk Adjustment	-
Operations (Revenue & Expenses)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	10,202,922
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)	73,048

## b. Transitional ACA Reinsurance Program

Assets	
1. Amounts recoverable for claims paid due to ACA Reinsurance	\$ 4,197,493
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	572,000
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	1,023,428
5. Ceded reinsurance premiums payable due to ACA Reinsurance	-
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	-
Operations (Revenue & Expenses)	
7. Ceded reinsurance premiums due to ACA Reinsurance	419,796
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	4,589,247
9. ACA Reinsurance contributions – not reported as ceded premium	4,758,513

## c. Temporary ACA Risk Corridors Program

Assets	
1. Accrued retrospective premium due to ACA Risk Corridors	\$ -
Liabilities	
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	-
Operations (Revenue & Expenses)	
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	-

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

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

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments	Prior Year Accrued Less Payments	To Prior Year Balances	To Prior Year Balances	Ref	Cumulative Balance from Prior Years
	1	2	3	4	5	6	7	8		
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	9	10
<b>a. Permanent ACA Risk Adjustment Program</b>										
1. Premium adjustments receivable	\$ 11,066,242		\$ 12,112,757		\$ (1,046,515)	\$ -	\$ 2,702,922	A	\$ 1,656,407	\$ -
2. Premium adjustments (payable)										
3. Subtotal ACA Permanent Risk Adjustment	11,066,242.18	-	12,112,757	-	(1,046,513)	-	2,702,922	-	1,656,407	-
<b>b. Transitional ACA Reinsurance Program</b>										
1. Amounts receivable for claims paid	6,543,625		7,246,380		(702,755)		1,595,972	B	893,217	-
2. Amounts receivable for claims unpaid (contra liability)	883,000				883,000		(883,000)	C	-	-
3. Amounts receivable relating to uninsured plans										
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premiums		(2,258,663)		(2,258,663)						
5. Ceded reinsurance premiums payable										
6. Liability for amounts held under uninsured plans										
7. Subtotal ACA Transitional Reinsurance Program	7,426,625	(2,258,663)	7,246,380	(2,258,663)	180,245		712,972		893,217	-
<b>c. Temporary ACA Risk Corridors Program</b>										
1. Accrued retrospective premium										
2. Reserve for rate credits or policy experience rating refunds										
3. Subtotal ACA Risk Corridors Program										
<b>d. Total for ACA Risk Sharing Provisions</b>	<b>\$ 18,492,867</b>	<b>\$ (2,258,663)</b>	<b>\$ 19,359,138</b>	<b>\$ (2,258,663)</b>	<b>\$ (866,270)</b>	<b>\$ -</b>	<b>\$ 3,415,894</b>	<b>\$ -</b>	<b>\$ 2,549,623</b>	<b>\$ -</b>

Explanations of Adjustments

- A. True up to 2015 CMS RA Report
- B. Adjustment to prior year balance was driven by prior period claims development and increase in 2015 coinsurance amount
- C. Adjustment to prior year balances were driven by prior period claims development

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

Risk Corridors 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 Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1-3)	Prior Year Accrued Less Payments (Col 2-4)	To Prior Year Balances	To Prior Year Balances	Cumulative Balance from Prior Years (Col 1-3+7)	Cumulative Balance from Prior Years (Col 2-4+8)
	1	2	3	4	5	6	7	8		
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable
<b>a. 2014</b>										
1. Accrued retrospective premium					-	-				
2. Reserve for rate credits of policy experience rating refunds					-	-				
<b>b. 2015</b>										
1. Accrued retrospective premium					-	-				
2. Reserve for rate credits of policy experience rating refunds					-	-				
<b>c. 2016</b>										
1. Accrued retrospective premium					-	-				
2. Reserve for rate credits of policy experience rating refunds					-	-				
<b>d. Total for Risk Corridors</b>										

(5) ACA Risk Corridors Receivable as of Reporting Date

Risk Corridors Program Year	1 Estimated Amount to be 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. 2014						
b. 2015						
c. 2016						
<b>d. Total (a+b+c)</b>						

**25. Change in Incurred Claims and Claim Adjustment Expenses**

Activity in claims unpaid, accrued medical incentive pool and bonus amounts, and unpaid claims adjustment expenses are summarized as follows:

	<u>2016</u>	<u>2015</u>
Balance at January 1	\$ 212,658,520	\$ 215,311,638
Incurred related to:		
Current year	1,639,571,126	1,754,009,322
Prior year	<u>(23,461,216)</u>	<u>(21,568,453)</u>
Total incurred	<u>1,616,109,909</u>	<u>1,732,440,869</u>
Paid related to:		
Current year	1,448,649,481	1,549,815,467
Prior year	<u>176,548,339</u>	<u>185,278,519</u>
Total paid	<u>1,625,197,820</u>	<u>1,735,093,987</u>
Balance at December 31	<u>\$ 203,570,609</u>	<u>\$ 212,658,520</u>

The following illustrates the reconciliation between incurred claims (above) and hospital and medical expenses and claims adjustment expenses as reported on the Statements of Revenues, Expenses, Changes in Capital and Surplus – Statutory Basis:

	<u>2016</u>	<u>2015</u>
Hospital and medical expenses	\$ 1,496,458,787	\$ 1,590,320,647
Claims adjustment expenses	<u>119,651,126</u>	<u>142,120,222</u>
Total incurred claims	<u>\$ 1,616,109,913</u>	<u>\$ 1,732,440,869</u>

As a result of changes in estimates of insured events in prior years, the reserve for claims unpaid and unpaid claims adjustment expenses decreased by \$23,461,216 and \$21,568,453 in 2016 and 2015, respectively. The changes resulted from differences in anticipated claims experience resulting from changes in claims trends.

**26. Intercompany Pooling Arrangements**

The Company does not utilize intercompany pooling arrangements.

**27. Structured Settlements**

Not applicable to Health entities.

**28. Health Care Receivables**

- A. Pharmaceutical rebate receivables are derived from quarterly estimated pharmaceutical rebate billings to drug manufacturers and are the main component of health care and other amounts receivable. Estimated receivables related to prescriptions filled during the three months preceding December 31, 2016, are admitted assets. Pharmaceutical rebate receivables related to prescriptions filled more than three months prior to December 31, 2016, are nonadmitted assets. The admitted and nonadmitted asset amounts are summarized as follows:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statement	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Collected		
			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
12/31/2016	\$ 13,961,317	\$ 316,886	\$ 316,886	\$ -	\$ -
9/30/2016	12,894,070	299,058	299,058	-	-
6/30/2016	12,421,183	7,963,255	283,630	7,679,625	-
3/31/2016	13,347,067	11,339,765	274,232	5,325,201	5,740,333
12/31/2015	\$ 6,768,163	\$ 8,532,155	\$ 300,733	\$ 5,167,942	\$ 3,063,479
9/30/2015	6,800,931	8,034,961	285,111	2,058,651	5,691,199
6/30/2015	7,581,668	7,888,386	287,121	2,006,476	5,594,789
3/31/2015	6,643,357	6,768,166	275,672	1,841,933	5,465,930
12/31/2014	\$ 5,235,448	\$ 5,581,616	\$ 192,155	\$ 3,764,657	\$ 1,664,373
9/30/2014	4,965,119	5,127,433	268,595	2,118,100	2,804,422
6/30/2014	4,623,428	4,495,584	269,565	1,866,602	2,399,343
3/31/2014	4,524,742	4,419,101	252,744	3,660,150	506,207

Admitted pharmaceutical rebate receivables were \$13,644,431 and \$6,589,411 as of December 31, 2016 and 2015, respectively. Admitted pharmaceutical rebate receivables relating to uninsured plans were \$5,837,041 and \$2,637,994 as of December 31, 2016 and 2015, respectively, which are reported amounts receivable relating to uninsured plans.

- B. Risk Sharing Receivables.

The Company does not have any risk sharing receivables.

**29. Participating Policies**

The Company does not have participating policies.

**30. Premium Deficiency Reserves**

The Company evaluates its insurance contracts on a regular basis, and to the extent that estimated future claims and operating expenses exceed estimated future premiums, a premium deficiency reserve for expected underwriting losses is recorded. The remaining actual premiums to be received and the claims costs and operating expenses may differ from the estimated amounts. The Company considers anticipated investment income as a factor in the determination of premium deficiency reserves. There were no premium deficiency reserves at December 31, 2016 and 2015, to be included in aggregate health policy reserves in the Statement of Liabilities, Capital and Surplus.

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

**31. Anticipated Salvage and Subrogation**

The Company does not have anticipated salvage and subrogation.

# 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 [  ] 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 [  ] No [  ] N/A [  ]
- 1.3 State Regulating? ..... Oregon
- 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 [  ]
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2014
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/2014
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .... 05/05/2016
- 3.4 By what department or departments?  
Oregon Department of Consumer and Business Services, Division of Financial Regulation .....
- 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 [  ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [  ] No [  ] N/A [  ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for 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 [  ]  
4.12 renewals? ..... Yes [  ] No [  ]
- 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 [  ]  
4.22 renewals? ..... Yes [  ] No [  ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [  ] No [  ]
- 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 [  ]
- 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 [  ]

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

1 Nationality	2 Type of Entity

## GENERAL INTERROGATORIES

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

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [ X ]  
 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 Deloitte & Touche 111 SW Fifth Avenue, Portland, OR 97204 USA

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?  
 Steven J. Gaspar, FSA, MAAA, Vice President and Chief Actuarial Officer .....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ X ] No [ ]  
     12.11 Name of real estate holding company .....  
     12.12 Number of parcels involved ..... 1  
     12.13 Total book/adjusted carrying value ..... \$ ..... 0

12.2 If, yes provide explanation:  
 200 SW Market Street, Portland, OR 97201 .....

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

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

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]  
 13.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]  
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [ X ] No [ ]  
 (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 (c) Compliance with applicable governmental laws, rules and regulations;  
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 (e) Accountability for adherence to the code.

14.11 If the response to 14.1 is No, please explain: .....

14.2 Has the code of ethics for senior managers been amended? ..... Yes [ X ] No [ ]  
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
 For 2016 there were substantial changes made due to the additional regulations and need for language clarifications .....

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [ X ]  
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s). .....



## GENERAL INTERROGATORIES

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

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

### BOARD OF DIRECTORS

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

### FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [ X ]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- |   |    |  |
|---|----|--|
| 20.11 To directors or other officers              | \$ |  |
| 20.12 To stockholders not officers                | \$ |  |
| 20.13 Trustees, supreme or grand (Fraternal Only) | \$ |  |
- 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              | \$ |  |
| 20.22 To stockholders not officers                | \$ |  |
| 20.23 Trustees, supreme or grand (Fraternal Only) | \$ |  |
- 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   | \$ |  |
| 21.22 Borrowed from others | \$ |  |
| 21.23 Leased from others   | \$ |  |
| 21.24 Other                | \$ |  |
- 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 | \$ | 611,927 |
| 22.22 Amount paid as expenses                  | \$ |         |
| 22.23 Other amounts paid                       | \$ |         |
- 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 [ ] N/A [ X ]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs \$
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs \$
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [ X ]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [ X ]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [ X ]

## GENERAL INTERROGATORIES

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

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

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

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

25.21 Subject to repurchase agreements.....	\$ .....
25.22 Subject to reverse repurchase agreements.....	\$ .....
25.23 Subject to dollar repurchase agreements.....	\$ .....
25.24 Subject to reverse dollar repurchase agreements.....	\$ .....
25.25 Placed under option agreements.....	\$ .....
25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock.....	\$ .....
25.27 FHLB Capital Stock.....	\$ .....
25.28 On deposit with states.....	\$ 1,387,821
25.29 On deposit with other regulatory bodies.....	\$ .....
25.30 Pledged as collateral - excluding collateral pledged to an FHLB.....	\$ .....
25.31 Pledged as collateral to FHLB - including assets backing funding agreements.....	\$ .....
25.32 Other.....	\$ .....

25.3 For category (25.26) provide the following:

1 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?..... Yes  No  N/A   
If no, attach a description with this statement.

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
US BANK .....	111 SW FIFTH AVE - PORTLAND, OR 97204 .....
BNY MELLON ASSET SERVICING .....	BNY MELLON CENTER - PITTSBURGH, PA 15258 .....

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

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

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

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
ANDREAS ELLIS – CAMBIA HEALTH SOLUTIONS VP & TREASURER .....	I .....
VINCE PRICE – CAMBIA HEALTH SOLUTIONS EVP & CFO .....	I .....
FORT WASHINGTON .....	U .....
GLOBEFLEX CAPITAL LP .....	U .....
GENEVA CAPITAL MGMT LLC .....	U .....
NORTHERN TRUST INVESTMENTS, INC .....	U .....
PACIFIC INVESTMENT MGMT CO LLC .....	U .....
STANDISH MELLON ASSET MGMT .....	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 assets? ..... Yes  No

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

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
107126 .....	FORT WASHINGTON .....	KSRXYW3EHSEF8KM62609 .....	Registered with the SEC .....	NO .....
106417 .....	GLOBEFLEX CAPITAL LP .....	.....	Registered with the SEC .....	NO .....
105432 .....	GENEVA CAPITAL MGMT LLC .....	.....	Registered with the SEC .....	NO .....
.....	.....	.....	Registered with: the SEC, the Illinois Dept of Financial & Professional Regulation, the CFTC, the NFA .....	.....
104559 .....	NORTHERN TRUST INVESTMENTS, INC .....	BEL4887EHJUB45Y2N39 .....	Registered with the SEC .....	NO .....
113972 .....	PACIFIC INVESTMENT MGMT CO LLC .....	549300K3PYQZXGMYN38 .....	Registered with the SEC .....	NO .....
.....	STANDISH MELLON ASSET MGMT .....	.....	Registered with the SEC .....	NO .....

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
72701U-40-1 .....	PLAN INVESTMENT FUND ULTRASHORT DURATION .....	2,304,272
921909-77-6 .....	VANGUARD TOTAL INTERNATIONAL STOCK INDEX .....	41,407,569
29.2999 - Total		43,711,841

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
PLAN INVESTMENT FUND ULTRASHORT DURATION .....	SUSQUEHANNA AUTO REC TRUST .....	69,128	12/31/2016 .....
VANGUARD TOTAL INTERNATIONAL STOCK INDEX .....	ROYAL DUTCH SHELL PLC .....	496,891	12/31/2016 .....

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	596,929,164	599,482,124	2,552,960
30.2 Preferred stocks .....	0		0
30.3 Totals	596,929,164	599,482,124	2,552,960

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

FAIR VALUES DETERMINED BY PRICING SERVICES PROVIDED THROUGH CUSTODIAN .....

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

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

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

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

32.2 If no, list exceptions: .....

## GENERAL INTERROGATORIES

### OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? .....\$ ..... 1,335,686

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

1 Name	2 Amount Paid
BLUECROSS BLUESHIELD ASSOCIATION .....	642,844

34.1 Amount of payments for legal expenses, if any? .....\$ ..... 1,083,932

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

1 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? .....\$ ..... 263,458

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

1 Name	2 Amount Paid
AMERICAS HEALTH INSURANCE PLANS .....	67,639
BLUECROSS BLUESHIELD ASSOCIATION .....	101,805

# GENERAL INTERROGATORIES

## PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [  ] No [  ]

1.2 If yes, indicate premium earned on U.S. business only. .... \$ 24,691,217

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. .... \$ 17,066,848

1.6 Individual policies:

Most current three years:

1.61 Total premium earned ..... \$ 5,934,092

1.62 Total incurred claims ..... \$ 5,486,249

1.63 Number of covered lives ..... 2,781

All years prior to most current three years:

1.64 Total premium earned ..... \$ 18,757,127

1.65 Total incurred claims ..... \$ 11,580,599

1.66 Number of covered lives ..... 5,499

1.7 Group policies:

Most current three years:

1.71 Total premium earned ..... \$ 0

1.72 Total incurred claims ..... \$ 0

1.73 Number of covered lives ..... 0

All years prior to most current three years:

1.74 Total premium earned ..... \$ 0

1.75 Total incurred claims ..... \$ 0

1.76 Number of covered lives ..... 0

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator .....	1,796,373,741	1,880,481,151
2.2 Premium Denominator .....	1,796,373,741	1,880,481,150
2.3 Premium Ratio (2.1/2.2) .....	1.000	1.000
2.4 Reserve Numerator .....	258,978,913	251,831,204
2.5 Reserve Denominator .....	258,978,913	251,831,201
2.6 Reserve Ratio (2.4/2.5) .....	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? ..... Yes [  ] No [  ]

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 [  ] No [  ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? ..... Yes [  ] No [  ]

5.1 Does the reporting entity have stop-loss reinsurance? ..... Yes [  ] No [  ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical ..... \$ 2,000,000

5.32 Medical Only ..... \$

5.33 Medicare Supplement ..... \$

5.34 Dental & Vision ..... \$

5.35 Other Limited Benefit Plan ..... \$

5.36 Other ..... \$

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

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? ..... Yes [  ] No [  ]

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year ..... 21,875

8.2 Number of providers at end of reporting year ..... 25,686

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

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months ..... \$

9.22 Business with rate guarantees over 36 months ..... \$

## GENERAL INTERROGATORIES

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

10.2 If yes:

10.21 Maximum amount payable bonuses.....		\$ .....12,743,679
10.22 Amount actually paid for year bonuses.....		\$ .....1,351,903
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>
11.13 An Individual Practice Association (IPA), or, .		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
11.14 A Mixed Model (combination of above)? .....		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

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

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

11.4 If yes, show the amount required. .... \$ 19,463,737

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

11.6 If the amount is calculated, show the calculation

Greater of \$3,000,000 or 2% of the first \$150,000,000 of annual premium and 1% of the annual premium in excess of \$150,000,000

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

1 Name of Service Area
Clark County, Washington
State of Oregon .....

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

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

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

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

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

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

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

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

15.1 Direct Premium Written .....	\$ .....
15.2 Total Incurred Claims .....	\$ .....
15.3 Number of Covered Lives .....	.....

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

**FIVE-YEAR HISTORICAL DATA**

	1 2016	2 2015	3 2014	4 2013	5 2012
<b>Balance Sheet (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28).....	1,092,931,048	1,045,760,007	1,039,743,203	1,008,235,016	938,365,997
2. Total liabilities (Page 3, Line 24).....	431,961,075	406,518,680	404,483,581	380,925,209	373,405,599
3. Statutory minimum capital and surplus requirement.....	19,463,737	20,276,048	20,077,555	20,025,092	20,025,092
4. Total capital and surplus (Page 3, Line 33).....	660,969,969	639,241,327	635,259,622	627,309,807	564,960,398
<b>Income Statement (Page 4)</b>					
5. Total revenues (Line 8).....	1,780,829,618	1,877,604,843	1,871,432,064	1,891,155,543	1,852,509,161
6. Total medical and hospital expenses (Line 18).....	1,496,458,787	1,590,320,643	1,618,077,167	1,634,003,941	1,562,772,940
7. Claims adjustment expenses (Line 20).....	119,651,126	142,120,222	125,611,005	131,306,722	129,465,498
8. Total administrative expenses (Line 21).....	135,824,688	147,817,541	160,659,275	133,500,785	143,721,486
9. Net underwriting gain (loss) (Line 24).....	28,895,017	(2,653,563)	(32,915,383)	(7,655,905)	16,549,237
10. Net investment gain (loss) (Line 27).....	28,624,222	37,801,254	68,012,076	38,326,663	39,483,828
11. Total other income (Lines 28 plus 29).....	1,327	(735,623)	(1,099,217)	(1,558,434)	(2,568,860)
12. Net income or (loss) (Line 32).....	30,214,856	25,831,413	35,876,103	17,974,524	43,188,312
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11).....	22,926,508	(9,768,121)	4,768,224	2,941,673	21,612,884
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital.....	661,226,279	639,504,854	635,555,457	627,670,085	565,244,445
15. Authorized control level risk-based capital.....	59,234,348	62,549,739	63,315,592	63,881,046	56,772,482
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7).....	482,774	486,267	472,034	497,891	472,902
17. Total members months (Column 6, Line 7).....	5,725,117	5,900,766	5,686,226	5,951,010	5,617,527
<b>Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0</b>					
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).....	84.0	84.7	86.5	86.4	84.4
20. Cost containment expenses.....	3.1	3.5	3.0	3.0	2.8
21. Other claims adjustment expenses.....	3.7	4.1	3.7	4.0	4.2
22. Total underwriting deductions (Line 23).....	98.4	100.1	101.8	100.4	99.1
23. Total underwriting gain (loss) (Line 24).....	1.6	(0.1)	(1.8)	(0.4)	0.9
<b>Unpaid Claims Analysis (U&amp;I Exhibit, Part 2B)</b>					
24. Total claims incurred for prior years (Line 13, Col. 5).....	170,372,255	179,214,135	178,799,595	153,840,920	160,216,716
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)].....	192,442,080	199,648,538	180,396,117	173,395,726	197,149,069
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....	5,100,000	5,100,000	1,640,000	1,640,000	1,640,000
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1).....					0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1).....	6,144,172	5,770,974	5,451,114	7,238,513	4,942,709
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10).....	0	0	0	0	0
30. Affiliated mortgage loans on real estate.....					
31. All other affiliated.....					0
32. Total of above Lines 26 to 31.....	11,244,172	10,870,974	7,091,114	8,878,513	6,582,709
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**

States, etc.	1 Active Status	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
2. Alaska AK	N								0
3. Arizona AZ	N								0
4. Arkansas AR	N								0
5. California CA	N								0
6. Colorado CO	N								0
7. Connecticut CT	N								0
8. Delaware DE	N								0
9. District of Columbia DC	N								0
10. Florida FL	N								0
11. Georgia GA	N								0
12. Hawaii HI	N								0
13. Idaho ID	N								0
14. Illinois IL	N								0
15. Indiana IN	N								0
16. Iowa IA	N								0
17. Kansas KS	N								0
18. Kentucky KY	N								0
19. Louisiana LA	N								0
20. Maine ME	N								0
21. Maryland MD	N								0
22. Massachusetts MA	N								0
23. Michigan MI	N								0
24. Minnesota MN	N								0
25. Mississippi MS	N								0
26. Missouri MO	N								0
27. Montana MT	N								0
28. Nebraska NE	N								0
29. Nevada NV	N								0
30. New Hampshire NH	N								0
31. New Jersey NJ	N								0
32. New Mexico NM	N								0
33. New York NY	N								0
34. North Carolina NC	N								0
35. North Dakota ND	N								0
36. Ohio OH	N								0
37. Oklahoma OK	N								0
38. Oregon OR	L	736,148,878	506,733,329	0	386,439,004	0	0	1,629,321,211	0
39. Pennsylvania PA	N								0
40. Rhode Island RI	N								0
41. South Carolina SC	N								0
42. South Dakota SD	N								0
43. Tennessee TN	N								0
44. Texas TX	N								0
45. Utah UT	N								0
46. Vermont VT	N								0
47. Virginia VA	N								0
48. Washington WA	L	71,851,761	71,368,678	0	0	0	0	143,220,439	0
49. West Virginia WV	N								0
50. Wisconsin WI	N								0
51. Wyoming WY	N								0
52. American Samoa AS	N								0
53. Guam GU	N								0
54. Puerto Rico PR	N								0
55. U.S. Virgin Islands VI	N								0
56. Northern Mariana Islands MP	N								0
57. Canada CAN	N								0
58. Aggregate other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	808,000,639	578,102,007	0	386,439,004	0	0	1,772,541,650	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 2	808,000,639	578,102,007	0	386,439,004	0	0	1,772,541,650	0
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

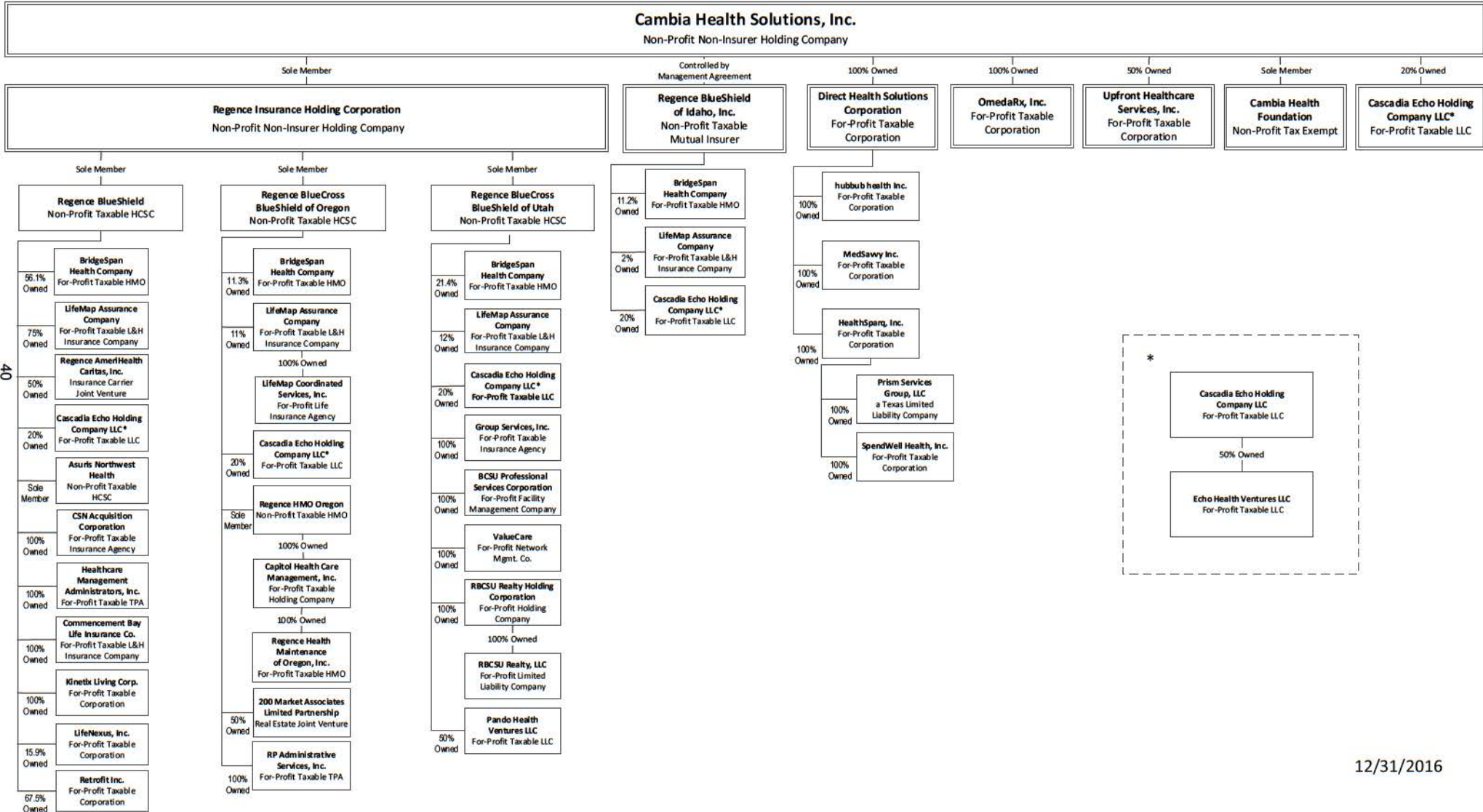
Explanation of basis of allocation by states, premiums by state, etc.  
 Premiums on individual policies are allocated to residence. Premiums received under group contracts are allocated by the Situs of the Contract.  
 (a) Insert the number of L responses except for Canada and Other Alien.





ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

HCSC = Health Care Service Contractor



40

## OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Assets Line 11

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1104. ....			0	.0
1105. ....			0	.0
1106. ....			0	.0
1197. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0

Additional Write-ins for Assets Line 25

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
2504. Prepaid Assets	3,766,672	3,766,672	0	37,311
2505. Cash Value Exec Life Ins Nonadmit			0	283,946
2597. Summary of remaining write-ins for Line 25 from overflow page	3,766,672	3,766,672	0	321,257

Additional Write-ins for Statement of Revenue and Expenses Line 6

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
0604. ....	XXX		.0
0605. ....	XXX		.0
0606. ....	XXX		.0
0697. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0

Additional Write-ins for Statement of Revenue and Expenses Line 7

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
0704. ....	XXX		.0
0705. ....	XXX		.0
0706. ....	XXX		.0
0797. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0

Additional Write-ins for Statement of Revenue and Expenses Line 14

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1404. ....			.0
1405. ....			.0
1406. ....			.0
1497. Summary of remaining write-ins for Line 14 from overflow page	0	0	0

Additional Write-ins for Statement of Revenue and Expenses Line 29

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
2904. ....			.0
2905. ....			.0
2997. Summary of remaining write-ins for Line 29 from overflow page	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Regence BlueCross BlueShield of Oregon

**OVERFLOW PAGE FOR WRITE-INS**

Additional Write-ins for Exhibit 1 Line 6

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	
0604. FFP	60,280	61,567	61,580	61,820	61,622	738,780
0697. Summary of remaining write-ins for Line 6 from overflow page	60,280	61,567	61,580	61,820	61,622	738,780

## ALPHABETICAL INDEX

### ANNUAL STATEMENT BLANK

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

**ANNUAL STATEMENT BLANK (Continued)**

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