



ANNUAL STATEMENT

For the Year Ending DECEMBER 31, 2016

OF THE CONDITION AND AFFAIRS OF THE

PACIFCSOURCE HEALTH PLANS

NAIC Group Code 4704 , 4704 NAIC Company Code 54976 Employer's ID Number 93-0245545
(Current Period) (Prior Period)

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

Country of Domicile United States of America

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

Incorporated/Organized 03/31/1933 Commenced Business 07/01/1939

Statutory Home Office 110 INTERNATIONAL WAY , SPRINGFIELD, OR, US 97477
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 110 INTERNATIONAL WAY
(Street and Number) (541)686-1242
(Area Code) (Telephone Number)

SPRINGFIELD, OR, US 97477
(City or Town, State, Country and Zip Code)

Mail Address 110 INTERNATIONAL WAY , SPRINGFIELD, OR, US 97477
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 110 INTERNATIONAL WAY
(Street and Number) (541)686-1242
(Area Code) (Telephone Number)

SPRINGFIELD, OR, US 97477
(City or Town, State, Country and Zip Code)

Internet Website Address www.pacifcsource.com

Statutory Statement Contact PETER F DAVIDSON (541)684-5212
(Name) (Area Code)(Telephone Number)(Extension)
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(E-Mail Address) (Fax Number)

OFFICERS

Name	Title
KENNETH P PROVENCHER	President/CEO
KRISTIN E KERNUTT	Secretary
PETER F DAVIDSON	EVP/Chief Financial Officer
ERICK DOOLEN	EVP/Chief Operating Officer
DAN ROTH	EVP/Chief Medical Officer
DAN STEVENS	Executive Vice President
SHARON THOMSON	Executive Vice President

OTHERS

DIRECTORS OR TRUSTEES

PATRICIA SCHMITT	DAVID SHUTE MD
ROGER SAYDACK	EDWIN DAHLBERG
RICHARD WRIGHT JR	DIVYA SHARMA MD
JEFFREY BARBER #	ROBERT BENTLEY MD #
GEORGE BROWN MD #	LINDA HOFF #
CHARLES WILHOITE #	JOHN WINTER JR #

State of Oregon
 County of Lane ss

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

(Signature)
 KENNETH P. PROVENCHER
(Printed Name)
 1.
 President/CEO
(Title)

(Signature)
 PETER F. DAVIDSON
(Printed Name)
 2.
 Chief Financial Officer
(Title)

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

Subscribed and sworn to before me this _____ day of _____, 2017

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

(Notary Public Signature)

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)	67,005,027		67,005,027	74,904,843
2. Stocks (Schedule D):				
2.1 Preferred stocks	513,758		513,758	416,317
2.2 Common Stocks	98,527,246		98,527,246	94,506,472
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....30,166,806, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....143,841, Schedule DA)	30,310,647		30,310,647	13,034,589
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	555,011		555,011	724,012
9. Receivables for securities	14,779		14,779	378
10. Securities Lending Reinvested Collateral Assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	196,926,469		196,926,469	183,586,610
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	451,991		451,991	455,352
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	8,435,159	43,738	8,391,421	14,264,802
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$.....73,503) and contracts subject to redetermination (\$.....10,879,009)	11,858,291	905,779	10,952,511	6,157,292
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	8,867,495		8,867,495	16,416,558
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	2,994,126	568	2,993,558	3,040,824
18.1 Current federal and foreign income tax recoverable and interest thereon	339,659		339,659	36,550
18.2 Net deferred tax asset	2,000,000		2,000,000	2,200,000
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$.....0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	2,384,448		2,384,448	14,920
24. Health care (\$.....3,975,459) and other amounts receivable	6,648,194	2,672,735	3,975,459	2,413,135
25. Aggregate write-ins for other than invested assets	1,567,126	763,791	803,335	279,153
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	242,472,958	4,386,611	238,086,346	228,865,196
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. TOTAL (Lines 26 and 27)	242,472,958	4,386,611	238,086,346	228,865,196
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. INTANGIBLE ASSETS	649,594	649,594		
2502. PREPAID EXPENSES	236,992	114,197	122,795	
2503. PREPAID REINSURANCE & GOVERNMENT RECEIVABLE	680,541		680,541	279,153
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,567,126	763,791	803,335	279,153

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....2,321,564 reinsurance ceded)	59,048,594	147,991	59,196,586	60,785,731
2. Accrued medical incentive pool and bonus amounts	78,979		78,979	65,714
3. Unpaid claims adjustment expenses	1,666,834		1,666,834	1,795,182
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	1,488,461		1,488,461	2,374,341
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	8,025,562		8,025,562	5,711,362
9. General expenses due or accrued	5,224,343		5,224,343	8,931,546
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable	363,987		363,987	1,061,366
12. Amounts withheld or retained for the account of others	2,329,939		2,329,939	3,081,992
13. Remittances and items not allocated				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates	210,105		210,105	652,277
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20. Reinsurance in unauthorized and certified (\$.....0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	2,131,018		2,131,018	
23. Aggregate write-ins for other liabilities (including \$.....0 current)	8,833		8,833	9,320
24. TOTAL Liabilities (Lines 1 to 23)	80,576,657	147,991	80,724,649	84,468,833
25. Aggregate write-ins for special surplus funds	X X X	X X X		10,616,323
26. Common capital stock	X X X	X X X		
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X	22,166,216	(2,833,784)
29. Surplus notes	X X X	X X X		
30. Aggregate write-ins for other than special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	135,195,482	136,613,823
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2 .....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	157,361,698	144,396,362
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	238,086,346	228,865,195
DETAILS OF WRITE-INS				
2301. POST RETIREMENT BENEFITS	8,833		8,833	9,320
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	8,833		8,833	9,320
2501. ACA 9010 Assessment	X X X	X X X		10,616,323
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		10,616,323
3001.	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	1,933,218	1,946,137
2. Net premium income (including \$.....0 non-health premium income)	X X X	547,038,053	562,246,723
3. Change in unearned premium reserves and reserve for rate credits	X X X	885,880	2,590,913
4. Fee-for-service (net of \$.....0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. TOTAL Revenues (Lines 2 to 7)	X X X	547,923,933	564,837,636
Hospital and Medical:			
9. Hospital/medical benefits	769,411	307,764,382	334,307,804
10. Other professional services	109,483	43,793,396	38,682,147
11. Outside referrals	113,298	45,319,349	35,094,617
12. Emergency room and out-of-area	77,697	31,078,682	24,052,868
13. Prescription drugs	175,324	70,129,756	77,451,314
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts		32,364	30,183
16. Subtotal (Lines 9 to 15)	1,245,214	498,117,929	509,618,933
Less:			
17. Net reinsurance recoveries		11,531,263	22,365,351
18. TOTAL Hospital and Medical (Lines 16 minus 17)	1,245,214	486,586,666	487,253,582
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....13,232,593 cost containment expenses		25,711,018	23,026,307
21. General administrative expenses		64,919,813	69,514,934
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			(4,960,000)
23. TOTAL Underwriting Deductions (Lines 18 through 22)	1,245,214	577,217,496	574,834,823
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(29,293,564)	(9,997,187)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		2,419,069	2,557,044
26. Net realized capital gains (losses) less capital gains tax of \$.....384,544		746,468	544,620
27. Net investment gains (losses) (Lines 25 plus 26)		3,165,537	3,101,665
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....262,235)]		(262,235)	(268,599)
29. Aggregate write-ins for other income or expenses		3,597,066	(63,129)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(22,793,195)	(7,227,250)
31. Federal and foreign income taxes incurred	X X X	(1,705,357)	2,981,824
32. Net income (loss) (Lines 30 minus 31)	X X X	(21,087,838)	(10,209,074)
DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901. MISCELLANEOUS		5,243	5,287
2902. CHARITABLE CONTRIBUTIONS		(75,415)	(68,416)
2903. Contract revenue		3,667,239	
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)		3,597,066	(63,129)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	144,396,362	148,158,001
34. Net income or (loss) from Line 32	(21,087,838)	(10,209,074)
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....(500,000) ...	9,670,612	4,473,212
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	(700,000)	3,100,000
39. Change in nonadmitted assets	698,592	(1,125,777)
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in	25,000,000	
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	(616,030)	
48. Net change in capital and surplus (Lines 34 to 47)	12,965,336	(3,761,639)
49. Capital and surplus end of reporting year (Line 33 plus 48)	157,361,698	144,396,362
DETAILS OF WRITE-INS		
4701. Correction of Error	(616,030)	
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	(616,030)	

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	550,659,535	545,034,069
2.	Net investment income	2,470,699	2,792,469
3.	Miscellaneous income		
4.	TOTAL (Lines 1 through 3)	553,130,233	547,826,538
5.	Benefit and loss related payments	483,277,106	474,335,669
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	88,953,833	96,120,995
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$0 tax on capital gains (losses)	(401,674)	(4,775,654)
10.	TOTAL (Lines 5 through 9)	571,829,265	565,681,010
11.	Net cash from operations (Line 4 minus Line 10)	(18,699,032)	(17,854,472)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	69,635,714	67,667,904
12.2	Stocks	6,333,871	4,165,489
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets	133,355	55,644
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds	35,976	4,896
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7)	76,138,917	71,893,932
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	60,863,583	61,400,680
13.2	Stocks	1,035,398	647,821
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications	50,377	0
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6)	61,949,358	62,048,502
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	14,189,558	9,845,430
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock	25,000,000	
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(3,214,464)	11,970,686
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	21,785,536	11,970,686
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)	17,276,062	3,961,644
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	13,034,587	9,072,943
19.2	End of year (Line 18 plus Line 19.1)	30,310,649	13,034,587

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

20.0001	.....	
20.0002	.....	
20.0003	.....	
20.0004	.....	

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	547,038,053	520,905,213	43,995	19,649,604					6,439,241	
2. Change in unearned premium reserves and reserve for rate credit	885,880	854,402	70	31,408						
3. Fee-for-service (net of \$.....0 medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues										X X X
6. Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. TOTAL Revenues (Lines 1 to 6)	547,923,933	521,759,615	44,065	19,681,012					6,439,241	
8. Hospital/medical benefits	307,764,382	304,060,582	32,993						3,670,807	X X X
9. Other professional services	43,793,396	29,913,385	343	13,879,668						X X X
10. Outside referrals	45,319,349	45,317,913	1,436							X X X
11. Emergency room and out-of-area	31,078,682	30,392,033	251	686,398						X X X
12. Prescription drugs	70,129,756	70,129,756								X X X
13. Aggregate write-ins for other hospital and medical										X X X
14. Incentive pool, withhold adjustments and bonus amounts	32,364	32,364								X X X
15. Subtotal (Lines 8 to 14)	498,117,929	479,846,033	35,023	14,566,066					3,670,807	X X X
16. Net reinsurance recoveries	11,531,263	10,340,453							1,190,810	X X X
17. TOTAL Hospital and Medical (Lines 15 minus 16)	486,586,666	469,505,580	35,023	14,566,066					2,479,997	X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$.....13,232,593 cost containment expenses	25,711,018	24,483,272	2,068	923,520					302,158	
20. General administrative expenses	64,919,813	61,819,779	5,221	2,331,870					762,942	
21. Increase in reserves for accident and health contracts										X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. TOTAL Underwriting Deductions (Lines 17 to 22)	577,217,496	555,808,631	42,312	17,821,457					3,545,097	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(29,293,564)	(34,049,017)	1,753	1,859,555					2,894,144	
DETAILS OF WRITE-INS										
0501.										X X X
0502.										X X X
0503.										X X X
0598. Summary of remaining write-ins for Line 5 from overflow page										X X X
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										X X X
0601.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.										X X X
1302.										X X X
1303.										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

Line of Business		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical)	526,153,372		5,248,159	520,905,213
2.	Medicare Supplement	43,995			43,995
3.	Dental only	19,649,604			19,649,604
4.	Vision only				
5.	Federal Employees Health Benefits Plan				
6.	Title XVIII - Medicare				
7.	Title XIX - Medicaid				
8.	Other health	8,376,524		1,937,283	6,439,241
9.	Health subtotal (Lines 1 through 8)	554,223,495		7,185,442	547,038,053
10.	Life				
11.	Property/casualty				
12.	TOTALS (Lines 9 to 11)	554,223,495		7,185,442	547,038,053

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	504,320,121	486,392,854	36,137	14,428,850					3,462,280	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	21,062,115	19,871,305							1,190,810	
1.4 Net	483,258,006	466,521,549	36,137	14,428,850					2,271,470	
2. Paid medical incentive pools and bonuses	19,099	19,099								
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	61,518,150	60,415,680	15,497	828,446					258,527	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded	2,321,564	2,321,564								
3.4 Net	59,196,586	58,094,116	15,497	828,446					258,527	
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	78,979	78,979								
6. Net healthcare receivables (a)	2,663,623	2,663,623								
7. Amounts recoverable from reinsurers December 31, current year ..	8,867,495	8,867,495								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	65,089,083	64,331,242	16,611	691,230					50,000	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded	4,303,352	4,303,352								
8.4 Net	60,785,731	60,027,890	16,611	691,230					50,000	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	65,714	65,714								
11. Amounts recoverable from reinsurers December 31, prior year	16,416,558	16,416,558								
12. Incurred benefits:										
12.1 Direct	498,085,565	479,813,669	35,023	14,566,066					3,670,807	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	11,531,264	10,340,454							1,190,810	
12.4 Net	486,554,301	469,473,215	35,023	14,566,066					2,479,997	
13. Incurred medical incentive pools and bonuses	32,364	32,364								

(a) Excludes \$.00 loans or advances to providers not yet expensed.

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

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (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. Reported in Process of Adjustment:										
1.1 Direct	24,000,863	23,456,187	1,414	543,262						
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	2,321,564	2,321,564								
1.4 Net	21,679,299	21,134,623	1,414	543,262						
2. Incurred but Unreported:										
2.1 Direct	36,432,113	36,000,172	14,083	159,331					258,527	
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	36,432,113	36,000,172	14,083	159,331					258,527	
3. Amounts Withheld from Paid Claims and Capitulations:										
3.1 Direct	1,085,174	959,321		125,853						
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	1,085,174	959,321		125,853						
4. TOTALS										
4.1 Direct	61,518,150	60,415,680	15,497	828,446					258,527	
4.2 Reinsurance assumed										
4.3 Reinsurance ceded	2,321,564	2,321,564								
4.4 Net	59,196,586	58,094,116	15,497	828,446					258,527	

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	53,370,147	420,700,466	32,941	58,061,175	53,403,088	60,027,890
2. Medicare Supplement	6,641	29,496		15,497	6,641	16,611
3. Dental only	917,896	13,510,954		828,446	917,896	691,230
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid						
8. Other health	221,450	2,050,020		258,527	221,450	50,000
9. Health subtotal (Lines 1 to 8)	54,516,134	436,290,936	32,941	59,163,645	54,549,075	60,785,731
10. Healthcare receivables (a)	1,231,430	5,416,764			1,231,430	3,984,572
11. Other non-health						
12. Medical incentive pool and bonus amounts	19,099			78,979	19,099	65,714
13. TOTALS (Lines 9 - 10 + 11 + 12)	53,303,803	430,874,172	32,941	59,242,624	53,336,744	56,866,873

(a) Excludes \$.00 loans or advances to providers not yet expensed.

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

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	57,024	57,114	57,165	57,165	57,165
2.	2012	578,165	638,725	638,862	638,862	638,862
3.	2013	X X X	571,309	627,409	627,833	627,889
4.	2014	X X X	X X X	481,605	526,468	526,963
5.	2015	X X X	X X X	X X X	433,364	487,348
6.	2016	X X X	X X X	X X X	X X X	433,626

Section B - Incurred Health Claims

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	57,024	57,114	57,165	57,165	57,165
2.	2012	645,464	638,409	638,862	638,862	638,862
3.	2013	X X X	633,626	627,409	627,833	627,889
4.	2014	X X X	X X X	533,853	526,468	526,963
5.	2015	X X X	X X X	X X X	494,215	487,381
5.	2016	X X X	X X X	X X X	X X X	492,869

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2012	722,245	638,862	23,410	3.664	662,272	91.696			662,272	91.696
2. 2013	723,072	627,889	24,640	3.924	652,529	90.244			652,529	90.244
3. 2014	610,571	526,963	21,582	4.096	548,545	89.841			548,545	89.841
4. 2015	564,838	487,348	23,347	4.791	510,695	90.414	33	1	510,729	90.420
5. 2016	547,924	433,626	22,105	5.098	455,731	83.174	59,243	1,666	516,640	94.290

12 Total

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

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	56,954	57,044	57,095	57,095	57,095
2.	2012	572,299	631,654	631,789	631,789	631,789
3.	2013	X X X	564,899	620,014	620,439	620,494
4.	2014	X X X	X X X	465,964	509,705	510,198
5.	2015	X X X	X X X	X X X	419,084	471,925
6.	2016	X X X	X X X	X X X	X X X	418,036

Section B - Incurred Health Claims

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	56,954	57,044	57,095	57,095	57,095
2.	2012	638,880	631,338	631,789	631,789	631,789
3.	2013	X X X	626,528	620,014	620,439	620,494
4.	2014	X X X	X X X	517,149	509,705	510,198
5.	2015	X X X	X X X	X X X	479,178	471,958
5.	2016	X X X	X X X	X X X	X X X	476,176

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2012	714,654	631,789	23,232	3.677	655,021	91.656			655,021	91.656
2. 2013	712,645	620,494	24,282	3.913	644,776	90.476			644,776	90.476
3. 2014	586,465	510,198	20,828	4.082	531,026	90.547			531,026	90.547
4. 2015	540,617	471,925	22,365	4.739	494,290	91.431	33	1	494,324	91.437
5. 2016	521,760	418,036	21,038	5.032	439,074	84.152	58,140	1,586	498,800	95.599

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

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	10	10	10	10	10
2.	2012	44	70	70	70	70
3.	2013	X X X	73	86	86	86
4.	2014	X X X	X X X	56	74	74
5.	2015	X X X	X X X	X X X	31	38
6.	2016	X X X	X X X	X X X	X X X	29

Section B - Incurred Health Claims

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	10	10	10	10	10
2.	2012	71	70	70	70	70
3.	2013	X X X	97	86	86	86
4.	2014	X X X	X X X	77	74	74
5.	2015	X X X	X X X	X X X	47	38
5.	2016	X X X	X X X	X X X	X X X	45

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2012	106	70	3	4.711	73	69.149			73	69.149
2. 2013	115	86	4	4.309	90	78.005			90	78.005
3. 2014	81	74	3	4.011	77	95.022			77	95.022
4. 2015	57	38	2	4.899	40	69.933			40	69.933
5. 2016	44	29	2	5.670	31	69.646	16		47	106.010

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

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	349	349	349	349	349
2.	2012	5,582	6,293	6,295	6,295	6,295
3.	2013	X X X	4,819	5,493	5,492	5,493
4.	2014	X X X	X X X	13,545	14,174	14,176
5.	2015	X X X	X X X	X X X	13,468	14,383
6.	2016	X X X	X X X	X X X	X X X	13,511

Section B - Incurred Health Claims

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	349	349	349	349	349
2.	2012	5,838	6,293	6,295	6,295	6,295
3.	2013	X X X	5,088	5,493	5,492	5,493
4.	2014	X X X	X X X	14,168	14,174	14,176
5.	2015	X X X	X X X	X X X	14,159	14,383
5.	2016	X X X	X X X	X X X	X X X	14,339

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2012	6,260	6,295	213	3.385	6,508	103.963			6,508	103.963
2. 2013	6,551	5,493	268	4.873	5,761	87.936			5,761	87.936
3. 2014	19,230	14,176	653	4.607	14,829	77.114			14,829	77.114
4. 2015	19,232	14,383	797	5.541	15,180	78.931			15,180	78.931
5. 2016	19,681	13,511	809	5.987	14,320	72.760	828	60	15,208	77.272

12 Dental Only

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE

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

- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP NONE

- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP NONE

- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP NONE

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare NONE

- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare NONE

- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare NONE

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

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

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

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

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	(289)	(289)	(289)	(289)	(289)
2.	2012	240	708	708	708	708
3.	2013	X X X	1,518	1,816	1,816	1,816
4.	2014	X X X	X X X	2,040	2,515	2,515
5.	2015	X X X	X X X	X X X	781	1,002
6.	2016	X X X	X X X	X X X	X X X	2,050

Section B - Incurred Health Claims

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	(289)	(289)	(289)	(289)	(289)
2.	2012	675	708	708	708	708
3.	2013	X X X	1,913	1,816	1,816	1,816
4.	2014	X X X	X X X	2,459	2,515	2,515
5.	2015	X X X	X X X	X X X	831	1,002
5.	2016	X X X	X X X	X X X	X X X	2,309

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2012	1,225	708	(38)	(5.376)	670	54.689			670	54.689
2. 2013	3,761	1,816	87	4.803	1,903	50.604			1,903	50.604
3. 2014	4,795	2,515	98	3.914	2,613	54.503			2,613	54.503
4. 2015	4,932	1,002	183	18.254	1,185	24.025			1,185	24.025
5. 2016	6,439	2,050	257	12.517	2,307	35.822	259	20	2,586	40.155

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

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$.0 for investment income)	1,488,461	1,488,461							
5. Aggregate write-ins for other policy reserves									
6. TOTALS (Gross)	1,488,461	1,488,461							
7. Reinsurance ceded									
8. TOTALS (Net) (Page 3, Line 4)	1,488,461	1,488,461							
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. TOTALS (Gross)									
13. Reinsurance ceded									
14. TOTALS (Net) (Page 3, Line 7)									
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building)	240,979	240,979	1,217,468		1,699,426
2. Salaries, wages and other benefits	6,405,163	8,579,624	23,235,616		38,220,403
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)			13,153,228		13,153,228
4. Legal fees and expenses			120,711		120,711
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services			1,372,294		1,372,294
7. Traveling expenses	109,686	82,162	703,667		895,515
8. Marketing and advertising			3,967,851		3,967,851
9. Postage, express and telephone	16	560,794	932,333		1,493,143
10. Printing and office supplies	19,129	339,216	1,362,592		1,720,937
11. Occupancy, depreciation and amortization	93,686	93,686	473,322		660,694
12. Equipment	8,848	8,848	44,699		62,395
13. Cost or depreciation of EDP equipment and software	826,437	810,113	4,092,841		5,729,391
14. Outsourced services including EDP, claims, and other services	5,081,620	1,043,263	2,520,652		8,645,535
15. Boards, bureaus and association fees			201,429		201,429
16. Insurance, except on real estate	61,698	61,698	311,710		435,106
17. Collection and bank service charges				469,297	469,297
18. Group service and administration fees					
19. Reimbursements by uninsured plans			(5,542,805)		(5,542,805)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses	53,764	53,764	271,629		379,157
22. Real estate taxes			229,786		229,786
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			(361,702)		(361,702)
23.2 State premium taxes			979,598		979,598
23.3 Regulatory authority licenses and fees			13,940,635		13,940,635
23.4 Payroll taxes	328,010	604,278	1,643,638		2,575,926
23.5 Other (excluding federal income and real estate taxes)	3,557		48,620		52,177
24. Investment expenses not included elsewhere				273,115	273,115
25. Aggregate write-ins for expenses					
26. TOTAL Expenses Incurred (Lines 1 to 25)	13,232,593	12,478,425	64,919,812	742,412	(a) 91,373,242
27. Less expenses unpaid December 31, current year		1,666,834	5,224,343		6,891,178
28. Add expenses unpaid December 31, prior year		1,795,182	8,931,546		10,726,728
29. Amounts receivable relating to uninsured plans, prior year			3,040,824		3,040,824
30. Amounts receivable relating to uninsured plans, current year			2,994,126		2,994,126
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	13,232,593	12,606,773	68,580,317	742,412	95,162,095
DETAILS OF WRITE-INS					
2501.					
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)					

(a) Includes management fees of \$.....64,632,790 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 212,478	227,952
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 2,162,412	2,120,728
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 25,604	25,604
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	540,753	587,053
2.21 Common stocks of affiliates	195,052	195,052
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 5,377	5,092
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. TOTAL Gross investment income	3,141,675	3,161,481
11. Investment expenses		(g) 742,412
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. TOTAL Deductions (Lines 11 through 15)		742,412
17. Net Investment income (Line 10 minus Line 16)		2,419,069
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above)		
(a) Includes \$ 145,267 accrual of discount less \$ 193,534 amortization of premium and less \$ 77,010 paid for accrued interest on purchases.		
(b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.		
(c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.		
(e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.		
(g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.		
(h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.		
(i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	5,527		5,527		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	891,273	(35,976)	855,297	59,760	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)				(26,009)	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	270,189		270,189	1,543,383	
2.21 Common stocks of affiliates				7,629,128	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	0		0		
7. Derivative instruments					
8. Other invested assets				(35,646)	
9. Aggregate write-ins for capital gains (losses)					
10. TOTAL Capital gains (losses)	1,166,989	(35,976)	1,131,013	9,170,614	
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)					

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Invested income due and accrued			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	43,738	51,346	7,608
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination	905,779	1,824,671	918,891
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans	568		(568)
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable	2,672,735	1,571,437	(1,101,298)
25. Aggregate write-ins for other than invested assets	763,791	1,637,749	873,958
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	4,386,611	5,085,203	698,592
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. TOTAL (Lines 26 and 27)	4,386,611	5,085,203	698,592
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Inangible Assets	649,594	1,507,286	857,692
2502. Prepaid Expenses	114,197	130,463	16,266
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	763,791	1,637,749	873,958

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations	168,452	159,789	159,636	163,058	161,859	1,932,923
4. Point of Service						
5. Indemnity Only	28	27	24	23	22	295
6. Aggregate write-ins for other lines of business						
7. TOTAL	168,480	159,816	159,660	163,081	161,881	1,933,218
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of PacificSource Health Plans (the "Company" or "PSHP") have been prepared in conformity with accounting practices prescribed or permitted by the state of Oregon for determining and reporting the financial conditions and results of operations of an insurance company for determining its solvency under Oregon Insurance law. The National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures Manual, ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the state of Oregon.

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

		SSAP #	F/S Page	F/S Line	2016	2015
<u>NET INCOME</u>						
(1)	State basis (Page 4, Line 32, Columns 2 & 3)				(21,087,841)	(10,209,074)
(2)	State Prescribed Practices that increase/(decrease) NAIC SAP:					
(201)						
(299)	Total				0	0
(3)	State Permitted Practices that increase/(decrease) NAIC SAP:					
(301)						
(399)	Total				0	0
(4)	NAIC SAP (1-2-3=4)				(21,087,841)	(10,209,074)
<u>SURPLUS</u>						
(5)	State basis (Page 3, Line 33, Columns 3 & 4)				157,361,698	144,396,362
(6)	State Prescribed Practices that increase/(decrease) NAIC SAP:					
(601)						
(699)	Total				0	0
(7)	State Permitted Practices that increase/(decrease) NAIC SAP:					
(701)						
(799)	Total				0	0
(8)	NAIC SAP (5-6-7=8)				157,361,698	144,396,362

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

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

C. Accounting Policy

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

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds are stated at amortized cost using the scientific interest method.
- (3) Common stock is stated at market value except that investment in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- (4) The Company had no preferred stock.

Notes to Financial Statements

- (5) The Company had no mortgage loans.
- (6) Loan-backed securities designated with a NAIC 1 or 2 are reported at amortized cost. Loan-backed securities with NAIC designations of 3 through 6 are reported at the lower of amortized cost or fair value.
- (7) The Company carries the investment in PacificSource Community Health Plans (PCHP) at statutory equity. The Company carries its non-insurance company subsidiaries, controlled and affiliated companies at GAAP equity in accordance with statutory accounting principles.
- (8) The Company carries investments in joint ventures, partnership, and limited liability companies based on the underlying GAAP equity of the investee.
- (9) The Company had no derivatives.
- (10) The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
- (11) Unpaid losses and loss adjustment expenses include amounts determined from claims estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company's capitalization policy has not changed.
- (13) The Company's pharmaceutical rebate receivables are estimated based on a historical percentage of gross pharmaceutical claims methodology.

D. Going Concern

None

2. Accounting Changes and Corrections of Errors

The Company made a \$616,029 correction of error in regards to federal income taxes in 2016.

3. Business Combinations and Goodwill

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

4. Discontinued Operations

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

5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans - None
- B. Debt Restructuring - None
- C. Reverse Mortgages - None
- D. Loan-Backed Securities

(1) Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from third party data source.

(2) There are no other-than-temporary impairments on any Loan-Backed Securities.

(3) There are no other-than-temporary impairments on any Loan-Backed Securities.

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:

1. Less than 12 months	\$0
2. 12 Months or Longer	\$218

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

1. Less than 12 months	\$0
2. 12 Months or Longer	\$27,005

Notes to Financial Statements

(5) There are no impaired securities for which an other-than-temporary impairment was not recognized in earnings as a realized loss.

- E. Repurchase Agreements and/or Securities Lending Transactions – None
- F. Real Estate – None
- G. Low-income housing tax credits (LIHTC) – None
- H. Restricted Assets –

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	1 Total Gross (Admitted and Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted and Nonadmitted) Restricted from Prior Year	3 Increase/(Decrease) (1 minus 2)	4 Total Current Year Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 minus 4)	6 Gross (Admitted and Nonadmitted) Restricted to Total Assets (a)	7 Admitted(Admitted and Nonadmitted) Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown							
b. Collateral held under security lending agreements							
c. Subject to repurchase agreements							
d. Subject to reverse repurchase agreements							
e. Subject to dollar repurchase agreements							
f. Subject to dollar reverse repurchase agreements							
g. Placed under options contracts							
h. Letter stock or securities restricted as to sale-excluding FHLB capital stock							
i. FHLB capital stock							
j. On deposit with states	\$1,341,718	\$1,341,438	\$280.26	\$0	\$1,341,718	0.55%	0.56%
k. On deposit with other regulatory bodies							
l. Pledged as collateral to FHLB (including assets backing funding agreements)							
m. Pledged as collateral not captured in other categories							
n. Other restricted assets							
o. Total Restricted Assets	\$1,341,718	\$1,341,438	\$280.26	\$0	\$1,341,718	0.55%	0.56%

(a) Column 1 divided by Asset Page, Column 1, Line 28
(b) Column 5 divided by Asset Page, Column 3, Line 28

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

(3) Detail of Other Restricted Assets – None

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

- I. Working Capital Finance Investments – None
- J. Offsetting and Netting of Assets and Liabilities – None
- K. Structured Notes – None
- L. 5* Securities – None

6. Joint Ventures, Partnerships and Limited Liability Companies

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

7. Investment Income

- A. All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default are excluded from surplus.
- B. The Company had no investment income due and accrued excluded from surplus.

Notes to Financial Statements

8. Derivative Instruments

None

9. Income Taxes

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

1.

Description	12/31/2016			12/31/2015			Change		
	1 Ordinary	2 Capital	3 (Col. 1 + 2) Total	4 Ordinary	5 Capital	6 (Col. 4 + 5) Total	7 (Col. 1 - 4) Ordinary	8 (Col. 2 - 5) Capital	9 (Col. 7 + 8) Total
a. Gross Deferred Tax Assets	\$3,100,000	\$700,000	\$3,800,000	\$2,900,000	\$800,000	\$3,700,000	\$200,000	\$(100,000)	\$100,000
b. Statutory Valuation Allowance Adjustments	-	-	-	-	-	-	-	\$-	\$-
c. Adjusted Gross Deferred Tax Assets (1a - 1b)	\$3,100,000	\$700,000	\$3,800,000	\$2,900,000	\$800,000	\$3,700,000	\$200,000	\$(100,000)	\$100,000
d. Deferred Tax Assets Non-admitted	\$-	-	\$-	-	-	-	\$-	\$-	\$-
e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$3,100,000	\$700,000	\$3,800,000	\$2,900,000	\$800,000	\$3,700,000	\$200,000	\$(100,000)	\$100,000
f. Deferred Tax Liabilities	(400,000)	\$(1,400,000)	\$(1,800,000)	(600,000)	(900,000)	\$(1,500,000)	\$200,000	\$(500,000)	\$(300,000)
g. Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$2,700,000	\$(700,000)	\$2,000,000	\$2,300,000	\$(100,000)	\$2,200,000	\$400,000	\$(600,000)	\$(200,000)

2.

Description	12/31/2016			12/31/2015			Change		
	1 Ordinary	2 Capital	3 (Col. 1 + 2) Total	4 Ordinary	5 Capital	6 (Col. 4 + 5) Total	7 (Col. 1 - 4) Ordinary	8 (Col. 2 - 5) Capital	9 (Col. 7 + 8) Total
a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$-	\$-	\$-	\$1,100,000	\$300,000	\$1,400,000	\$(1,100,000)	\$(300,000)	\$(1,400,000)
b. Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2a Above) After Application of the Threshold Limitation (The Lesser of 2b1 and 2b2 below)	\$2,600,000	\$600,000	\$3,200,000	\$1,500,000	\$400,000	\$1,900,000	\$1,100,000	\$200,000	\$1,300,000
b1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	\$2,600,000	\$600,000	\$3,200,000	\$1,500,000	\$400,000	\$1,900,000	\$1,100,000	\$200,000	\$1,300,000
b2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXXX	XXXX	\$23,319,916	XXXX	XXXX	\$18,451,231	XXXX	XXXX	\$4,868,685
c. Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2a and 2b Above) Offset by Gross Deferred Tax Liabilities	\$500,000	\$100,000	\$600,000	\$300,000	\$100,000	\$400,000	\$200,000	\$-	\$200,000
d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101 Total (2a + 2b - 2c)	\$3,100,000	\$700,000	\$3,800,000	\$2,900,000	\$800,000	\$3,700,000	\$200,000	\$(100,000)	\$100,000

3.

Description	2016	2015
a. Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount	433%	350%
b. Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation in 2(b)2 Above	\$155,361,698	\$131,549,039

4.

Description	12/31/2016		12/31/2015		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1 + 3) Ordinary	6 (Col. 2 + 4) Capital
Impact of Tax-Planning Strategies						
a. Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, By Tax Character as a Percentage						
1. Adjusted Gross DTAs Amount From Note 9A1(c)	\$3,100,000	\$700,000	\$2,900,000	\$800,000	\$200,000	\$(100,000.00)
2. Percentage of Adjusted Gross DTAs by tax character attributable to the impact of tax planning strategies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(c)	\$3,100,000	\$700,000	\$2,900,000	\$800,000	\$200,000	\$(100,000.00)
4. Percentage of Net Admitted Adjusted Gross DTAs by tax character attributable to the impact of tax planning strategies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

Notes to Financial Statements

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

	Description	1 12/31/2016	2 12/31/2015	3 (Col. 1 - 2) Change
1.	Current Income Tax			
a.	Federal	\$(1,743,257)	\$1,979,107	\$(3,722,364)
b.	Foreign	\$-	\$-	\$-
c.	Subtotal	\$(1,743,257)	\$1,979,107	\$(3,722,364)
d.	Federal income tax on net capital gains	\$422,445	\$394,989	\$27,456
e.	Utilization of capital loss carry-forwards	\$-	\$-	\$-
f.	Other	\$-	\$888,290	\$(888,290)
g.	Federal and foreign income taxes incurred	\$(1,320,812)	\$3,262,386	\$(4,583,198)
2.	Deferred Tax Assets:			
a.	Ordinary			
1.	Discounting of unpaid losses	\$200,000	\$200,000	\$0
2.	Unearned premium reserve			
3.	Policyholder reserves			
4.	Investments			
5.	Deferred acquisition costs			
6.	Policyholder dividends accrual			
7.	Fixed assets	\$200,000	\$400,000	\$(200,000)
8.	Compensation and benefits accrual			
9.	Pension accrual			
10.	Receivables – nonadmitted	\$1,300,000	\$1,200,000	\$100,000
11.	Net operating loss carry-forward			
12.	Tax credit carry-forward			
13.	Other (including items < 5% of total ordinary tax assets)	\$800,000	\$1,000,000	\$(200,000)
99.	Subtotal	\$2,500,000	\$2,800,000	\$(300,000)
b.	Statutory valuation allowance adjustment			
c.	Nonadmitted			
d.	Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	\$2,500,000	\$2,800,000	\$(300,000)
e.	Capital:			
1.	Investments	\$700,000	\$800,000	\$(100,000)
2.	Net capital loss carry-forward			
3.	Real estate			
4.	Other (including items < 5% of total capital tax assets)			
99.	Subtotal	\$700,000	\$800,000	\$(100,000)
f.	Statutory valuation allowance adjustment			
g.	Nonadmitted			
h.	Admitted capital deferred tax assets (2e99 – 2f – 2g)	\$700,000	\$800,000	\$(100,000)
i.	Admitted deferred tax assets (2d + 2h)	\$3,200,000	\$3,600,000	\$400,000
3.	Deferred Tax Liabilities:			
a.	Ordinary			
1.	Investments			
2.	Fixed assets	\$(500,000)	\$400,000	\$(900,000)
3.	Deferred and uncollected premium			
4.	Policyholder reserves			
5.	Other (including items < 5% of total ordinary tax liabilities)	\$200,000	\$100,000	\$100,000
99.	Subtotal	\$(300,000)	\$500,000	\$(800,000)
b.	Capital:			
1.	Investments	\$1,400,000	\$900,000	\$500,000
2.	Real estate			
3.	Other (including items < 5% of total capital tax liabilities)			
99.	Subtotal	\$1,400,000	\$900,000	\$500,000
c.	Deferred tax liabilities (3a99 + 3b99)	\$1,100,000	\$1,400,000	\$(300,000)
4.	Net deferred tax assets/liabilities (2i – 3c)	\$2,100,000	\$2,200,000	\$(100,000)

Notes to Financial Statements

- D. There is no significant difference in the provision for federal income taxes from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. Among the more significant book to tax adjustments were the following:

	2016	
	Amount	Effective Tax Rate (%)
Provision computed at statutory rate	\$(7,843,029)	34.44%
Change in Nonadmitted assets	\$59,103	-0.26%
Health Insurance Industry Fees	\$3,370,810	-14.80%
Nondeductible Penalties	\$470	0.00%
Gain on Deemed Asset Sale Outside Affiliated Group	\$2,596,905	-11.40%
Dividends Received Deduction	\$(99,099)	0.44%
Reduction in Claims for Dividends Received Deduction & TE Interest	\$14,865	-0.07%
Depreciation of PHN assets	\$23,004	-0.10%
Prior period adjustment	\$388,199	-1.70%
Other	\$(232,040)	1.02%
-		
Totals	\$(1,720,812)	7.56%
Federal and foreign income taxes incurred	\$(1,743,257)	7.66%
Realized capital gains (losses) tax	\$422,445	-1.86%
Change in net deferred income taxes	\$(400,000)	1.76%
Total statutory income taxes	\$(1,720,812)	7.56%

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

(1) NOL Carryovers	
a NO NOL Carryover	\$0
b Charitable contribution carryover is	0
c AMT credit carryover is	0
d Capital loss Carryover	0
(2) Income tax available for recoupment in future years	\$0
(3) Deposits admitted under Sec 6603 of IRC	\$0

- F. Consolidated Federal Income Tax Return

- (1) The Company's federal income tax return is consolidated with the following entities: PacificSource, PacificSource Administrators, Inc. (PSA), Primary Health, Inc (PHI), PacificSource Community Solutions (PCS), Primary Health, Inc.(PHI) and PacificSource Community Health Plans (PCHP).
- (2) The Company will file a consolidated return with the entities noted above. The allocation methodology applies the projected consolidated group income tax rate to the entities based on Net Income Before Taxes.

- G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

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

A, B, & C

The Company owns 100% of the stock of three subsidiary corporations. These entities are PacificSource Administrators, Inc (PSA), Primary Health, Inc (PHI), and PacificSource Community Health Plans (PCHP). The Company has an administrative agreement with PacificSource (parent) where PacificSource provides administrative services on behalf of the Company. Expenses incurred in 2016 for these services were \$64,632,790.

Notes to Financial Statements

D. Amounts Due from or to Related Parties –

	12/31/2016	12/31/2015
Amounts Due to Affiliates:		
PacificSource	\$0	\$518,297
PacificSource Community Health Plans	\$4,643,515	\$26,015
IPN, Inc.	\$16,641	\$18,631
PacificSource Administrators, Inc	\$144,029	\$34,149
PacificSource Community Solutions	\$3,000	\$89,334
Amounts Due from Affiliates:		
IPN, Inc.	\$0	\$0
PacificSource Administrators, Inc	\$0	\$49,069
PacificSource	\$2,384,448	\$0

E. Guarantees - The Company guarantees to PSA a note payable with a 15 year amortization schedule, which had a balance of \$295,374 and \$513,804 at December 31, 2016 and 2015, respectively.

F. Material management contracts – See note a – c above for administrative services contracts that exist between The Company and related entities.

G. Common Control – PacificSource, a non-profit Oregon corporation, is the sole member of The Company, a non-profit corporation and health care service contractor. The Company is the sole member of PacificSource Community Health Plans (PCHP), an Oregon domiciled non-profit corporation and health care service contractor. PCHP has a wholly owned subsidiary PacificSource Community Solutions. In addition, the Company owns 100% of the shares of PSA and PHI. PHI owns 60% of the outstanding shares of IPN; an Idaho based for-profit non-insurance entity.

To the best of our knowledge, the existence of the control relationship and the related company transactions have not resulted in the operating results or the financial position of the reporting entity being significantly different from those that would have been obtained if the entities were autonomous.

H. Deductions in Value – There have been no deductions in value between affiliated companies.

I. SCA that exceed 10% of Admitted Assets – The investment in PCHP exceeds 10% of net admitted assets.

- (1) The Company is the sole member of PCHP, a US insurance corporation domiciled in Oregon, is the sole member of the Company. In accordance with SSAP No. 97 Section 8.b.i, the investment is recorded based on the US statutory equity of the investee.
- (2) There is no quoted market price available for the investment in PCHP.
- (3) PCHP has total assets and liabilities of \$123,122,115 and \$56,728,996 respectively. Total equity in the entity is approximately \$66,393,119. Net income for 2016 was \$5,488,636.
- (4) None
- (5) None

J. Impaired SCAs – The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled, or Affiliated Companies during the statement period.

K. Foreign Subsidiary – None

L. Downstream Noninsurance Holding Company – None

Notes to Financial Statements

M. All SCA Investments

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

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
.....	\$	\$	\$
.....	\$	\$	\$
Total SSAP No. 97 8a Entities	XXX	\$	\$	\$
b. SSAP No. 97 8b(ii) Entities				
.....	\$	\$	\$
.....	\$	\$	\$
Total SSAP No. 97 8b(ii) Entities	XXX	\$	\$	\$
c. SSAP No. 97 8b(iii) Entities				
PacificSource Administrators, Inc.	100	\$ 4,059,745	\$ 4,059,745	\$
Primary Health, Inc.	100	\$ 5,004,979	\$ 5,004,979	\$
.....	\$	\$	\$
Total SSAP No. 97 8b(iii) Entities	XXX	\$ 9,064,724	\$ 9,064,724	\$
d. SSAP No. 97 8b(iv) Entities				
.....	\$	\$	\$
.....	\$	\$	\$
Total SSAP No. 97 8b(iv) Entities	XXX	\$	\$	\$
Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	\$ 9,064,724	\$ 9,064,724	\$
f. Aggregate Total (a+e)	XXX	\$ 9,064,724	\$ 9,064,724	\$

(2) NAIC Filing Response Information

SCA Entity (Should be same entities as shown in M(1) above.)	Type of NAIC Filing*	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N	Code* *
a. SSAP No. 97 8a Entities						
.....	\$
.....	\$
Total SSAP No. 97 8a Entities	XXX	XXX	\$	XXX	XXX	XXX
b. SSAP No. 97 8b(ii) Entities						
.....	\$
.....	\$
Total SSAP No. 97 8b(ii) Entities	XXX	XXX	\$	XXX	XXX	XXX
c. SSAP No. 97 8b(iii) Entities						
PacificSource Administrators, Inc.	S2	Not completed	\$ .....	.....	.....	M
Primary Health, Inc.	S2	Not completed	\$ .....	.....	.....	M
.....	\$
Total SSAP No. 97 8b(iii) Entities	XXX	XXX	\$	XXX	XXX	XXX
d. SSAP No. 97 8b(iv) Entities						
.....	\$
.....	\$
Total SSAP No. 97 8b(iv) Entities	XXX	XXX	\$	XXX	XXX	XXX
Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	XXX	\$	XXX	XXX	XXX
f. Aggregate Total (a+e)	XXX	XXX	\$	XXX	XXX	XXX

* S1 – Sub-1, S2 – Sub-2 or RDF – Resubmission of Disallowed Filing
 ** I – Immaterial or M – Material

N. Investment in Insurance SCA – The investment in PacificSource Community Health Plans was valued at audited statutory equity in accordance to NAIC statutory accounting practices and procedures.

11. Debt

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

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

- A. Defined Benefit Plan - None
- B. Investment Policies and Strategies – None
- C. Plan Assets – None
- D. Long-term Rate-of-return-on-assets Assumption - None
- E. Defined Contribution Plans - None
- F. Multi-Employer Plan – None
- G. Consolidated/Holding Company Plans – None
- H. Post-Employment Benefits and Compensated Absences – None

Notes to Financial Statements

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – None

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

- (1) The Company has no common stock issued or outstanding.
- (2) The Company has no preferred stock issued or outstanding.
- (3) Since the Company is not a stock company, this question is not applicable.
- (4) The Company does not issue dividends.
- (5) There were no restrictions placed on the Company's surplus.
- (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being paid.
- (7) The Company has no advances to surplus not repaid.
- (8) The Company held no stock for special purposes.
- (9) There were no changes to the balances of any special surplus funds from the prior year.
- (10) Portion of unassigned funds represented or reduced by unrealized gains or losses is \$23,368,150.
- (11) The Company did not issue any surplus debentures or similar obligations.
- (12) and (13) There have been no quasi-reorganizations.

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments:

(1) Total SSAP No. 97 - Investments in Subsidiary, Controlled and Affiliated Entities and SSAP No. 48, Joint Ventures, Partnerships and Limited Liability Company contingent liabilities: \$295,374.

(2)

1	2	3	4	5
Nature and circumstances of guarantee and key attributes, including date and duration of agreement.	Liability recognition of guarantee. (Include amount recognized at inception. If no initial recognition, document exception allowed under SSAP No. 5R.)	Ultimate financial statement impact if action under the guarantee is required.	Maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. If unable to develop an estimate, this should be specifically noted.	Current status of payment or performance risk of guarantee. Also provide additional discussion as warranted.
Guarantor the payment of a note of PacificSource Administrators, Inc.	SSAP 5R Paragraph 16f	Investment in SCA	\$295,374	PacificSource Administrators, Inc. is current with all payment terms.
Total			\$295,374	XXX

(3)

	Description	Amount
a.	Aggregate Maximum Potential of Future Payments of All Guarantees (undiscounted) the guarantor could be required to make under guarantees. (Should equal total of Column 4 for (2) above)	\$295,374
b.	Current Liability Recognized in F/S:	
1.	Noncontingent Liabilities	\$0
2.	Contingent Liabilities	\$0
c.	Ultimate Financial Statement Impact if action under the guarantee is required:	
1.	Investments in SCA	\$295,374
2.	Joint Ventures	\$0
3.	Dividends to Stockholders (capital contribution)	\$0
4.	Expense	\$0
5.	Other	\$0
6.	Total (Should equal (3)a.)	\$295,374

- B. Assessments - None
 C. Gain Contingencies – None
 D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits – None
 E. Joint and Several Liabilities – None
 F. All Other Contingencies – None

15. Leases

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

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

None

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

- A. Transfers of Receivables reported as Sales – None

Notes to Financial Statements

- B. Transfer and Servicing of Financial Assets – None
 C. Wash Sales – None

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

- A. ASO Plans – None
 B. ASC Plans

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

	Description	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a.	Gross reimbursement for medical cost incurred	\$18,485,965	\$107,934,199	\$126,420,163
b.	Gross administrative fees accrued	\$1,582,137	\$3,960,668	\$5,542,805
c.	Other income or expenses (including interest paid to or received from plans)	\$0	\$0	\$0
d.	Gross expenses incurred (claims and administrative)	\$19,284,378	\$111,172,694	\$130,457,072
e.	Total net gain or (loss) from operations	\$783,723	\$722,173	\$1,505,896

- 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) Fair Value Measurements at Reporting Date

	Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a.	Assets at fair value				
01	Bonds				
02	Industrial and Misc	\$27,005			\$27,005
03	Total Bonds	\$27,005			\$27,005
04	Preferred Stock				
05	Industrial and Misc	\$513,758			\$513,758
06	Common stock				
07	Mutual Funds	\$22,751,890			\$22,751,890
08	Total Common Stock	\$22,751,890			\$22,751,890
99	Subtotal – Assets at fair value	\$23,292,654			\$23,292,654
b.	Liabilities at fair value				
01					
02					
99	Subtotal – Liabilities at fair value				

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

- (3) The Company's policy for determining when transfers between levels are recognized is determined at the end of the reporting period.
 (4) The Company has not valued any securities at a Level 2 or 3.
 (5) Derivative assets and liabilities- None

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

C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$66,445,377	\$67,005,027	\$66,445,377			
Preferred Stock	\$513,758	\$513,758	\$513,758			
Common Stock	\$98,527,246	\$98,527,246	\$22,751,890		\$75,775,356	
Short-term Investments	\$143,841	\$143,841	\$143,841			
Other Invested Assets	\$555,010	\$555,010		\$555,010		

D. Not Practicable to Estimate Fair Value – None

Notes to Financial Statements

21. Other Items

- A. Unusual and Infrequent Items – None
- B. Troubled Debt Restructuring – None
- C. Other Disclosures – None
- D. Business Interruption Insurance Recoveries - None
- E. State Transferable and Non-transferable Tax Credits - None
- F. Subprime-Mortgage-Related Risk Exposure – None
- G. Retained Assets – None
- H. Insurance-Linked Securities (ILS) Contracts - None

22. Events Subsequent

Type I – Recognized Subsequent Events

Subsequent events have been considered through February 28, 2017 for the statutory statement issued on December 31, 2016.

None

Type II – Nonrecognized Subsequent Events

Subsequent events have been considered through February 28, 2017 for the statutory statement issued on December 31, 2016.

In 2017 the section 9010 of the Federal Affordable Care Act (ACA) fee was waived for all insurers. This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of the health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2016, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2017, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2017, to be \$0. This amount is reflected in special surplus. This assessment is expected to impact risk based capital (RBC) by 0 percentage points. Reporting the ACA assessment as of December 31, 2016, would not have triggered an RBC action level.

	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of Federal Affordable Care Act (YES/NO)? YES		
B. ACA fee assessment payable for the upcoming year	\$0	\$10,616,323
C. ACA fee assessment paid	\$9,630,886	\$10,040,756
D. Premium written subject to ACA 9010 assessment		\$569,079,560
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	\$157,361,698	
F. Total Adjusted Capital after surplus adjustment(Five-Year Historical Line 14 minus 22B)	\$157,361,698	
G. Authorized Control Level (Five-Year Historical Line 15)	\$35,849,052	
H. Would reporting the ACA assessment as of December 31, 2016, have triggered an RBC action level (YES/NO)? NO		

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

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

Yes () No (x)

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

Yes () No (x)

Notes to Financial Statements

Section 2 – Ceded Reinsurance Report – Part A

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

Yes () No (x)

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

Yes () No (x)

Section 3 – Ceded Reinsurance Report – Part B – None

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

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. The Company estimates accrued retrospective premium adjustments for its group health insurance business based on the company's underwriting rules and experience rating practices.
 B. The Company records accrued retrospective premium as an adjustment to earned premium.
 C. The amount of net premiums written by the Company as of December 31, 2016 that are subject to retrospective rating features was \$47,407,301 that represented 8.67% of total net premiums written. No other net premiums written by the Company are subject to retrospective rating features.
 D. Medical loss ratio rebates required pursuant to the Public Health Service Act.

		1	2	3	4	5
	Description	Individual	Small Group Employer	Large Group Employer	Other Categories with rebates	Total
Prior Reporting Year						
1.	Medical Loss Ratio Rebates Incurred	\$0	\$0	\$0	\$0	\$0
2.	Medical Loss Ratio Rebates Paid	\$0	\$0	\$0	\$0	\$0
3.	Medical Loss Ratio Rebates Unpaid	\$0	\$0	\$0	\$0	\$0
4.	Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	\$0
5.	Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	\$0
6.	Rebates Unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$0
Current Reporting Year-to-Date						
7.	Medical Loss Ratio Rebates Incurred	\$0	\$0	\$0	\$0	\$0
8.	Medical Loss Ratio Rebates Paid	\$0	\$0	\$0	\$0	\$0
9.	Medical Loss Ratio Rebates Unpaid	\$0	\$0	\$0	\$0	\$0
10.	Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	\$0
11.	Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	\$0
12.	Rebates Unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$0

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

- (1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)? Yes

Notes to Financial Statements

(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

	AMOUNT
a. Permanent ACA Risk Adjustment Program	
Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment	10,879,009
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment	43,927
3. Premium adjustments payable due to ACA Risk Adjustment	
Operations (Revenue & Expense)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	9,302,573
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)	43,927
b. Transitional ACA Reinsurance Program	
Assets	
1. Amounts recoverable for claims paid due to ACA Reinsurance	6,683,754
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	522,590
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	3,061,289
5. Ceded reinsurance premiums payable due to ACA Reinsurance	363,987
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	
Operations (Revenue & Expense)	
7. Ceded reinsurance premiums due to ACA Reinsurance	363,987
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	4,591,721
9. ACA Reinsurance contributions – not reported as ceded premium	3,061,289
c. Temporary ACA Risk Corridors Program	
Assets	
1. Accrued retrospective premium due to ACA Risk Corridors	73,503
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	

Notes to Financial Statements

(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.

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reporting Date		
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances	Cumulative Balance from Prior Years (Col 1 - 3 +7)	Cumulative Balance from Prior Years (Col 2 - 4 +8)	
											5	6	7	8	9	10
	1	2	3	4	5	6	7	8	Ref	9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable	\$6,028,854	\$0	4,452,419	\$0	\$1,576,435	\$0	(1,580,427)	\$0	A	(\$3,991)	\$0
2. Premium adjustments (payable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	B	\$0	\$0
3. Subtotal ACA Permanent Risk Adjustment Program	\$6,028,854	\$0	\$4,452,419	\$0	\$1,576,435	\$0	(\$1,580,427)	\$0		(\$3,991)	\$0
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	\$15,320,595	\$0	12,705,972	\$0	\$2,614,623	\$0	\$(833,891)	\$0	C	\$1,780,732	\$0
2. Amounts recoverable for claims unpaid (contra liability)	\$1,809,342	\$0	1,809,342	\$0	\$0	\$0	\$0	\$0	D	\$0	\$0
3. Amounts receivable relating to uninsured plans	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	E	\$0	\$0
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	\$0	4,824,873	-	4,824,873	\$0	\$0	\$0	\$0	F	\$0	\$0
5. Ceded reinsurance premiums payable	\$0	880,527	-	880,527	\$0	(\$0)	\$0	\$0	G	\$0	(\$0)
6. Liability for amounts held under uninsured plans	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	H	\$0	\$0
7. Subtotal ACA Transitional Reinsurance Program	\$17,129,937	\$5,705,400	\$14,515,314	\$5,705,400	\$2,614,623	(\$0)	\$(833,891)	\$0		\$1,780,732	(\$0)
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	\$1,953,109	\$0	290,897	\$0	\$1,662,212	\$0	(\$682,929)	\$0	I	\$979,283	\$0
2. Reserve for rate credits or policy experience rating refunds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	J	\$0	\$0
3. Subtotal ACA Risk Corridors Program	\$1,953,109	\$0	\$290,897	\$0	\$1,662,212	\$0	(\$682,929)	\$0		\$979,283	\$0
d. Total for ACA Risk Sharing Provisions	\$25,111,900	\$5,705,400	\$19,258,629	\$5,705,400	\$5,853,270	(\$0)	(\$3,097,247)	\$0		\$2,756,024	(\$0)

Explanations of Adjustments

A Adjusted amount based on notice received from United States Department of Health and Human Services
B
C Adjusted amount based on notice received from United States Department of Health and Human Services.
D
E
F
G
H
I Recognized 15.9% of the 2014 receivable based on notice from United States Department of Health and Human Services.
J

(4) Roll Forward of ACA Risk Corridor Asset and Liability Balances

Risk Corridors Program Year	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reporting Date		
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances	Cumulative Balance from Prior Years (Col 1 - 3 +7)	Cumulative Balance from Prior Years (Col 2 - 4 +8)	
											5	6	7	8	9	10
	1	2	3	4	5	6	7	8	Ref	9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
2014	1,953,109		290,897				(682,929)		A	979,283	0
1. Accrued retrospective premium									B		
2. Reserve for rate credits or policy experience rating refunds											
2015	-								C	-	0
1. Accrued retrospective premium									D		
2. Reserve for rate credits or policy experience rating refunds											
2016									E		
1. Accrued retrospective premium									F		
2. Reserve for rate credits or policy experience rating refunds											
d. Total for Risk Corridors											

Explanations of Adjustments

A Adjusted balance based on management judgement
B
C
D
E
F

Notes to Financial Statements

24E(4)d (Columns 1 through 10) should equal 24E(3)c3 (Column 1 through 10 respectively)

(5) ACA Risk Corridor Receivable:

Risk Corridors Program Year	1 Estimated Amount to be Filed or Final Amount Filed with CMS	2 Non-Accrued Amounts for Impairment or Other Reasons	3 Amounts received from CMS	4 Asset Balance (Gross of Non-admissions) (1-2-3)	5 Non-admitted Amount	6 Net Admitted Asset (4-5)
a. 2014	\$ 7,188,726	\$ 5,139,939	\$ 1,069,504	\$ 979,283	\$ 905,780	\$ 73,503
b. 2015	\$ 32,311,569	\$ 32,311,569	\$	\$	\$	\$
c. 2016	\$ 20,500,000	\$ 20,500,000	\$	\$	\$	\$
d. Total (a+b+c)	\$ 60,000,295	\$ 57,951,508	\$ 1,069,504	\$ 979,283	\$ 905,780	\$ 73,503

24E(5)d (Column 4) should equal 24E(3)c1 (Column 9)
24E(5)d (Column 6) should equal 24E(2)c1

25. Changes in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2015 were \$62,646,627. As of December 31, 2016, \$56,330,415 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$32,941 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$6,283,271 favorable prior-year development since December 31, 2015 to December 31, 2016. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

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	\$4,678,117	\$3,325,856			
09/30/2016	\$7,328,901	\$3,425,448	\$3,083,777		
06/30/2016	\$8,263,610	\$3,115,849	\$2,810,106	\$ 717	
03/31/2016	\$2,767,211	\$2,790,097	\$1,662,121	\$837,004	\$180,958
12/31/2015	\$2,663,193	\$3,293,442	\$2,517,253		\$668,543
09/30/2015	\$2,047,933	\$2,697,867	\$2,110,530		\$371,929
06/30/2015	\$2,237,665	\$2,277,436	\$1,760,282		\$439,338
03/31/2015	\$2,311,938	\$2,219,368	\$1,724,067		\$458,139
12/31/2014	\$2,035,089	\$1,993,128	\$1,628,400		\$359,433
09/30/2014	\$2,104,332	\$1,835,520	\$1,531,748		\$284,448
06/30/2014	\$2,284,422	\$1,707,922	\$1,390,799		\$236,941
03/31/2014	\$2,591,954	\$1,557,859	\$1,153,632		\$350,954

B. Risk Sharing Receivables - None

29. Participating Policies

None

30. Premium Deficiency Reserves

- Liability carried for premium deficiency reserves
- Date of the most recent evaluation of this liability
- Was anticipated investment income utilized in the calculation? (Yes / No)

\$0
12/31/2016
No

31. Anticipated Salvage and Subrogation

None

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2. Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[] N/A[]
- 1.3 State Regulating? 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[X] No[]
- 2.2 If yes, date of change: 10/17/2016
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2013
- 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. 12/31/2013
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/05/2015
- 3.4 By what department or departments?
State of 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[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[] N/A[]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[] No[X]
- 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[] No[X]
- 4.22 renewals? Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KERNUTT STOKES, 1600 EXECUTIVE PARKWAY, SUITE 110, EUGENE, OR 97401
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[] No[X]
- 10.2 If response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes[] No[X]
- 10.4 If response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[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?
Mark Florian, VP of Actuarial and Underwriting for PacificSource

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes No
 12.11 Name of real estate holding company
 12.12 Number of parcels involved
 12.13 Total book/adjusted carrying value \$ 0
 12.2 If yes, provide explanation 0
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes No N/A
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes No N/A
 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 No
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
 14.2 Has the code of ethics for senior managers been amended? Yes No
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes No
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes No
 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
15.2001

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 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 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 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
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 20.11 To directors or other officers \$ 0
 20.12 To stockholders not officers \$ 0
 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
 20.21 To directors or other officers \$ 0
 20.22 To stockholders not officers \$ 0
 20.23 Trustees, supreme or grand (Fraternal only) \$ 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes No
 21.2 If yes, state the amount thereof at December 31 of the current year:
 21.21 Rented from others \$ 0
 21.22 Borrowed from others \$ 0
 21.23 Leased from others \$ 0
 21.24 Other \$ 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes No
 22.2 If answer is yes:
 22.21 Amount paid as losses or risk adjustment \$ 0
 22.22 Amount paid as expenses \$ 244,530
 22.23 Other amounts paid \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$ 2,384,448

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 No
 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes No N/A
 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 0
 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ 0
 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No N/A
 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A

GENERAL INTERROGATORIES (Continued)

- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A[X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ 0
- 24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ 0
- 24.103 Total payable for securities lending reported on the liability page. \$ 0
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes[X] No []
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$ 0
- 25.22 Subject to reverse repurchase agreements \$ 0
- 25.23 Subject to dollar repurchase agreements \$ 0
- 25.24 Subject to reverse dollar repurchase agreements \$ 0
- 25.25 Placed under option agreements \$ 0
- 25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock \$ 0
- 25.27 FHLB Capital Stock \$ 0
- 25.28 On deposit with states \$ 1,341,438
- 25.29 On deposit with other regulatory bodies \$ 0
- 25.30 Pledged as collateral - excluding collateral pledged to an FHLB \$ 0
- 25.31 Pledged as collateral to FHLB - including assets backing funding agreements \$ 0
- 25.32 Other \$ 0
- 25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No[X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A[X]
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[X]
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$ 0
28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No []
- 28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
US BANK	PO BOX 10948, EUGENE OR 97440
WELLS FARGO BANK	525 MARKET ST., SAN FRANCISCO, CA 94105

- 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[X]
- 28.04 If yes, give full and complete information relating thereto:

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

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

1 Name of Firm or Individual	2 Affiliation
Wells Capital Management	U
US Bank	U

- 28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes[X] No []
- 28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes[X] No []
- 28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

GENERAL INTERROGATORIES (Continued)

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
104973	Wells Capital Management US Bank	54900B3H2IOO2L85I90	SEC	NO NO

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)]?)

Yes[X] No[]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
46432F396	ISHARES:EDGE MSCI USA MC	120,086
31420B300	FEDERATED INST HIGH YIELD CL INST MF	399,916
464287234	ISHARES MSCI EMERGING MARKETS ETF	143,996
464287465	ISHARES MSCI EAFE ETF	2,060,846
464287473	ISHARES RUSSELL MID CAP VALUE ETF	1,889,622
464287481	ISHARES RUSSELL MID CAP GROWTH ETF	1,434,165
464287499	ISHARES RUSSELL MID CAP ETF	86,747
464287598	ISHARES RUSSELL 1000 VALUE ETF	5,080,112
464287614	ISHARES RUSSELL 1000 GROWTH ETF	5,596,100
464287630	ISHARES RUSSELL 2000 VALUE ETF	958,775
464287648	ISHARES RUSSELL 2000 GROWTH ETF	883,000
67065Q772	NUVEEN HIGH YIELD MUNI BD FD CL R MF	1,378,851
67065W639	NUVEEN SANTA BARBARA DIV GRW CL R MF	155,154
670678390	NUVEEN STRAT INC:I	539,694
670678507	NUVEEN REAL ESTATE SECURITIE CL I MF	130,986
670678879	NUVEEN DIV VALUE:I	62,801
77954Q106	T. ROWE PRICE BLUE CHIP GRW MF	447,857
921921300	VANGUARD EQT INC CL ADM MF	178,409
94984B355	WF EMERGING MKT EQ CL ADMIN MF	639,916
949915359	WELLS FARGO DISCOVERY CL ADMIN MF	565,055
29.2999 Total		22,751,888

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
ISHARES:EDGE MSCI USA MC	NESTLE SA	2,174	01/31/2017
ISHARES:EDGE MSCI USA MC	HSBC HOLDINGS PLC	1,609	01/31/2017
ISHARES:EDGE MSCI USA MC	ROCHE HOLDING PAR AG Health Care	1,585	01/31/2017
ISHARES:EDGE MSCI USA MC	NOVARTIS AG	1,561	01/31/2017
ISHARES:EDGE MSCI USA MC	TOYOTA MOTOR CORP	1,477	01/31/2017
FEDERATED INST HIGH YIELD CL INST MF	HCA Holdings, Inc.	8,798	12/31/2016
FEDERATED INST HIGH YIELD CL INST MF	Sprint Corp.	7,598	12/31/2016
FEDERATED INST HIGH YIELD CL INST MF	First Data Corp.	5,599	12/31/2016
FEDERATED INST HIGH YIELD CL INST MF	TMobile	5,599	12/31/2016
FEDERATED INST HIGH YIELD CL INST MF	Tenet Healthcare Corp.	4,799	12/31/2016
ISHARES MSCI EMERGING MARKETS ETF	SAMSUNG ELECTRONICS LTD	5,803	01/31/2017
ISHARES MSCI EMERGING MARKETS ETF	TENCENT HOLDINGS LTD	5,169	01/31/2017
ISHARES MSCI EMERGING MARKETS ETF	TAIWAN SEMICONDUCTOR MANUFACTURING	5,025	01/31/2017
ISHARES MSCI EMERGING MARKETS ETF	ALIBABA GROUP HOLDING ADR REPRESENTEN	3,917	01/31/2017
ISHARES MSCI EMERGING MARKETS ETF	CHINA MOBILE LTD	2,390	01/31/2017
ISHARES MSCI EAFE ETF	NESTLE SA	37,301	01/31/2017
ISHARES MSCI EAFE ETF	HSBC HOLDINGS PLC	27,615	01/31/2017
ISHARES MSCI EAFE ETF	ROCHE HOLDING PAR AG	27,203	01/31/2017
ISHARES MSCI EAFE ETF	NOVARTIS AG	26,791	01/31/2017
ISHARES MSCI EAFE ETF	TOYOTA MOTOR CORP	25,348	01/31/2017
ISHARES RUSSELL MID CAP VALUE ETF	JOHNSON CONTROLS INTERNATIONAL PLC	17,196	01/31/2017
ISHARES RUSSELL MID CAP VALUE ETF	SYNCHRONY FINANCIAL	16,251	01/31/2017
ISHARES RUSSELL MID CAP VALUE ETF	SUNTRUST BANKS INC	15,495	01/31/2017
ISHARES RUSSELL MID CAP VALUE ETF	BAKER HUGHES INC	14,928	01/31/2017
ISHARES RUSSELL MID CAP VALUE ETF	PROLOGIS REIT INC	13,794	01/31/2017
ISHARES RUSSELL MID CAP GROWTH ETF	NVIDIA CORP	28,253	01/31/2017
ISHARES RUSSELL MID CAP GROWTH ETF	EQUINIX REIT INC	13,625	01/31/2017
ISHARES RUSSELL MID CAP GROWTH ETF	INTUITIVE SURGICAL INC	13,338	01/31/2017
ISHARES RUSSELL MID CAP GROWTH ETF	ROSS STORES INC	13,338	01/31/2017
ISHARES RUSSELL MID CAP GROWTH ETF	ZOETIS INC CLASS A	12,764	01/31/2017
ISHARES RUSSELL MID CAP ETF	NVIDIA CORP	763	01/31/2017
ISHARES RUSSELL MID CAP ETF	JOHNSON CONTROLS INTERNATIONAL PLC	555	01/31/2017
ISHARES RUSSELL MID CAP ETF	SYNCHRONY FINANCIAL	416	01/31/2017
ISHARES RUSSELL MID CAP ETF	SUNTRUST BANKS INC	390	01/31/2017
ISHARES RUSSELL MID CAP ETF	BAKER HUGHES INC	382	01/31/2017
ISHARES RUSSELL 1000 VALUE ETF	EXXON MOBIL CORP	160,532	01/31/2017
ISHARES RUSSELL 1000 VALUE ETF	BERKSHIRE HATHAWAY INC CLASS B	142,243	01/31/2017
ISHARES RUSSELL 1000 VALUE ETF	JPMORGAN CHASE & CO	141,227	01/31/2017
ISHARES RUSSELL 1000 VALUE ETF	AT&T INC	118,875	01/31/2017
ISHARES RUSSELL 1000 VALUE ETF	JOHNSON & JOHNSON	117,859	01/31/2017

GENERAL INTERROGATORIES (Continued)

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
ISHARES RUSSELL 1000 GROWTH ETF	APPLE INC	313,382	01/31/2017
ISHARES RUSSELL 1000 GROWTH ETF	MICROSOFT CORP	251,825	01/31/2017
ISHARES RUSSELL 1000 GROWTH ETF	AMAZON COM INC	165,085	01/31/2017
ISHARES RUSSELL 1000 GROWTH ETF	FACEBOOK CLASS A INC	150,535	01/31/2017
ISHARES RUSSELL 1000 GROWTH ETF	ALPHABET INC CLASS A	123,674	01/31/2017
ISHARES RUSSELL 2000 VALUE ETF	PROSPERITY BANCSHARES INC	4,794	01/31/2017
ISHARES RUSSELL 2000 VALUE ETF	WEBSTER FINANCIAL CORP	4,698	01/31/2017
ISHARES RUSSELL 2000 VALUE ETF	XPO LOGISTICS INC	4,314	01/31/2017
ISHARES RUSSELL 2000 VALUE ETF	INVESTORS BANCORP INC	4,219	01/31/2017
ISHARES RUSSELL 2000 VALUE ETF	OLIN CORP	4,219	01/31/2017
ISHARES RUSSELL 2000 GROWTH ETF	MICROSEMI CORP	5,828	01/31/2017
ISHARES RUSSELL 2000 GROWTH ETF	LOGMEIN INC	5,475	01/31/2017
ISHARES RUSSELL 2000 GROWTH ETF	BANK OF THE OZARKS INC	4,680	01/31/2017
ISHARES RUSSELL 2000 GROWTH ETF	TESARO INC	4,503	01/31/2017
ISHARES RUSSELL 2000 GROWTH ETF	TAKE-TWO INTERACTIVE SOFTWARE INC	4,327	01/31/2017
NUVEEN HIGH YIELD MUNI BD FD CL R MF	CHICAGO BRD OF ED 16A	28,956	12/30/2016
NUVEEN HIGH YIELD MUNI BD FD CL R MF	AAF HLG/FIN 144A	22,062	12/30/2016
NUVEEN HIGH YIELD MUNI BD FD CL R MF	IOWA FIN AUTH ALCOA INC PJ	20,683	12/30/2016
NUVEEN HIGH YIELD MUNI BD FD CL R MF	AMERICAN AIRLINES GROUP INC	16,546	12/30/2016
NUVEEN HIGH YIELD MUNI BD FD CL R MF	IOWA FIN AUTH IOWA FERTILIZER CO	16,546	12/30/2016
NUVEEN SANTA BARBARA DIV GRW CL R MF	APPLE INC	6,051	12/30/2016
NUVEEN SANTA BARBARA DIV GRW CL R MF	JP MORGAN CHASE & CO	5,430	12/30/2016
NUVEEN SANTA BARBARA DIV GRW CL R MF	MICROSOFT CORP	5,430	12/30/2016
NUVEEN SANTA BARBARA DIV GRW CL R MF	WELLS FARGO & CO	5,120	12/30/2016
NUVEEN SANTA BARBARA DIV GRW CL R MF	UNITEDHEALTH GROUP	4,810	12/30/2016
NUVEEN STRAT INC	GOLDMAN SACHS GROUP INC	10,794	12/30/2016
NUVEEN STRAT INC	FANNIE MAE TBA 30YR JAN 3	10,794	12/30/2016
NUVEEN STRAT INC	FANNIE MAE TBA 30YR JAN 4.5	8,635	12/30/2016
NUVEEN STRAT INC	FANNIE MAE MTG POOL AS7348	8,095	12/30/2016
NUVEEN STRAT INC	MORGAN STANLEY	7,556	12/30/2016
NUVEEN REAL ESTATE SECURITIE CL I MF	SIMON PROPERTY GROUP INC	12,444	12/30/2016
NUVEEN REAL ESTATE SECURITIE CL I MF	PUBLIC STORAGE INC	5,501	12/30/2016
NUVEEN REAL ESTATE SECURITIE CL I MF	VORNADO REALTY TRUST	4,716	12/30/2016
NUVEEN REAL ESTATE SECURITIE CL I MF	WELLTOWER INC	4,454	12/30/2016
NUVEEN REAL ESTATE SECURITIE CL I MF	AVALONBAY COMMUNITIES INC	4,323	12/30/2016
NUVEEN DIV VALUE	BANK OF AMERICA	3,014	12/30/2016
NUVEEN DIV VALUE	JP MORGAN CHASE & CO	2,889	12/30/2016
NUVEEN DIV VALUE	AT&T INC	2,575	12/30/2016
NUVEEN DIV VALUE	CHEVRON CORP	2,512	12/30/2016
NUVEEN DIV VALUE	PFIZER INC	1,947	12/30/2016
T. ROWE PRICE BLUE CHIP GRW MF	Amazon.com	37,245	12/31/2016
T. ROWE PRICE BLUE CHIP GRW MF	Facebook	20,771	12/31/2016
T. ROWE PRICE BLUE CHIP GRW MF	Alphabet Class C	19,518	12/31/2016
T. ROWE PRICE BLUE CHIP GRW MF	Priceline	18,981	12/31/2016
T. ROWE PRICE BLUE CHIP GRW MF	Microsoft	15,847	12/31/2016
VANGUARD EQT INC CL ADM MF	Microsoft Corp	8,403	12/31/2016
VANGUARD EQT INC CL ADM MF	JPMorgan Chase & Co	6,744	12/31/2016
VANGUARD EQT INC CL ADM MF	Johnson & Johnson	5,959	12/31/2016
VANGUARD EQT INC CL ADM MF	General Electric Co	5,120	12/31/2016
VANGUARD EQT INC CL ADM MF	Philip Morris International Inc	4,585	12/31/2016
WF EMERGING MKT EQ CL ADMIN MF	Samsung Electronics Co. Ltd.	33,084	12/31/2016
WF EMERGING MKT EQ CL ADMIN MF	Taiwan Semiconductor Manufacturing Co., Ltd. ADR	30,460	12/31/2016
WF EMERGING MKT EQ CL ADMIN MF	China Mobile Limited	19,773	12/31/2016
WF EMERGING MKT EQ CL ADMIN MF	Fomento Economico Mexicano SAB de CV ADR Class B	14,078	12/31/2016
WF EMERGING MKT EQ CL ADMIN MF	China Life Insurance Co. Ltd. Class H	13,950	12/31/2016
WELLS FARGO DISCOVERY CL ADMIN MF	Waste Connections, Inc	13,957	12/31/2016
WELLS FARGO DISCOVERY CL ADMIN MF	HD Supply Holdings, Inc	12,488	12/31/2016
WELLS FARGO DISCOVERY CL ADMIN MF	Zayo Group Holdings, Inc	11,640	12/31/2016
WELLS FARGO DISCOVERY CL ADMIN MF	Berry Plastics Group, Inc	11,471	12/31/2016
WELLS FARGO DISCOVERY CL ADMIN MF	WEX Inc	11,188	12/31/2016

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	67,071,671	66,589,218	(482,454)
30.2 Preferred stocks	513,759	513,758	(1)
30.3 Totals	67,585,430	67,102,976	(482,455)

30.4 Describe the sources or methods utilized in determining the fair values:
THE FAIR VALUE IS EQUAL TO US BANK AND WELLS FARGO PUBLICATION

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes[X] No[]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes[X] No[] N/A[]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

GENERAL INTERROGATORIES (Continued)

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?
 32.2 If no, list exceptions:

Yes[X] No[]

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?
 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.

\$ 0

1 Name	2 Amount Paid

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

\$ 0

1 Name	2 Amount Paid

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

\$ 0

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes[X] No[]
- 1.2 If yes, indicate premium earned on U.S. business only: \$ 44,065
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ 0
- 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ 0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ 35,023
- 1.6 Individual policies - Most current three years:
- 1.61 TOTAL Premium earned \$ 44,065
- 1.62 TOTAL Incurred claims \$ 35,023
- 1.63 Number of covered lives 22
- All years prior to most current three years:
- 1.64 TOTAL Premium earned \$ 0
- 1.65 TOTAL Incurred claims \$ 0
- 1.66 Number of covered lives 0
- 1.7 Group policies - Most current three years:
- 1.71 TOTAL Premium earned \$ 0
- 1.72 TOTAL Incurred claims \$ 0
- 1.73 Number of covered lives 0
- All years prior to most current three years:
- 1.74 TOTAL Premium earned \$ 0
- 1.75 TOTAL Incurred claims \$ 0
- 1.76 Number of covered lives 0

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator	547,038,053	562,246,723
2.2 Premium Denominator	547,038,053	562,246,723
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4 Reserve Numerator	60,764,026	63,225,787
2.5 Reserve Denominator	60,764,026	63,225,787
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[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes[X] No[]
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes[] No[] N/A[X]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes[X] No[]
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical \$ 750,000
- 5.32 Medical Only \$ 0
- 5.33 Medicare Supplement \$ 0
- 5.34 Dental & Vision \$ 0
- 5.35 Other Limited Benefit Plan \$ 0
- 5.36 Other \$ 0
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
OUR PROVIDER CONTRACTS INCLUDE A MEMBER HOLD HARMLESS CLAUSE, AS WELL AS A CONTINUITY OF CARE PROVISION.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes[X] No[]
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 47,359
- 8.2 Number of providers at end of reporting year 47,359
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes[] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months 0
- 9.22 Business with rate guarantees over 36 months 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes[X] No[]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ 78,979
- 10.22 Amount actually paid for year bonuses \$ 19,099
- 10.23 Maximum amount payable withholds \$ 1,085,174
- 10.24 Amount actually paid for year withholds \$ 872,953
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes[] No[X]
- 11.13 An Individual Practice Association (IPA), or, Yes[] No[X]
- 11.14 A Mixed Model (combination of above)? Yes[X] No[]
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes[X] No[]
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus.
OREGON
- 11.4 If yes, show the amount required. \$ 2,500,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes[] No[X]
- 11.6 If the amount is calculated, show the calculation.
12. List service areas in which the reporting entity is licensed to operate:

1 Name of Service Area
STATE OF OREGON
STATE OF IDAHO
STATE OF WASHINGTON
STATE OF MONTANA

- 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: \$ 0
- 13.3 Do you act as an administrator for health savings accounts? Yes[] No[X]

GENERAL INTERROGATORIES (Continued)

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$ 0

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, as authorized reinsurers?

Yes No N/A

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

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

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

15.1 Direct Premium Written

\$ 0

15.2 Total incurred claims

\$ 0

15.2 Number of covered lives

..... 0

*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)	238,086,346	228,865,196	235,079,926	230,087,481	209,216,149
2. TOTAL Liabilities (Page 3, Line 24)	80,724,649	84,468,833	86,921,925	78,793,743	99,439,325
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)	157,361,698	144,396,362	148,158,001	151,293,739	109,776,825
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	547,923,933	564,837,636	610,570,963	724,143,059	722,232,759
6. TOTAL Medical and Hospital Expenses (Line 18)	486,586,666	487,253,582	528,139,732	626,659,696	650,530,509
7. Claims adjustment expenses (Line 20)	25,711,018	23,026,307	21,294,379	24,989,867	23,427,963
8. TOTAL Administrative Expenses (Line 21)	64,919,813	69,514,934	78,668,639	72,937,475	81,337,927
9. Net underwriting gain (loss) (Line 24)	(29,293,564)	(9,997,187)	(22,491,787)	(443,978)	(33,063,640)
10. Net investment gain (loss) (Line 27)	3,165,537	3,101,665	3,885,269	18,360,894	7,995,619
11. TOTAL Other Income (Lines 28 plus 29)	3,334,831	(331,728)	(120,164)	(3,030,417)	(1,760,845)
12. Net income or (loss) (Line 32)	(21,087,838)	(10,209,074)	(16,852,392)	14,706,783	(25,935,955)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(18,699,032)	(17,854,472)	(33,238,628)	(20,728,846)	(13,575,731)
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	157,361,698	144,396,362	148,158,001	151,293,739	109,776,825
15. Authorized control level risk-based capital	35,911,366	34,672,070	37,567,704	39,639,429	36,398,045
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	161,881	168,480	167,531	206,975	224,487
17. TOTAL Members Months (Column 6, Line 7)	1,933,218	1,946,137	2,121,171	2,587,068	2,609,007
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)	88.8	86.3	86.5	86.8	90.1
20. Cost containment expenses	2.4	2.0	1.7	1.4	1.3
21. Other claims adjustment expenses	2.3	2.1	1.8	2.1	1.9
22. TOTAL Underwriting Deductions (Line 23)	105.3	101.8	103.7	100.3	104.6
23. TOTAL Underwriting Gain (Loss) (Line 24)	(5.3)	(1.8)	(3.7)	(0.1)	(4.6)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	53,336,744	44,600,968	55,924,830	56,799,502	56,778,274
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	56,866,873	48,713,899	58,466,887	63,765,769	45,477,896
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)	75,775,356	70,451,177	64,330,864	54,713,375	51,037,153
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31	75,775,356	70,451,177	64,330,864	54,713,375	51,037,153
33. TOTAL Investment in Parent Included in Lines 26 to 31 above					

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

If no, please explain:

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

		1	Direct Business Only							9
			2	3	4	5	6	7	8	
State, Etc.	Active Status		Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1. Alabama (AL)	N									
2. Alaska (AK)	N									
3. Arizona (AZ)	N									
4. Arkansas (AR)	N									
5. California (CA)	N									
6. Colorado (CO)	N									
7. Connecticut (CT)	N									
8. Delaware (DE)	N									
9. District of Columbia (DC)	N									
10. Florida (FL)	N									
11. Georgia (GA)	N									
12. Hawaii (HI)	N									
13. Idaho (ID)	L		42,030,584						42,030,584	
14. Illinois (IL)	N									
15. Indiana (IN)	N									
16. Iowa (IA)	N									
17. Kansas (KS)	N									
18. Kentucky (KY)	N									
19. Louisiana (LA)	N									
20. Maine (ME)	N									
21. Maryland (MD)	N									
22. Massachusetts (MA)	N									
23. Michigan (MI)	N									
24. Minnesota (MN)	N									
25. Mississippi (MS)	N									
26. Missouri (MO)	N									
27. Montana (MT)	L		101,570,402						101,570,402	
28. Nebraska (NE)	N									
29. Nevada (NV)	N									
30. New Hampshire (NH)	N									
31. New Jersey (NJ)	N									
32. New Mexico (NM)	N									
33. New York (NY)	N									
34. North Carolina (NC)	N									
35. North Dakota (ND)	N									
36. Ohio (OH)	N									
37. Oklahoma (OK)	N									
38. Oregon (OR)	L		410,622,509						410,622,509	
39. Pennsylvania (PA)	N									
40. Rhode Island (RI)	N									
41. South Carolina (SC)	N									
42. South Dakota (SD)	N									
43. Tennessee (TN)	N									
44. Texas (TX)	N									
45. Utah (UT)	N									
46. Vermont (VT)	N									
47. Virginia (VA)	N									
48. Washington (WA)	L									
49. West Virginia (WV)	N									
50. Wisconsin (WI)	N									
51. Wyoming (WY)	N									
52. American Samoa (AS)	N									
53. Guam (GU)	N									
54. Puerto Rico (PR)	N									
55. U.S. Virgin Islands (VI)	N									
56. Northern Mariana Islands (MP)	N									
57. Canada (CAN)	N									
58. Aggregate other alien (OT)	X X X									
59. Subtotal	X X X		554,223,495						554,223,495	
60. Reporting entity contributions for Employee Benefit Plans	X X X									
61. TOTAL (Direct Business)	(a) 4		554,223,495						554,223,495	

DETAILS OF WRITE-INS

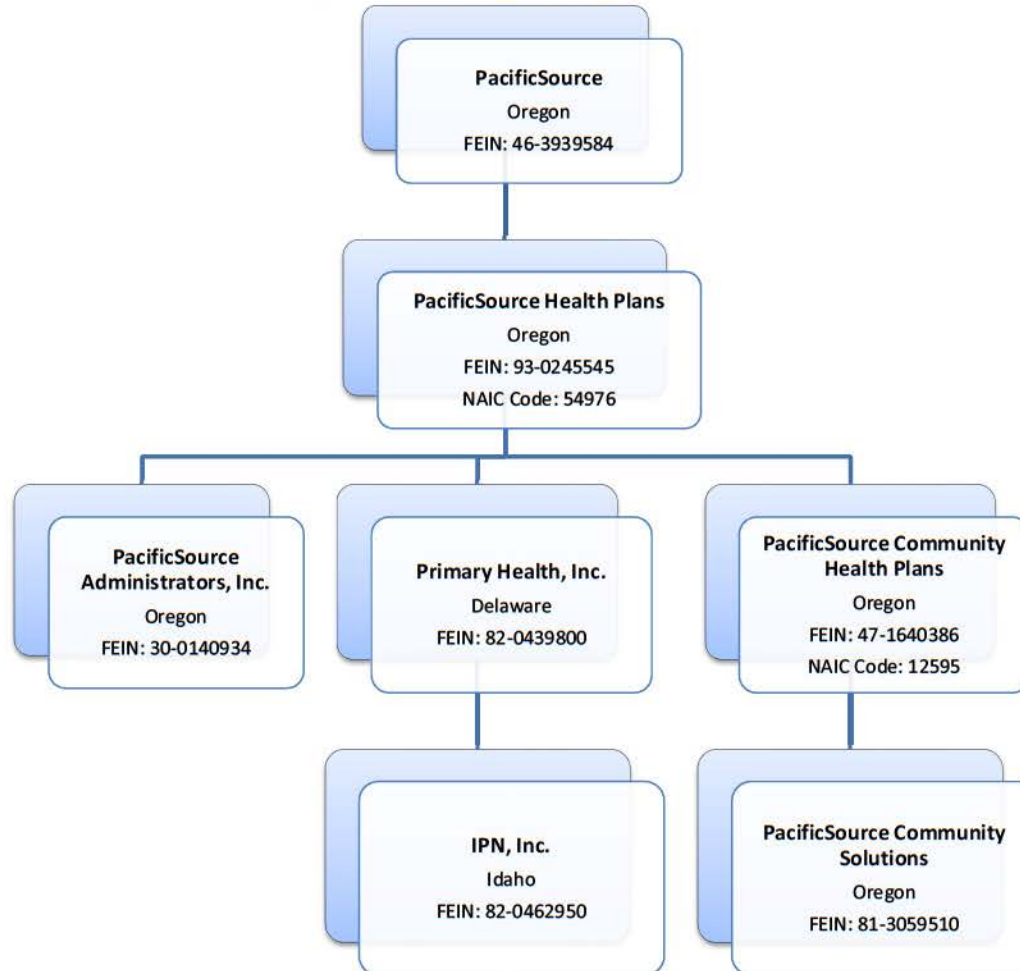
58001	X X X									
58002	X X X									
58003	X X X									
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X									
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X									

(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.

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

Explanation of basis of allocation by state, premiums by state, etc.: If a member resides in the state of Idaho or Montana, their premium is reported there. All other premiums are reported to Oregon or Washington, based on where the contracts are written.

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



INDEX TO HEALTH ANNUAL STATEMENT

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

INDEX TO HEALTH ANNUAL STATEMENT

Schedule DB - Verification	SI14
Schedule DL - Part 1	E24
Schedule DL - Part 2	E25
Schedule E - Part 1 - Cash	E26
Schedule E - Part 2 - Cash Equivalents	E27
Schedule E - Part 3 - Special Deposits	E28
Schedule E - Verification Between Years	SI15
Schedule S - Part 1 - Section 2	31
Schedule S - Part 2	32
Schedule S - Part 3 - Section 2	33
Schedule S - Part 4	34
Schedule S - Part 5	35
Schedule S - Part 6	36
Schedule S - Part 7	37
Schedule T - Part 2 - Interstate Compact	39
Schedule T - Premiums and Other Considerations	38
Schedule Y - Part 1 - Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule Y - Part 1A - Detail of Insurance Holding Company System	41
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates	42
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	43
Underwriting and Investment Exhibit - Part 1	8
Underwriting and Investment Exhibit - Part 2	9
Underwriting and Investment Exhibit - Part 2A	10
Underwriting and Investment Exhibit - Part 2B	11
Underwriting and Investment Exhibit - Part 2C	12
Underwriting and Investment Exhibit - Part 2D	13
Underwriting and Investment Exhibit - Part 3	14