



ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2016
 OF THE CONDITION AND AFFAIRS OF THE

LifeWise Health Plan of Oregon, Inc.

NAIC Group Code 0962 0962 NAIC Company Code 84930 Employer's ID Number 93-0931709
(Current Period) (Prior Period)

Organized under the Laws of Oregon, State of Domicile or Port of Entry Oregon
 Country of Domicile United States

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

Incorporated/Organized 08/07/1986 Commenced Business 01/02/1987

Statutory Home Office 2020 SW 4th Street, Suite 1000 Portland, OR, US 97201
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 2020 SW 4th Street, Suite 1000
(Street and Number)
Portland, OR, US 97201 503-295-6707
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 2020 SW 4th Street, Suite 1000 Portland, OR, US 97201
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 2020 SW 4th Street, Suite 1000
(Street and Number)
Portland, OR, US 97201 503-295-6707
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number) (Extension)

Internet Web Site Address www.lifewiseor.com

Statutory Statement Contact Walter Nelson Foster 425-918-4684
(Name) (Area Code) (Telephone Number) (Extension)
walt.foster@premera.com 425-918-5182
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
<u>Majd Fowzi El-Azma</u>	<u>President & CEO</u>	<u>John Hayes Pierce</u>	<u>Secretary</u>
<u>Sharilyn Ann Campbell</u>	<u>Treasurer</u>		

OTHER OFFICERS

<u>David John Braza</u>	<u>Senior Vice President</u>	<u>James Dwayne Havens</u>	<u>Vice President</u>
<u>Elizabeth Baier Johnson #</u>	<u>Senior Vice President</u>	<u>Kirsten Connell Kemp</u>	<u>Executive Vice President</u>
<u>John Phillip Colmenares #</u>	<u>Senior Vice President</u>		

DIRECTORS OR TRUSTEES

<u>Kent Steven Marquardt</u>	<u>James Michael Messina</u>	<u>Majd Fowzi El-Azma</u>	<u>John Mercier Espinola</u>
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State of Washington **ss**
 County of Snohomish

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.

David John Braza
 President & CEO

(SVP - HCI & Chief Actuary)

Sharilyn Ann Campbell
 Treasurer

Subscribed and sworn to before me this
27th day of February, 2017

Victoria Lawrence, Notary Public in and for the State of Washington
 February 27, 2019

a. Is this an original filing? Yes [] No []

b. If no:

1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____





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Victoria Y. Lawrence, Notary Public in and for the State of Washington
 February 27, 2019

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	32,185,978		32,185,978	74,911,275
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
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 (\$4,371,194 , Schedule E-Part 1), cash equivalents (\$0 , Schedule E-Part 2) and short-term investments (\$597,367 , Schedule DA).....	4,968,561		4,968,561	7,213,248
6. Contract loans (including \$ premium notes)			0	0
7. Derivatives (Schedule DB).....	0		0	0
8. Other invested assets (Schedule BA)	0		0	0
9. Receivables for securities	15,000		15,000	502
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)	37,169,539	0	37,169,539	82,125,025
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	271,685		271,685	518,867
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	291,664		291,664	566,724
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$9,376)	9,376		9,376	397,687
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	8,060,836		8,060,836	14,476,666
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	545,479		545,479	2,075,672
18.1 Current federal and foreign income tax recoverable and interest thereon	2,968,769		2,968,769	4,606,881
18.2 Net deferred tax asset.....	500,677		500,677	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$0)	168,140	168,140	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	386,879		386,879	131,923
24. Health care (\$1,010,563) and other amounts receivable	1,010,563		1,010,563	2,341,076
25. Aggregate write-ins for other-than-invested assets	158,745	51,522	107,223	24,677
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	51,542,352	219,662	51,322,690	107,265,198
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	51,542,352	219,662	51,322,690	107,265,198
DETAILS OF WRITE-INS				
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 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Deposits, prepaid expenses and miscellaneous.....	158,745	51,522	107,223	24,677
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	158,745	51,522	107,223	24,677

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 1,113,645 reinsurance ceded)	15,437,190	1,558,505	16,995,695	29,394,414
2. Accrued medical incentive pool and bonus amounts	0		0	826
3. Unpaid claims adjustment expenses	508,390		508,390	851,986
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act	8,263,674		8,263,674	30,332,782
5. Aggregate life policy reserves	0		0	0
6. Property/casualty unearned premium reserves	0		0	0
7. Aggregate health claim reserves	0		0	0
8. Premiums received in advance	951,996		951,996	6,213,071
9. General expenses due or accrued	2,585,028		2,585,028	5,447,560
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	6,508
11. Ceded reinsurance premiums payable	312,574		312,574	1,106,424
12. Amounts withheld or retained for the account of others	730		730	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	3,780,462		3,780,462	6,204,284
16. Derivatives	0	0	0	0
17. Payable for securities	509,105		509,105	2,054,752
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ 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	737,449		737,449	701,464
23. Aggregate write-ins for other liabilities (including \$ current)	1,346,543	0	1,346,543	3,533,184
24. Total liabilities (Lines 1 to 23)	34,433,141	1,558,505	35,991,646	85,847,255
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	2,770,584
26. Common capital stock	XXX	XXX	2,002,050	2,002,050
27. Preferred capital stock	XXX	XXX	0	0
28. Gross paid in and contributed surplus	XXX	XXX	29,408,579	29,408,579
29. Surplus notes	XXX	XXX	0	0
30. Aggregate write-ins for other-than-special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	(16,079,585)	(12,763,270)
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX	0	0
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX	0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	15,331,044	21,417,943
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	51,322,690	107,265,198
DETAILS OF WRITE-INS				
2301. Misc Accounts Payable	859,920		859,920	1,405,167
2302. Unclaimed Property	478,371		478,371	366,836
2303. Miscellaneous unapplied receipts	8,252		8,252	3,184
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	1,757,997
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,346,543	0	1,346,543	3,533,184
2501. Subsequent year ACA health insurer fee	XXX	XXX		2,770,584
2502.	XXX	XXX		0
2503.	XXX	XXX		0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	2,770,584
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 through 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	438,194	844,723
2. Net premium income (including \$0 non-health premium income)	.XXX	135,481,218	197,371,103
3. Change in unearned premium reserves and reserve for rate credits.....	.XXX	405,727	947,716
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	135,886,945	198,318,819
Hospital and Medical:			
9. Hospital/medical benefits.....	9,063,264	98,836,036	174,782,826
10. Other professional services.....	.0	.0	.0
11. Outside referrals.....	.0	.0	.0
12. Emergency room and out-of-area.....	1,543,899	16,836,413	25,914,582
13. Prescription drugs.....	.0	17,453,747	24,735,921
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....	.0	(826)	(223)
16. Subtotal (Lines 9 to 15).....	10,607,163	133,125,370	225,433,106
Less:			
17. Net reinsurance recoveries.....		7,506,702	19,168,215
18. Total hospital and medical (Lines 16 minus 17).....	10,607,163	125,618,668	206,264,891
19. Non-health claims (net).....			.0
20. Claims adjustment expenses, including \$5,281,163 cost containment expenses.....		13,911,252	17,801,088
21. General administrative expenses.....		20,723,546	32,592,730
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		(8,156,634)	(1,654,437)
23. Total underwriting deductions (Lines 18 through 22).....	10,607,163	152,096,832	255,004,272
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	.XXX	(16,209,887)	(56,685,453)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		1,718,381	2,456,834
26. Net realized capital gains (losses) less capital gains tax of \$.....		1,929,459	29,679
27. Net investment gains (losses) (Lines 25 plus 26).....	.0	3,647,840	2,486,513
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)].....		.0	.0
29. Aggregate write-ins for other income or expenses.....	.0	(1,310,726)	(57,559)
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	(13,872,773)	(54,256,499)
31. Federal and foreign income taxes incurred.....	.XXX	(7,165,511)	(18,516,778)
32. Net income (loss) (Lines 30 minus 31).....	.XXX	(6,707,262)	(35,739,721)
DETAILS OF WRITE-INS			
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 through 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 through 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 through 1403 plus 1498) (Line 14 above).....	0	0	0
2901. Miscellaneous income (expense).....		(1,310,726)	(57,559)
2902.....			
2903.....			
2998. Summary of remaining write-ins for Line 29 from overflow page.....	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	0	(1,310,726)	(57,559)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	21,417,943	40,755,951
34. Net income or (loss) from Line 32	(6,707,262)	(35,739,721)
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$11,247	20,886	(34,124)
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax	518,431	(402,970)
39. Change in nonadmitted assets	81,046	(161,193)
40. Change in unauthorized and certified reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	17,000,000
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	(6,086,899)	(19,338,008)
49. Capital and surplus end of reporting year (Line 33 plus 48)	15,331,044	21,417,943
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance.....	116,589,903	220,755,394
2. Net investment income	2,090,014	2,796,886
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	118,679,917	223,552,280
5. Benefit and loss related payments	130,299,378	207,724,193
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	37,469,424	51,398,529
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	(8,803,622)	(19,284,877)
10. Total (Lines 5 through 9)	158,965,180	239,837,845
11. Net cash from operations (Line 4 minus Line 10)	(40,285,263)	(16,285,565)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	83,777,737	20,499,682
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	1	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	83,777,737	20,499,682
13. Cost of investments acquired (long-term only):		
13.1 Bonds	40,780,444	24,211,178
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	40,780,444	24,211,178
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)	42,997,294	(3,711,496)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	17,000,000
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)	(4,956,718)	4,876,185
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(4,956,718)	21,876,185
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(2,244,687)	1,879,124
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	7,213,248	5,334,124
19.2 End of year (Line 18 plus Line 19.1)	4,968,561	7,213,248

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LifeWise Health Plan of Oregon, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	135,481,218	131,039,053	2,934,604	1,507,561	0	0	0	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	405,727	405,727								
3. Fee-for-service (net of \$ _____ medical expenses)	0									XXX
4. Risk revenue	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)	135,886,945	131,444,780	2,934,604	1,507,561	0	0	0	0	0	0
8. Hospital/medical benefits	98,836,036	96,145,109	1,668,866	1,022,061						XXX
9. Other professional services	0									XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	16,836,413	16,592,651	243,762							XXX
12. Prescription drugs	17,453,747	17,453,747								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	(826)	(826)								XXX
15. Subtotal (Lines 8 to 14)	133,125,370	130,190,681	1,912,628	1,022,061	0	0	0	0	0	XXX
16. Net reinsurance recoveries	7,506,702	7,506,702								XXX
17. Total hospital and medical (Lines 15 minus 16)	125,618,668	122,683,979	1,912,628	1,022,061	0	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ _____ cost containment expenses	13,911,252	12,828,320	323,373	30,515					729,044	
20. General administrative expenses	20,723,546	19,026,430	305,317	73,275					1,318,524	
21. Increase in reserves for accident and health contracts	(8,156,634)	(8,156,634)								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)	152,096,832	146,382,095	2,541,318	1,125,851	0	0	0	0	2,047,568	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(16,209,887)	(14,937,315)	393,286	381,710	0	0	0	0	(2,047,568)	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 through 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	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 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 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LifeWise Health Plan of Oregon, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	131,812,638		773,585	131,039,053
2. Medicare Supplement	2,934,604			2,934,604
3. Dental only.....	1,507,561			1,507,561
4. Vision only.....				0
5. Federal Employees Health Benefits Plan				0
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid.....				0
8. Other health.....				0
9. Health subtotal (Lines 1 through 8)	136,254,803	0	773,585	135,481,218
10. Life				0
11. Property/casualty.....				0
12. Totals (Lines 9 to 11)	136,254,803	0	773,585	135,481,218

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LifeWise Health Plan of Oregon, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Payments during the year:										
1.1 Direct	145,448,028	142,324,844	2,011,113	1,112,071						
1.2 Reinsurance assumed	.0									
1.3 Reinsurance ceded	15,148,650	15,148,650								
1.4 Net	130,299,378	127,176,194	2,011,113	1,112,071	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses	.0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	18,109,340	17,842,459	215,736	51,145	0	0	0	0	0	0
3.2 Reinsurance assumed	.0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	1,113,645	1,113,645	0	0	0	0	0	0	0	0
3.4 Net	16,995,695	16,728,814	215,736	51,145	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	.0									
4.2 Reinsurance assumed	.0									
4.3 Reinsurance ceded	.0	0	0	0	0	0	0	0	0	0
4.4 Net	.0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	.0									
6. Net healthcare receivables (a)	(1,303,005)	(1,301,067)	(1,938)							
7. Amounts recoverable from reinsurers December 31, current year	8,060,836	8,060,836								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	31,734,177	31,276,863	316,159	141,155	0	0	0	0	0	0
8.2 Reinsurance assumed	.0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	2,339,763	2,339,763	0	0	0	0	0	0	0	0
8.4 Net	29,394,414	28,937,100	316,159	141,155	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	.0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	.0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	.0	0	0	0	0	0	0	0	0	0
9.4 Net	.0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	826	826	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	14,476,666	14,476,666	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct	133,126,196	130,191,507	1,912,628	1,022,061	0	0	0	0	0	0
12.2 Reinsurance assumed	.0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	7,506,702	7,506,702	0	0	0	0	0	0	0	0
12.4 Net	125,619,494	122,684,805	1,912,628	1,022,061	0	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	(826)	(826)	0	0	0	0	0	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LifeWise Health Plan of Oregon, Inc.

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

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct	7,136,891	7,031,713	85,022	20,156						
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	438,888	438,888								
1.4. Net	6,698,003	6,592,825	85,022	20,156	0	0	0	0	0	0
2. Incurred but Unreported:										
2.1. Direct	10,972,449	10,810,746	130,714	30,989						
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	674,757	674,757								
2.4. Net	10,297,692	10,135,989	130,714	30,989	0	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct	0									
3.2. Reinsurance assumed	0									
3.3. Reinsurance ceded	0									
3.4. Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1. Direct	18,109,340	17,842,459	215,736	51,145	0	0	0	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	1,113,645	1,113,645	0	0	0	0	0	0	0	0
4.4. Net	16,995,695	16,728,814	215,736	51,145	0	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LifeWise Health Plan of Oregon, Inc.

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1	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)	23,313,224	123,576,692	91,919	16,636,895	23,405,143	28,937,100
2. Medicare Supplement	292,524	1,799,640	121	215,615	292,645	316,159
3. Dental Only	113,431	998,640	399	50,746	113,830	141,155
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	23,719,179	126,374,972	92,439	16,903,256	23,811,618	29,394,414
10. Healthcare receivables (a)	3,873,798	9,505,145	1,526	912,289	3,875,324	2,216,820
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts					0	826
13. Totals (Lines 9-10+11+12)	19,845,381	116,869,827	90,913	15,990,967	19,936,294	27,178,420

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LifeWise Health Plan of Oregon, Inc.

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

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	13,024	12,909	12,637	12,617	12,617
2. 2012	108,581	121,326	121,391	121,391	120,959
3. 2013	XXX	101,878	112,530	112,611	112,560
4. 2014	XXX	XXX	118,825	134,362	134,362
5. 2015	XXX	XXX	XXX	187,506	208,655
6. 2016	XXX	XXX	XXX	XXX	106,510

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	13,041	12,910	12,637	12,617	12,617
2. 2012	126,251	121,337	121,391	121,391	120,959
3. 2013	XXX	116,810	112,549	112,611	112,560
4. 2014	XXX	XXX	140,017	134,380	134,367
5. 2015	XXX	XXX	XXX	216,426	208,742
6. 2016	XXX	XXX	XXX	XXX	123,147

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	152,364	120,959	9,422	7.8	130,381	85.6	.0		130,381	85.6
2. 2013	144,222	112,560	9,711	8.6	122,271	84.8	.0		122,271	84.8
3. 2014	144,134	134,362	13,178	9.8	147,540	102.4	.5		147,545	102.4
4. 2015	193,179	208,655	17,325	8.3	225,980	117.0	.87	.3	226,070	117.0
5. 2016	132,218	106,510	10,994	10.3	117,504	88.9	16,637	498	134,639	101.8

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ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LifeWise Health Plan of Oregon, Inc.

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

Section A – Paid Health Claims - Medicare Supplement

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	491	488	483	478	478
2. 2012	3,567	3,914	3,912	3,912	3,910
3. 2013	XXX	3,015	3,361	3,360	3,359
4. 2014	XXX	XXX	2,465	2,758	2,767
5. 2015	XXX	XXX	XXX	2,227	2,473
6. 2016	XXX	XXX	XXX	XXX	1,759

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	1,103	488	483	478	478
2. 2012	4,197	3,915	3,912	3,912	3,910
3. 2013	XXX	3,412	3,361	3,360	3,359
4. 2014	XXX	XXX	2,825	2,758	2,767
5. 2015	XXX	XXX	XXX	2,543	2,473
6. 2016	XXX	XXX	XXX	XXX	1,975

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	5,382	3,910	227	5.8	4,137	76.9	.0		4,137	76.9
2. 2013	4,388	3,359	191	5.7	3,550	80.9	.0		3,550	80.9
3. 2014	3,939	2,767	287	10.4	3,054	77.5	.0		3,054	77.5
4. 2015	3,461	2,473	316	12.8	2,789	80.6	.0		2,789	80.6
5. 2016	2,935	1,759	277	15.7	2,036	69.4	216	6	2,258	76.9

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ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LifeWise Health Plan of Oregon, Inc.

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

Section A – Paid Health Claims - Dental Only

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	103	103	103	103	103
2. 2012	1,919	2,038	2,039	2,039	2,039
3. 2013	XXX	1,826	1,961	1,961	1,961
4. 2014	XXX	XXX	1,733	1,876	1,876
5. 2015	XXX	XXX	XXX	1,963	2,076
6. 2016	XXX	XXX	XXX	XXX	999

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	95	103	103	103	103
2. 2012	1,920	2,038	2,039	2,039	2,039
3. 2013	XXX	1,970	1,961	1,961	1,961
4. 2014	XXX	XXX	1,867	1,876	1,876
5. 2015	XXX	XXX	XXX	2,104	2,076
6. 2016	XXX	XXX	XXX	XXX	1,050

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	2,577	2,039	62	3.0	2,101	81.5	0	0	2,101	81.5
2. 2013	2,791	1,961	54	2.8	2,015	72.2	0	0	2,015	72.2
3. 2014	2,657	1,876	60	3.2	1,936	72.9	0	0	1,936	72.9
4. 2015	3,355	2,076	59	2.8	2,135	63.6	0	0	2,135	63.6
5. 2016	1,508	999	29	2.9	1,028	68.2	51	2	1,081	71.7

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Pt 2C - Sn A - Paid Claims - VO

NONE

Pt 2C - Sn A - Paid Claims - FE

NONE

Pt 2C - Sn A - Paid Claims - XV

NONE

Pt 2C - Sn A - Paid Claims - XI

NONE

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LifeWise Health Plan of Oregon, Inc.

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

Section A - Paid Health Claims - Other

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

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	.0	.0	.0	.0	.0
2. 2012	.0	.0	.0	.0	.0
3. 2013	XXX	.0	.0	.0	.0
4. 2014	XXX	XXX	.0	.0	.0
5. 2015	XXX	XXX	XXX	.0	.0
6. 2016	XXX	XXX	XXX	XXX	.0

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	.0	.0	316	.00	316	0.0			316	0.0
2. 2013	.0	.0	2,097	.00	2,097	0.0			2,097	0.0
3. 2014	.0	.0	1,454	.00	1,454	0.0			1,454	0.0
4. 2015	.0	.0	103	.00	103	0.0			103	0.0
5. 2016		0	609	0.0	609	0.0			609	0.0

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ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LifeWise Health Plan of Oregon, Inc.

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

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	13,618	13,500	13,223	13,198	13,198
2. 2012	114,067	127,278	127,342	127,342	126,908
3. 2013	XXX	106,719	117,852	117,932	117,880
4. 2014	XXX	XXX	123,023	138,996	139,005
5. 2015	XXX	XXX	XXX	191,696	213,204
6. 2016	XXX	XXX	XXX	XXX	109,268

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	14,239	13,501	13,223	13,198	13,198
2. 2012	132,368	127,290	127,342	127,342	126,908
3. 2013	XXX	122,192	117,871	117,932	117,880
4. 2014	XXX	XXX	144,709	139,014	139,010
5. 2015	XXX	XXX	XXX	221,073	213,291
6. 2016	XXX	XXX	XXX	XXX	126,172

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	160,323	126,908	10,027	7.9	136,935	85.4	0	0	136,935	85.4
2. 2013	151,402	117,880	12,053	10.2	129,933	85.8	0	0	129,933	85.8
3. 2014	150,730	139,005	14,979	10.8	153,984	102.2	5	0	153,989	102.2
4. 2015	199,995	213,204	17,803	8.4	231,007	115.5	87	3	231,097	115.6
5. 2016	136,661	109,268	11,909	10.9	121,177	88.7	16,904	506	138,587	101.4

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Pt 2C - Sn B - Incurred Claims - VO

NONE

Pt 2C - Sn B - Incurred Claims - FE

NONE

Pt 2C - Sn B - Incurred Claims - XV

NONE

Pt 2C - Sn B - Incurred Claims - XI

NONE

Part 2C - Sn C - Claims Expense Ratio VO

NONE

Part 2C - Sn C - Claims Expense Ratio FE

NONE

Part 2C - Sn C - Claims Expense Ratio XV

NONE

Part 2C - Sn C - Claims Expense Ratio XI

NONE

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LifeWise Health Plan of Oregon, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.0								
2. Additional policy reserves (a).....	.0								
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income).....	.0								
5. Aggregate write-ins for other policy reserves	8,263,674	8,263,674	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross)	8,263,674	8,263,674	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4)	8,263,674	8,263,674	.0	.0	.0	.0	.0	.0	.0
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. Accrued return premium adjustments for contracts subject to redetermination.....	8,263,674	8,263,674							
0502. ....	.0								
0503. ....	.0								
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	8,263,674	8,263,674	.0	.0	.0	.0	.0	.0	.0
1101. ....	.0								
1102. ....	.0								
1103. ....	.0								
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	.0	.0	.0	.0	.0	.0	.0	.0	.0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ for occupancy of own building)	13,199	34,389	20,714	0	68,302
2. Salaries, wages and other benefits	2,954,167	7,563,930	7,997,763	0	18,515,860
3. Commissions (less \$ ceded plus \$ assumed)	0	0	3,838,771	0	3,838,771
4. Legal fees and expenses	414	2,462	21,549	0	24,425
5. Certifications and accreditation fees	0	0	0	0	0
6. Auditing, actuarial and other consulting services	120,830	292,237	948,974	0	1,362,041
7. Traveling expenses	55,190	58,745	147,289	0	261,224
8. Marketing and advertising	1,953	8,074	521,025	0	531,052
9. Postage, express and telephone	89,145	333,233	173,426	0	595,804
10. Printing and office supplies	36,492	140,644	155,026	0	332,162
11. Occupancy, depreciation and amortization	0	0	0	0	0
12. Equipment	11,128	52,463	34,491	0	98,082
13. Cost or depreciation of EDP equipment and software	327,116	1,381,003	1,232,293	0	2,940,412
14. Outsourced services including EDP, claims, and other services	604,428	210,527	433,599	0	1,248,554
15. Boards, bureaus and association fees	3,811	11,715	89,412	0	104,938
16. Insurance, except on real estate	49	122	202,742	0	202,913
17. Collection and bank service charges	0	332,120	243	0	332,363
18. Group service and administration fees	1,019,087	(36,386)	39,342	0	1,022,043
19. Reimbursements by uninsured plans	(248,557)	(2,188,305)	(1,672,854)	0	(4,109,716)
20. Reimbursements from fiscal intermediaries	0	0	0	0	0
21. Real estate expenses	94,020	246,666	160,031	0	500,717
22. Real estate taxes	6,776	16,963	10,218	0	33,957
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes	0	0	0	0	0
23.2 State premium taxes	0	0	18,362	0	18,362
23.3 Regulatory authority licenses and fees	0	0	5,633,049	0	5,633,049
23.4 Payroll taxes	177,844	432,987	526,077	0	1,136,908
23.5 Other (excluding federal income and real estate taxes)	3,511	8,790	105,295	0	117,596
24. Investment expenses not included elsewhere	0	0	0	45,478	45,478
25. Aggregate write-ins for expenses	10,560	(272,290)	86,709	0	(175,021)
26. Total expenses incurred (Lines 1 to 25)	5,281,163	8,630,089	20,723,546	45,478 ^(a)	34,680,276
27. Less expenses unpaid December 31, current year		508,390	2,567,028	18,000	3,093,418
28. Add expenses unpaid December 31, prior year	0	851,986	5,424,560	23,000	6,299,546
29. Amounts receivable relating to uninsured plans, prior year	0	2,075,672	0	0	2,075,672
30. Amounts receivable relating to uninsured plans, current year		545,479			545,479
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	5,281,163	7,443,492	23,581,078	50,478	36,356,211
DETAILS OF WRITE-INS					
2501. Unpaid claims processing	0	(343,596)	0		(343,596)
2502. Contributions & donations	1,303	34,261	47,591		83,155
2503. Recruiting	36	8	7,691		7,735
2598. Summary of remaining write-ins for Line 25 from overflow page	9,221	37,037	31,427	0	77,685
2599. Totals (Line 2501 through 2503 plus 2598) (Line 25 above)	10,560	(272,290)	86,709	0	(175,021)

(a) Includes management fees of \$ 0 to affiliates and \$ 35,518 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a).....167,562	.....118,497
1.1 Bonds exempt from U.S. tax	(a).....2,030,049	.....1,631,944
1.2 Other bonds (unaffiliated)	(a).....	.....
1.3 Bonds of affiliates	(a).....0	.....
2.1 Preferred stocks (unaffiliated)	(b).....0	.....
2.11 Preferred stocks of affiliates	(b).....0	.....
2.2 Common stocks (unaffiliated)	(b).....0	.....
2.21 Common stocks of affiliates	(b).....0	.....
3. Mortgage loans	(c).....	.....
4. Real estate	(d).....	.....
5. Contract loans	(d).....	.....
6. Cash, cash equivalents and short-term investments	(e).....3,397	.....3,254
7. Derivative instruments	(f).....	.....
8. Other invested assets	(f).....	.....
9. Aggregate write-ins for investment income	.....1,510	.....1,510
10. Total gross investment income	2,202,518	1,955,205
11. Investment expenses		(g).....45,478
12. Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13. Interest expense		(h).....191,346
14. Depreciation on real estate and other invested assets		(i).....
15. Aggregate write-ins for deductions from investment income		.....0
16. Total deductions (Lines 11 through 15)		236,824
17. Net investment income (Line 10 minus Line 16)		1,718,381
DETAILS OF WRITE-INS		
0901. Other investment income	.....1,510	.....1,510
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	1,510	1,510
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

- (a) Includes \$200,171 accrual of discount less \$329,622 amortization of premium and less \$117,047 paid for accrued interest on purchases.
 (b) Includes \$accrual of discount less \$amortization of premium and less \$0 paid for accrued dividends on purchases.
 (c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$paid for accrued interest on purchases.
 (d) Includes \$for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued interest on purchases.
 (f) Includes \$accrual of discount less \$amortization of premium.
 (g) Includes \$0 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 \$depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	295,061		295,061		
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)	1,634,398		1,634,398	32,133	
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	1,929,459	0	1,929,459	32,133	0
DETAILS OF WRITE-INS					
0901.			0		
0902.			0		
0903.			0		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	.0	.0	.0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	.0	.0	.0
2.2 Common stocks .....	.0	.0	.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	.0	.0	.0
3.2 Other than first liens .....	.0	.0	.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	.0	.0	.0
4.2 Properties held for the production of income .....	.0	.0	.0
4.3 Properties held for sale .....	.0	.0	.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	.0	.0	.0
6. Contract loans .....	.0	.0	.0
7. Derivatives (Schedule DB).....	.0	.0	.0
8. Other invested assets (Schedule BA) .....	.0	.0	.0
9. Receivables for securities .....	.0	.0	.0
10. Securities lending reinvested collateral assets (Schedule DL).....	.0	.0	.0
11. Aggregate write-ins for invested assets .....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	.0	.0	.0
13. Title plants (for Title insurers only).....	.0	.0	.0
14. Investment income due and accrued .....	.0	.0	.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	.0	6,986	6,986
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	.0	.0	.0
15.3 Accrued retrospective premiums and contracts subject to redetermination .....	.0	.0	.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	.0	.0	.0
16.2 Funds held by or deposited with reinsured companies .....	.0	.0	.0
16.3 Other amounts receivable under reinsurance contracts .....	.0	.0	.0
17. Amounts receivable relating to uninsured plans .....	.0	.0	.0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	.0	.0	.0
18.2 Net deferred tax asset.....	.0	.0	.0
19. Guaranty funds receivable or on deposit .....	.0	.0	.0
20. Electronic data processing equipment and software.....	.0	.0	.0
21. Furniture and equipment, including health care delivery assets.....	168,140	251,682	83,542
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	.0	.0	.0
23. Receivables from parent, subsidiaries and affiliates .....	.0	.0	.0
24. Health care and other amounts receivable.....	.0	.0	.0
25. Aggregate write-ins for other-than-invested assets	51,522	42,040	(9,482)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	219,662	300,708	81,046
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	219,662	300,708	81,046
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Deposits, prepaid expenses and miscellaneous.....	51,522	42,040	(9,482)
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page .....	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	51,522	42,040	(9,482)

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LifeWise Health Plan of Oregon, Inc.

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	.0					
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	57,667	35,534	34,000	30,491	24,703	390,338
4. Point of Service.....	.0					
5. Indemnity Only.....	878	829	804	763	704	9,557
6. Aggregate write-ins for other lines of business.....	7,462	3,614	3,089	2,815	2,138	38,299
7. Total	66,007	39,977	37,893	34,069	27,545	438,194
DETAILS OF WRITE-INS						
0601. Dental.....	7,462	3,614	3,089	2,815	2,138	38,299
0602. ....	.0					
0603. ....	.0					
0698. Summary of remaining write-ins for Line 6 from overflow page.....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	7,462	3,614	3,089	2,815	2,138	38,299

NOTES TO THE FINANCIAL STATEMENTS

1. Significant Accounting Policies and Going Concern

A. Accounting Practices

The financial statements of LifeWise Health Plan of Oregon, Inc. (the Company) are prepared in accordance with accounting practices prescribed or permitted by the State of Oregon Department of Consumer and Business Services (the Department).

Prescribed statutory accounting practices are defined in the National Association of Insurance Commissioner's (NAIC's) *Accounting Practices and Procedures* manual. "Permitted" statutory accounting practices encompass all accounting practices that are not prescribed. The Company does not currently utilize any permitted statutory accounting practices.

	<u>SSAP #</u>	<u>F/S Page</u>	<u>F/S Line #</u>	<u>2016</u>	<u>2015</u>
NET INCOME					
(1) State Basis				\$ (6,707,262)	\$ (35,739,721)
(2) State Prescribed Practices that increase/(decrease) NAIC SAP					
None				-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP					
None				-	-
(4) NAIC SAP				<u>\$ (6,707,262)</u>	<u>\$ (35,739,721)</u>
SURPLUS					
(1) State Basis				\$ 15,331,044	\$ 21,417,943
(2) State Prescribed Practices that increase/(decrease) NAIC SAP					
None				-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP					
None				-	-
(4) NAIC SAP				<u>\$ 15,331,044</u>	<u>\$ 21,417,943</u>

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

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

C. Accounting Policies

Premiums are earned at contractual rates and are recorded as earned during the month subscriber coverage is provided. Unearned premiums represent the portion of premiums collected that relates to future periods. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost. The discount or premium on bonds is amortized using the scientific method. The Company reports bonds that are designated highest-quality and high-quality (NAIC designations 1 and 2, respectively) at amortized cost. All other bonds (NAIC designations of 3 to 6) are stated at the lower of amortized cost or fair value.

The Company evaluates all of its investments based on a combination of factors which may include current economic conditions, declines in market valuation, financial condition of the issuers and the present value of discounted cash flows compared to amortized cost. Investments with declines in fair value considered to be other than temporary are written down to estimated fair value and the impairment charge is recognized as a realized loss, except for investments in loan-backed securities with declines in fair value considered to be other than temporary, which are written down to the present value of discounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS

(3) – (5) None.

(6) The Company states loan-backed securities that are designated highest-quality and high-quality (NAIC designations 1 and 2, respectively) at amortized cost. All other loan-backed securities (NAIC designations of 3 to 6) are reported at the lower of amortized cost or fair value. The retrospective-adjustment method is used to value all loan-backed securities.

(7) – (10) None.

(11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are periodically reviewed and any adjustments are reflected in the period determined.

(12) None.

(13) The Company uses contractually agreed upon rates that are applied to actual claims data to determine the estimated pharmaceutical rebate receivable.

D. None

2. Accounting Changes and Corrections of Errors

None.

3. Business Combinations and Goodwill

None.

4. Discontinued Operations

None.

5. Investments

A - C. None.

D. Loan-Backed Securities

(1) For fixed-rate agency mortgage-backed securities, the Company's investment accounting software vendor calculates prepayment speeds utilizing Mortgage Industry Advisory Corporation (MIAC) Mortgage Industry Medians (MIMs). MIMs are derived from a semi-monthly dealer-consensus survey of long-term prepayment projections. For other mortgage-backed, loan-backed, and structured securities, the Company's investment accounting software vendor utilizes prepayment assumptions from Moody's Analytics. Moody's applies a flat economic credit model and utilizes a vector of multiple monthly speeds as opposed to a single speed for more robust projections. In instances where Moody's projections are not available, the Company's investment accounting software vendor uses data from Reuters, which utilizes the median prepayment speed from contributors' models.

(2) – (3) None.

(4) All impaired securities for which an other-than-temporary impairment (OTTI) has not been recognized in earnings as a realized loss:

a. The aggregate amount of unrealized losses:

1. Less than 12 months	\$	36,457
2. 12 months or longer	\$	-

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 months	\$	3,279,656
2. 12 months or longer	\$	-

NOTES TO THE FINANCIAL STATEMENTS

- (5) Management does not believe that any individual unrealized loss represents an OTTI. Any loan-backed securities for which it was probable that OTTI existed were subject to a detailed cash flow analysis to determine if the present value of cash flows expected to be collected is less than its amortized cost basis.

E. - G. None.

H. Restricted Assets

(1)

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 Restricted (1 minus 4)	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$ -	-	\$ -	\$ -	\$ -	0.0%	0.0%
b. Collateral held under security lending agreements	-	-	-	-	-	-	-
c. Subject to repurchase agreements	-	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	-	-	-	-	-
i. FHLB capital stock	-	-	-	-	-	-	-
j. On deposit with states	990,571	987,750	2,821	-	990,571	1.9	1.9
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-	-
o. Total Restricted Assets	\$ 990,571	\$ 987,750	\$ 2,821	\$ -	\$ 990,571	1.9%	1.9%

(2) - (3) None.

I. - L. None.

6. Joint Ventures, Partnerships and Limited Liability Companies

None.

7. Investment Income

A. The Company non-admits all investment income due and accrued amounts that are over 90 days past due and all amounts deemed to be uncollectible.

B. None.

8. Derivative Instruments

None.

9. Income Taxes

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

NOTES TO THE FINANCIAL STATEMENTS

1.

	December 31, 2016		
	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$ 505,245	\$ 571,212	\$ 1,076,457
(b) Statutory valuation allowance adjustments	496,147	-	496,147
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 9,098	\$ 571,212	\$ 580,310
(d) Deferred tax assets nonadmitted	-	-	-
(e) Subtotal net admitted deferred tax asset (1c-1d)	\$ 9,098	\$ 571,212	\$ 580,310
(f) Deferred tax liabilities	9,098	70,535	79,633
(g) Net admitted deferred tax asset/(net deferred tax liability)	\$ -	\$ 500,677	\$ 500,677

	December 31, 2015		
	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$ 3,899,481	\$ 766,341	\$ 4,665,822
(b) Statutory valuation allowance adjustments	3,886,177	718,861	4,605,038
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 13,304	\$ 47,480	\$ 60,784
(d) Deferred tax assets nonadmitted	-	-	-
(e) Subtotal net admitted deferred tax asset (1c-1d)	\$ 13,304	\$ 47,480	\$ 60,784
(f) Deferred tax liabilities	13,304	53,988	67,292
(g) Net admitted deferred tax asset/(net deferred tax liability)	\$ -	\$ (6,508)	\$ (6,508)

	Change		
	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$ (3,394,236)	\$ (195,129)	\$ (3,589,365)
(b) Statutory valuation allowance adjustments	(3,390,030)	(718,861)	(4,108,891)
(c) Adjusted gross deferred tax assets (1a-1b)	\$ (4,206)	\$ 523,732	\$ 519,526
(d) Deferred tax assets nonadmitted	-	-	-
(e) Subtotal net admitted deferred tax asset (1c-1d)	\$ (4,206)	\$ 523,732	\$ 519,526
(f) Deferred tax liabilities	(4,206)	16,547	12,341
(g) Net admitted deferred tax asset/(net deferred tax liability)	\$ -	\$ 507,185	\$ 507,185

NOTES TO THE FINANCIAL STATEMENTS

2. Admission calculation components SSAP No. 101:

	December 31, 2016		
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ 533,725	\$ 533,725
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below)	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-
2. Adjusted gross deferred tax assets allowed per limitation threshold	-	-	1,483,037
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	9,098	37,487	46,585
(d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total 2(a) + 2(b) + 2(c)	<u>\$ 9,098</u>	<u>\$ 571,212</u>	<u>\$ 580,310</u>

	December 31, 20015		
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ 47,480	\$ 47,480
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below)	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-
2. Adjusted gross deferred tax assets allowed per limitation threshold	-	-	2,141,794
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	13,304	-	13,304
(d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total 2(a) + 2(b) + 2(c)	<u>\$ 13,304</u>	<u>\$ 47,480</u>	<u>\$ 60,784</u>

	Change		
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ 486,245	\$ 486,245
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below)	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-
2. Adjusted gross deferred tax assets allowed per limitation threshold	-	-	(658,757)
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	(4,206)	37,487	33,281
(d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total 2(a) + 2(b) + 2(c)	<u>\$ (4,206)</u>	<u>\$ 523,732</u>	<u>\$ 519,526</u>

3.

	2016	2015
(a) Ratio percentage used to determine recovery period and threshold limitation amount	266.0%	241.3%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	<u>\$ 14,830,367</u>	<u>\$ 21,417,943</u>

(4). None.

NOTES TO THE FINANCIAL STATEMENTS

B. None.

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

	12/31/2016	12/31/2015	Change
1. Current income tax			
(a) Federal	\$ (7,731,599)	\$ (18,527,166)	\$ 10,795,567
(b) Foreign	-	-	-
(c) Subtotal	(7,731,599)	(18,527,166)	10,795,567
(d) Federal income tax on net capital gains	566,088	10,388	555,700
(e) Utilization of capital loss carryforwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	\$ (7,165,511)	\$ (18,516,778)	\$ 11,351,267
2. Deferred tax assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 56,645	\$ 98,365	\$ (41,720)
(2) Unearned premium reserve	66,804	436,822	(370,018)
(3) Policyholder reserves	-	2,854,821	(2,854,821)
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	107,220	(107,220)
(8) Compensation and benefits accrual	149,058	238,218	(89,160)
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	-	-	-
(11) Net operating loss carryforward	-	-	-
(12) Tax credit carryforward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	232,738	164,035	68,703
(99) Subtotal	\$ 505,245	\$ 3,899,481	\$ (3,394,236)
(b) Statutory valuation allowance adjustment	496,147	3,886,177	(3,390,030)
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2e99 - 2b - 2c)	9,098	13,304	(4,206)
(e) Capital			
(1) Investments	\$ 537,077	\$ 744,618	\$ (207,541)
(2) Net capital loss carryforward	-	-	-
(3) Real estate	-	-	-
(4) Other (including <5% of total capital tax assets)	34,135	21,723	12,412
(99) Subtotal	\$ 571,212	\$ 766,341	\$ (195,129)
(f) Statutory valuation allowance adjustment	\$ -	\$ 718,861	\$ (718,861)
(g) Nonadmitted	\$ -	\$ -	\$ -
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	571,212	47,480	523,732
(i) Admitted deferred tax assets ((2d + 2h)	580,310	60,784	519,526
3. Deferred tax liabilities:			
(a) Ordinary			
(1) Investments	\$ -	\$ -	\$ -
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	9,098	13,304	(4,206)
(99) Subtotal	\$ 9,098	\$ 13,304	\$ (4,206)
(b) Capital			
(1) Investments	\$ 70,535	\$ 53,988	\$ 16,547
(2) Real estate	-	-	-
(3) Other (including items <5% of total ordinary tax liabilities)	-	-	-
(99) Subtotal	\$ 70,535	\$ 53,988	\$ 16,547
(c) Deferred tax liabilities (3a99 +3b99)	79,633	67,292	12,341
4. Net deferred tax assets/liabilities (2i - 3c)	\$ 500,677	\$ (6,508)	\$ 507,185

NOTES TO THE FINANCIAL STATEMENTS

- D. The tax provision for income tax incurred is different from that which would be obtained by applying the Federal income tax rate to income before taxes due to the following :

	December 31, 2016	Effective tax rate
Net income before tax	\$ (13,872,773)	
Statutory tax rate	35%	
Expected income tax benefit at 35% statutory rate	\$ (4,855,471)	35.0%
Permanent differences	1,239,031	(8.9%)
Tax on nonadmitted assets	28,366	(0.2%)
Valuation allowance	(4,108,892)	29.6%
GAAP to Statutory adjustments	13,024	(0.1%)
Total	\$ (7,683,942)	55.4%
Federal income taxes incurred	\$ (7,165,511)	51.7%
Change in net deferred income taxes	(518,431)	3.7%
Total statutory income taxes	\$ (7,683,942)	55.4%

- E. (1) None.
- (2) The federal income taxes incurred that are available for recoupment by the Company or another member of the PREMERA consolidated group in the event of future net losses are:

	Ordinary	Capital	Total
2016	\$ -	\$ 476,203	\$ 476,203
2015	\$ -	\$ -	\$ -
2014	N/A	\$ 57,522	\$ 57,522

- (3) None.
- F. The Company's federal tax return is consolidated with that of its ultimate parent, PREMERA, and subsidiaries and affiliates as follows:

PremeraFirst, Inc.,
 Connexion Insurance Solutions, Inc.,
 LifeWise Health Plan Washington,
 LifeWise Assurance Company,
 NorthStar Administrators, Inc.,
 Premera Blue Cross,
 Vivacity, Inc.,
 Academe, Inc.,
 Calypso Healthcare Solutions, and
 LifeWise Administrators, Inc.

Income taxes owed by the Company are allocated in accordance with a written intercompany tax-sharing agreement which is approved by the Board of Directors. Allocation is based upon separate return calculations of taxable income with current credit for net losses at the stand-alone tax rate. Intercompany tax balances are settled quarterly upon payment of estimated taxes and filing of the consolidated federal income tax return.

- G. None.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. - C. None.

- D. At December 31, 2016 and 2015, the Company reported \$386,879 and \$131,923, respectively, receivables from parent, subsidiaries and affiliates and \$3,780,462 and \$6,204,284, respectively, amounts due to parent, subsidiaries and affiliates. These amounts primarily relate to cost allocation and cash management transactions. These balances are settled on a monthly basis.

- E. None.

NOTES TO THE FINANCIAL STATEMENTS

- F. The Company has no management or service contracts or cost sharing arrangements, other than cost allocation arrangements based upon generally accepted accounting principles, involving the Company or any related party.
- G. The Company is wholly owned by Connexion Insurance Solutions, Inc. (Connexion), an insurance agency domiciled in the state of Washington. Connexion is owned 100% by Premera Blue Cross (PBC), a nonprofit healthcare service contractor domiciled in the state of Washington. PREMERA, an upstream nonprofit holding company, is the sole voting member of PBC.

H - N. None.

11. Debt

None.

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

A - F. None.

G. Consolidated/Holding Company Plans

The Company participates in a Premera Blue Cross-wide pension equity plan. Additionally, it participates in a postretirement benefit plan, deferred contribution retirement savings plan, pursuant to Section 401(k) of the Internal Revenue Code, a non-qualified contribution retirement program, and a non-qualified defined benefit supplemental retirement program. These plans are sponsored by Premera Blue Cross. The Company has no legal obligation for benefits under any of these plans. The Company's expense for the pension equity plan was \$259,636 and \$309,656 in 2016 and 2015, respectively. The Company's expense for the postretirement benefit plan was \$64,832 in 2016 and \$96,708 in 2015. The expense in relation to the deferred contribution retirement program was \$313,135 and \$372,198 for the years ended December 31, 2016 and 2015, respectively. The expense in relation to the non-qualified contribution retirement program was \$27,452 and \$26,900 for the years ended December 31, 2016 and 2015, respectively. The expense for the non-qualified defined benefit supplemental retirement program was \$0 for 2016 and 2015.

H - I. None.

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

- (1) The Company has 332,015 shares of capital stock authorized, issued and outstanding. The par value of the capital stock is \$6.03 per share.
- (2) None.
- (3) The Company may not reduce its combined capital and surplus by partial distribution of its assets, through payment of dividends to its stockholder or otherwise, below its required capitalization or greater amount, which the Department may find necessary to avoid injury or prejudice to the interest of policyholders or creditors.
- (4) None.
- (5) None of the Company's profits may be paid as ordinary dividends.
- (6) - (9) None.
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$(20,886) at December 31, 2016.
- (11) - (13) None.

14. Liabilities, Contingencies, and Assessments

A - E. None.

- F. PREMERA is named as a defendant in the consolidated class complaint *In re: Premera Blue Cross Customer Data Security Breach Litigation* that was filed in federal court in Portland, Oregon in October 2015. This matter is part of a process called Multi-District Litigation (MDL), where there are multiple cases filed by plaintiffs in different jurisdictions across the country all alleging the same basic set of operative facts and causes of action. For purposes of judicial economy and convenience, the various lawsuits are all transferred and consolidated with one court. Here, plaintiffs across the country filed multiple lawsuits alleging violations of state and federal laws stemming from the cyberattack on Premera's networks that occurred in 2014. Those

NOTES TO THE FINANCIAL STATEMENTS

cases have all be transferred and consolidated in Federal District court in Oregon. PREMERA had retained defense counsel and is defending this litigation.

The Company is subject to other claims and legal actions that arise in the ordinary course of business. Although the ultimate outcome of these additional proceedings cannot be ascertained at this time, it is reasonably possible that some of them could be resolved unfavorably to the Company. Management believes that any liabilities that may arise from such proceedings would not be material in relation to the Company's financial position and results of operations as of December 31, 2016. Potential contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position, results of operations, or cash flows of the Company.

15. Leases

A. Lessee Operating Lease

(1) The Company leases data processing equipment, office equipment and office space under various operating lease agreements that expire through April 2020. Rental expense for these leases and allocated rental expense for 2016 and 2015 was \$188,594 and \$196,061 respectively. Certain rental commitments have renewal options. These renewals may be subject to adjustments in future periods.

(2) At January 1, 2017, the minimum aggregate rental commitments of the Company are as follows:

<u>Year Ending December 31</u>	<u>Operating Leases</u>
2017	\$ 491,729
2018	506,481
2019	521,676
2020	179,109
2021	-
Thereafter	-
Total	<u>\$ 1,698,995</u>

(3) None.

B. None.

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

None.

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

None.

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

A. None.

NOTES TO THE FINANCIAL STATEMENTS

B. ASC Plans

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

	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical costs incurred	\$ 42,876,552	\$ -	\$ 42,876,552
b. Gross administrative fees accrued	2,614,697	-	2,614,697
c. Other income or expenses (including interest paid to or received from plans)	-	-	-
d. Gross expenses incurred (claims and administrative)	47,538,817	-	47,538,817
e. Total net gain or loss from operations	<u>\$ (2,047,568)</u>	<u>\$ -</u>	<u>\$ (2,047,568)</u>

C. Medicare or other Similarly Structured Cost Based Reimbursement Contract:

None.

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

None.

20. Fair Value Measurements

A. (1)

	Level 1	Level 2	Level 3	Total
Bonds				
Corporate debt securities	\$ -	\$ 465,000	\$ -	\$ 465,000
Residential loan-backed securities	-	117,908	-	117,908
Total	<u>\$ -</u>	<u>\$ 582,908</u>	<u>\$ -</u>	<u>\$ 582,908</u>

There were no transfers to or from Levels 1 and 2 during the year ended December 31, 2016.

(2) None.

(3) The Company recognizes transfers between fair value levels at the beginning of the reporting period.

(4) The Company uses a market approach to value its Level 2 securities. Prices are obtained from third-party pricing services that utilize a variety of relevant market data inputs to determine the price. Inputs include, but are not limited to: prices of similar securities that traded as of the reporting date, prepayment speeds, estimated credit losses, interest rates, vintage, deal subordination, and other credit enhancements. The Company held no Level 3 securities as of December 31, 2016.

(5) None.

B. None

C. The following table summarizes fair value measurements and admitted asset values for all financial instruments as of December 31, 2016:

	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
U.S Treasuries securities and obligations of U.S. government corporations	\$ 6,102,495	\$ 6,161,808	\$ 6,102,495	\$ -	\$ -	\$ -
Municipal debt securities	627,074	627,823	-	627,074	-	-
Foreign government debt securities	296,250	265,638	-	296,250	-	-
Corporate debt securities	14,955,965	14,554,686	-	14,955,965	-	-
Residential loan-backed securities	5,492,517	4,947,337	-	5,492,517	-	-
Commercial loan-backed securities	3,769,249	3,754,354	-	3,769,249	-	-
Other loan-backed securities	1,872,494	1,874,332	-	1,872,494	-	-
Total Bonds	<u>33,116,044</u>	<u>32,185,978</u>	<u>6,102,495</u>	<u>27,013,549</u>	<u>-</u>	<u>-</u>
Money market mutual funds	597,367	597,367	597,367	-	-	-
Total Assets at Fair Value	<u>\$ 33,713,411</u>	<u>\$ 32,783,345</u>	<u>\$ 6,699,862</u>	<u>\$ 27,013,549</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE FINANCIAL STATEMENTS

D. None

21. Other Items

A. - E. None.

F. Subprime-Mortgage-Related Risk Exposure

(1) Subprime Mortgage Related Risk Exposure is defined as part of the investment guidelines of the Company, which allow its Core Fixed Income manager to invest in mortgage-backed securities (MBS) that are rated investment grade or higher. This would include an MBS that is collateralized with subprime mortgage loans if the security has an adequate credit rating. The general categories of information considered related to subprime related securities include:

- The credit rating of the security;
- Whether the underlying loans have fixed or variable interest rates;
- The payment priority of the tranche (senior vs. subordinate);
- The expected life of the tranche;
- Whether there is over-collateralization of the underlying loans to the current face value of the security, and;
- Whether the principal and interest of the security is insured by a third-party bond insurer.

The Company does have exposure to unrealized loss due to changes in the asset value. The Company, however, anticipates that it has little or no risk exposure to realized loss resulting from less than anticipated cash flows or from potential sales of assets to meet cash flow requirements.

(2) None.

(3) The Company has direct subprime exposure through other investments which are all residential loan backed securities as follows:

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	\$ 1,510,596	\$ 1,510,578	\$ 1,698,146	\$ 437,693
b. Commercial mortgage-backed securities	-	-	-	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investment in SCAs	-	-	-	-
f. Other assets	-	-	-	-
g. Total	<u>\$ 1,510,596</u>	<u>\$ 1,510,578</u>	<u>\$ 1,698,146</u>	<u>\$ 437,693</u>

(4) None.

G. - H. None.

22. Events Subsequent

There is a 2017 moratorium on the annual insurer fee under section 9010 of the Federal Affordable Care Act.

NOTES TO THE FINANCIAL STATEMENTS

	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9101 of the federal Affordable Care Act (YES/NO)?	YES	YES
B. ACA fee assessment payable for the upcoming year	\$ -	\$ 2,770,584
C. Assessment fee assessment paid	3,475,230	2,770,584
D. Premium written subject to ACA 9010 assessment	NA	144,734,531
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	15,331,044	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	15,331,044	
G. Authorized Control Level (Five-Year Historical Line 15)	5,575,500	
H. Would reporting the ACA assessment as of December 31, 2016, have triggered an RBC action level?	NO	
A. ACA Fee assessment payable	-	
B. Assessment expected to impact RBC	0%	

There have been no other events occurring subsequent to December 31, 2016, which have a material effect on the statutory basis financial position, results of operations, or cash flows of the Company.

23. Reinsurance

A. Section 1 - General Interrogatories

1. Are any of the reinsurers listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee or director of the Company?
Yes () No (X)
2. Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?
Yes () No (X)

Section 2 - Ceded Reinsurance Report – Part A

1. Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?
Yes () No (X)
2. Does the Company 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 premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. \$-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. - D. None.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. - C. None.

NOTES TO THE FINANCIAL STATEMENTS

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

	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred	\$ -	\$ 1,167,638	\$ -	\$ -	\$ 1,167,638
(2) Medical loss ratio rebates paid	-	2,115,354	-	-	2,115,354
(3) Medical loss ratio rebates unpaid	-	405,727	-	-	405,727
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	405,727
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred	\$ -	\$ (260,781)	\$ -	\$ -	\$ (260,781)
(8) Medical loss ratio rebates paid	-	144,946	-	-	144,946
(9) Medical loss ratio rebates unpaid	-	-	-	-	-
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	-

- E. (1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions? YES.
- (2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year.

NOTES TO THE FINANCIAL STATEMENTS

	<u>Amount</u>
a. Permanent ACA Risk Adjustment Program	
Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment	\$ 9,376
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment	28,040
3. Premium adjustments payable due to ACA Risk Adjustment	8,263,674
Operations (Revenue & Expense)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	8,254,298
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)	28,040
b. Transitional ACA Reinsurance Program	
Assets	
1. Amounts recoverable for claims paid due to ACA Reinsurance	\$ 3,254,404
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	935,937
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	610,340
5. Ceded reinsurance premiums payable due to ACA Reinsurance	280,174
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	-
Operations (Revenue & Expense)	
7. Ceded reinsurance premiums due to ACA Reinsurance	280,174
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	4,190,341
9. ACA Reinsurance contributions – not reported as ceded premium	610,340
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 & Expense)	
3. Effect of ACA Risk Corridors on net premium income (paid/received)	-
4. Effect of ACA Risk Corridors on change in reserves for rate credits	-

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

NOTES TO THE FINANCIAL STATEMENTS

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Difference		Adjustments		Unsettled Business as of the Reporting Date		
	1	2	3	4	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)	
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A	\$ -	\$ -
2. Premium adjustments (payable)	-	21,770,421	-	21,615,269	-	155,152	-	(155,152)	B	-	-
3. Subtotal ACA Permanent Risk Adjustment Program	\$ -	\$ 21,770,421	\$ -	\$ 21,615,269	\$ -	\$ 155,152	\$ -	\$ (155,152)		\$ -	\$ -
Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	\$ 13,700,626	\$ -	\$ 15,148,573	\$ -	\$ (1,447,947)	\$ -	\$ 3,306,368	\$ -	C	\$ 1,858,421	\$ -
2. Amounts recoverable for claims unpaid (contra liability)	2,206,113	-	-	-	2,206,113	-	(2,206,113)	-	D	-	-
3. Amounts receivable relating to uninsured plans	-	-	-	-	-	-	-	-	E	-	-
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	-	1,605,516	-	1,605,516	-	-	-	-	F	-	-
5. Ceded reinsurance premiums payable	-	1,056,924	-	1,056,924	-	-	-	-	G	-	-
6. Liability for amounts held under uninsured plans	-	-	-	-	-	-	-	-	H	-	-
7. Subtotal ACA Transitional Reinsurance Program	\$ 15,906,739	\$ 2,662,440	\$ 15,148,573	\$ 2,662,440	\$ 758,166	\$ -	\$ 1,100,255	\$ -		\$ 1,858,421	\$ -
Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	I	\$ -	\$ -
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	J	-	-
3. Subtotal ACA Risk Corridors Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Total for ACA Risk Sharing Provisions	\$ 15,906,739	\$ 24,432,861	\$ 15,148,573	\$ 24,277,709	\$ 758,166	\$ 155,152	\$ 1,100,255	\$ (155,152)		\$ 1,858,421	\$ -

(4) Roll-forward of Risk Corridor Asset and Liability Balances by Program Benefit Year.

Risk Corridor Program Year	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Difference		Adjustments		Unsettled Business as of the Reporting Date		
	1	2	3	4	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)	
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. 2014											
1. Accrued retrospective premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A	\$ -	\$ -
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	B	-	-
b. 2015											
1. Accrued retrospective premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	C	\$ -	\$ -
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	D	-	-
c. 2016											
1. Accrued retrospective premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	E	\$ -	\$ -
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	F	-	-
d. Total for Risk Corridor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -

(5) ACA Risk Corridors Receivable as of December 31, 2016.

LWOR

Risk Corridors Program Year	1 Amount to be Filed or Final Amount	2 Accrued Amounts for Impairment or Other	3 Amounts received from CMS	4 Balance (Gross of non-admissions)	5 Non-admitted Amount	6 Net Admitted Asset (4-5)
a. 2014	4,825,921	4,107,929	717,992	-	-	-
b. 2015	28,912,071	28,912,071	-	-	-	-
c. 2016	10,967,007	10,967,007	-	-	-	-
d. Total	\$ 44,704,999	\$ 43,987,007	\$ 717,992	\$ -	\$ -	\$ -

NOTES TO THE FINANCIAL STATEMENTS

25. Changes in Incurred Claims and Claim Adjustment Expenses

As the unpaid claims and claims adjustment expenses liability includes various actuarially developed estimates, the Company's actual claims experience may be more or less than the Company's previously developed estimates. The Company's unpaid claims decreased at December 31, 2015 and 2014 by \$6,621,382 and \$6,062,116 respectively, in the following year for claims that had occurred on or prior to those balance sheet dates. These adjustments resulted from the Company's actual claims expenses related to prior years totaling less than the estimates previously made by the Company. These changes in reserves are generally the result of ongoing analysis of recent loss development trends. Adjustments of prior-year estimates may result in additional claims expenses or a reduction in claims expenses may be offset as the Company establishes its accrual for current-year claims expenses. No return premiums were due as a result of the adjustments in the claims liability. Adjustments made to the claims liability for unpaid claims processing expense during 2016 and 2015 were immaterial.

26. Intercompany Pooling Arrangements

None.

27. Structured Settlements

None.

28. Health Care Receivables

(A) Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2016	\$ 751,923	\$ -	\$ -	\$ -	\$ -
9/30/2016	647,745	687,693	687,693	-	-
6/30/2016	692,285	911,268	792,622	118,646	-
3/31/2016	823,171	919,733	560,966	358,767	-
12/31/2015	1,837,193	2,656,211	1,061,222	-	1,594,989
9/30/2015	631,380	850,027	-	850,027	-
6/30/2015	983,420	963,333	-	963,333	-
3/31/2015	190,489	709,664	485,359	-	224,305
12/31/2014	443,202	878,363	-	835,638	42,725
9/30/2014	222,523	371,019	371,019	-	-
6/30/2014	195,650	342,888	-	342,888	-
3/31/2014	254,335	339,226	56,930	282,296	-

(B) None.

29. Participating Policies

None.

30. Premium Deficiency Reserves

None.

31. Anticipated Salvage and Subrogation

The Company took into account estimated anticipated salvage and subrogation in its determination of liability for unpaid claims/losses and reduced such liability by \$667,707 and \$1,240,188 at December 31, 2016 and 2015, respectively.

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). _____ 04/13/2016
- 3.4 By what department or departments? Oregon Insurance Division _____
- 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 or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 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 _____ .00
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Deloitte & Touche LLP, 925 Fourth Avenue, Seattle, WA 98104-1126.....
- 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?
 Rachel Kilian, F.S.A., M.A.A.A., Consulting Actuary, Milliman USA, 3424 Peachtree Road NE, Suite 1900, Atlanta, GA 30326-1123.....
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 12.11 Name of real estate holding company _____
 12.12 Number of parcels involved _____ 0
 12.13 Total book/adjusted carrying value \$ _____
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [X] No []
 14.21 If the response to 14.2 is yes, provide information related to amendment(s)
 Minor edits made to reorganize content, update department names and clarify text.....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

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

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

BOARD OF DIRECTORS

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

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|----------|
| | 20.11 To directors or other officers | \$ |
| | 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 | \$ 1,670,535 |
| | 22.22 Amount paid as expenses | \$ 1,605,516 |
| | 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: \$ 10,349

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No []
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] NA [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$
- 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 [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] NA [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] NA [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- | | | |
|--|--|----------|
| | 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ |
| | 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ |
| | 24.103 Total payable for securities lending reported on the liability page | \$ |

GENERAL INTERROGATORIES

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

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

25.21 Subject to repurchase agreements	\$
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	\$ 990,571
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
BNY Mellon	One BNY Mellon Center, Room 151-1035, 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
Baird Advisors.....	U.....
David Ratliff, CFA.....	I.....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets? Yes 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
Not applicable.....	Baird Advisors.....	54930054S3LSBYRYBS07.....	Securities and Exchange Commission.....	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
29.2999 TOTAL		0

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

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.....	32,783,345	33,713,411	930,066
30.2 Preferred Stocks.....	0		0
30.3 Totals	32,783,345	33,713,411	930,066

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

Custodial values based on market prices from BNY Mellon.....

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? \$26,214

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
AM Best Co.....	\$.....17,800

34.1 Amount of payments for legal expenses, if any? \$2,222

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
Lane Powell Attorneys & Counselors.....	\$.....1,798

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

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

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

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes No
 1.2 If yes, indicate premium earned on U.S. business only. \$2,934,604
 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. \$1,912,628
 1.6 Individual policies:

Most current three years:
 1.61 Total premium earned \$176,957
 1.62 Total incurred claims \$266,429
 1.63 Number of covered lives76
 All years prior to most current three years:
 1.64 Total premium earned \$2,757,647
 1.65 Total incurred claims \$1,646,199
 1.66 Number of covered lives613

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 lives0
 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 lives0

2. Health Test:

		1 Current Year		2 Prior Year
2.1 Premium Numerator	\$	.....135,481,218	\$	.....197,371,103
2.2 Premium Denominator	\$	.....135,481,218	\$	.....197,371,103
2.3 Premium Ratio (2.1/2.2)		.....1.000		.....1.000
2.4 Reserve Numerator	\$	.....25,259,369	\$	.....59,728,022
2.5 Reserve Denominator	\$	.....25,259,369	\$	.....59,728,022
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				\$1,000,000
5.32 Medical Only				\$
5.33 Medicare Supplement				\$
5.34 Dental and 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:

Provider contracts contain provisions that require providers to hold subscribers and their dependents harmless and to continue services for the period for which premiums were paid on behalf of the subscriber and their dependents in the event of plan insolvency consistent with state law.

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 year12,570
 8.2 Number of providers at end of reporting year12,884

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

PART 2 - HEALTH INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [X] No []
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses

10.22 Amount actually paid for year bonuses

10.23 Maximum amount payable withholds

10.24 Amount actually paid for year withholds

\$.....

\$.....

\$.....

\$.....
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model,

11.13 An Individual Practice Association (IPA), or,

11.14 A Mixed Model (combination of above) ?

Yes [] No [X]

Yes [] No [X]

Yes [] No [X]

Yes [X] No []
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus.
- 11.4 If yes, show the amount required.
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity?
- 11.6 If the amount is calculated, show the calculation
- Oregon.....

\$..... 2,500,000

Yes [] No [X]
12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
State of Idaho.....
State of Oregon.....
.....
.....
.....

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

1 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:
- 15.1 Direct Premium Written (prior to reinsurance ceded)

15.2 Total incurred claims

15.3 Number of covered lives

\$.....

\$.....

.....

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

FIVE - YEAR HISTORICAL DATA

	1 2016	2 2015	3 2014	4 2013	5 2012
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	51,322,690	107,265,198	93,693,961	97,930,384	99,725,408
2. Total liabilities (Page 3, Line 24)	35,991,646	85,847,255	52,938,010	32,374,981	35,020,435
3. Statutory minimum capital and surplus requirement	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
4. Total capital and surplus (Page 3, Line 33)	15,331,044	21,417,943	40,755,951	65,555,403	64,704,973
Income Statement (Page 4)					
5. Total revenues (Line 8)	135,886,945	198,318,819	150,324,280	151,253,517	160,070,899
6. Total medical and hospital expenses (Line 18)	125,618,668	206,264,891	133,440,946	117,040,678	128,913,851
7. Claims adjustment expenses (Line 20)	13,911,252	17,801,088	14,872,321	11,694,456	11,932,348
8. Total administrative expenses (Line 21)	20,723,546	32,592,730	26,667,791	25,332,605	21,681,162
9. Net underwriting gain (loss) (Line 24)	(16,209,887)	(56,685,453)	(34,455,240)	(2,819,228)	(2,464,065)
10. Net investment gain (loss) (Line 27)	3,647,840	2,486,513	3,274,634	4,043,437	4,514,640
11. Total other income (Lines 28 plus 29)	(1,310,726)	(57,559)	541,363	(35,887)	(547,393)
12. Net income or (loss) (Line 32)	(6,707,262)	(35,739,721)	(24,278,577)	971,780	(229,893)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(40,285,263)	(16,285,565)	(16,539,085)	(1,730,223)	(262,336)
Risk-Based Capital Analysis					
14. Total adjusted capital	15,331,044	21,417,943	40,755,951	65,555,403	64,704,973
15. Authorized control level risk-based capital	5,575,500	8,875,253	5,873,853	5,144,383	5,607,004
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	27,545	66,007	46,528	50,907	52,883
17. Total members months (Column 6, Line 7)	438,194	844,723	576,667	617,753	636,239
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	92.4	104.0	88.8	77.4	80.5
20. Cost containment expenses	3.9	3.7	4.0	3.7	3.7
21. Other claims adjustment expenses	6.4	5.3	5.9	4.0	3.8
22. Total underwriting deductions (Line 23)	111.9	128.6	122.9	101.9	101.5
23. Total underwriting gain (loss) (Line 24)	(11.9)	(28.6)	(22.9)	(1.9)	(1.5)
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	19,936,294	15,012,610	12,709,603	15,751,690	15,124,163
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	27,178,420	21,076,436	14,662,494	17,969,626	16,204,588
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above	0	0	0	0	0

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

If no, please explain

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

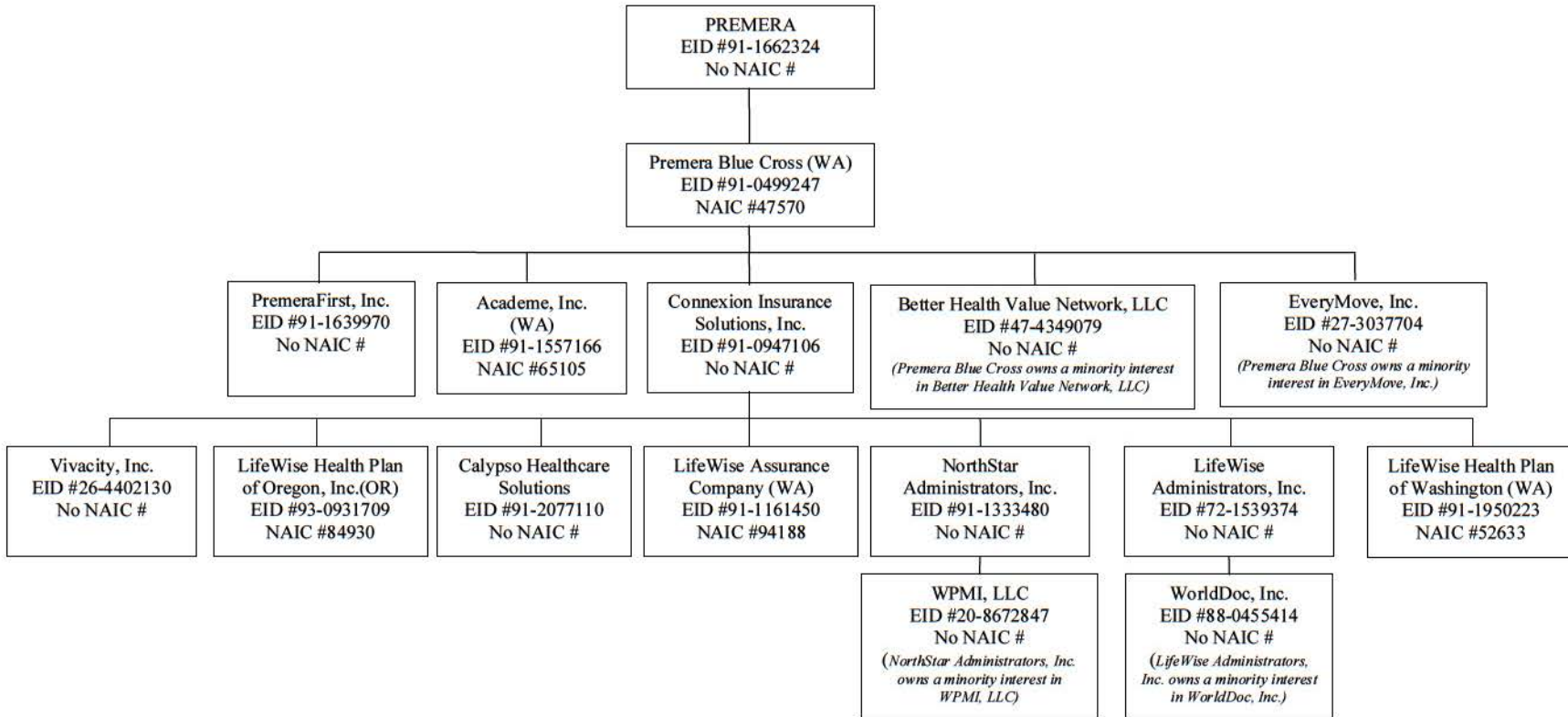
State, Etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama	AL	N							0	0
2. Alaska	AK	N							0	0
3. Arizona	AZ	N							0	0
4. Arkansas	AR	N							0	0
5. California	CA	N							0	0
6. Colorado	CO	N							0	0
7. Connecticut	CT	N							0	0
8. Delaware	DE	N							0	0
9. District of Columbia	DC	N							0	0
10. Florida	FL	N							0	0
11. Georgia	GA	N							0	0
12. Hawaii	HI	N							0	0
13. Idaho	ID	N							0	0
14. Illinois	IL	N							0	0
15. Indiana	IN	N							0	0
16. Iowa	IA	N							0	0
17. Kansas	KS	N							0	0
18. Kentucky	KY	N							0	0
19. Louisiana	LA	N							0	0
20. Maine	ME	N							0	0
21. Maryland	MD	N							0	0
22. Massachusetts	MA	N							0	0
23. Michigan	MI	N							0	0
24. Minnesota	MN	N							0	0
25. Mississippi	MS	N							0	0
26. Missouri	MO	N							0	0
27. Montana	MT	N							0	0
28. Nebraska	NE	N							0	0
29. Nevada	NV	N							0	0
30. New Hampshire	NH	N							0	0
31. New Jersey	NJ	N							0	0
32. New Mexico	NM	N							0	0
33. New York	NY	N							0	0
34. North Carolina	NC	N							0	0
35. North Dakota	ND	N							0	0
36. Ohio	OH	N							0	0
37. Oklahoma	OK	N							0	0
38. Oregon	OR	L	136,254,803						136,254,803	0
39. Pennsylvania	PA	N							0	0
40. Rhode Island	RI	N							0	0
41. South Carolina	SC	N							0	0
42. South Dakota	SD	N							0	0
43. Tennessee	TN	N							0	0
44. Texas	TX	N							0	0
45. Utah	UT	N							0	0
46. Vermont	VT	N							0	0
47. Virginia	VA	N							0	0
48. Washington	WA	N							0	0
49. West Virginia	WV	N							0	0
50. Wisconsin	WI	N							0	0
51. Wyoming	WY	N							0	0
52. American Samoa	AS	N							0	0
53. Guam	GU	N							0	0
54. Puerto Rico	PR	N							0	0
55. U.S. Virgin Islands	VI	N							0	0
56. Northern Mariana Islands	MP	N							0	0
57. Canada	CAN	N							0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal		XXX	136,254,803	0	0	0	0	0	136,254,803	0
60. Reporting entity contributions for Employee Benefit Plans		XXX							0	0
61. Total (Direct Business)	(a)	2	136,254,803	0	0	0	0	0	136,254,803	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. Allocated to states based on domicile of contracting party.

(a) Insert the number of L responses except for Canada and other Alien.

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



Note: Except where otherwise noted, each subsidiary shown above is 100% owned by its respective parent company.

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