



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011
OF THE CONDITION AND AFFAIRS OF THE

Community Insurance Company

NAIC Group Code	0671 (Current)	0671 (Prior)	NAIC Company Code	10345	Employer's ID Number	31-1440175
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States of America					
Licensed as business type:	Property/Casualty					
Is HMO Federally Qualified?	Yes [] No [X]					
Incorporated/Organized	07/08/1995		Commenced Business	10/01/1995		
Statutory Home Office	4361 Irwin Simpson Road (Street and Number)		Mason, OH 45040-9498 (City or Town, State and Zip Code)			
Main Administrative Office	4361 Irwin Simpson Road (Street and Number)		Mason, OH 45040-9498 (City or Town, State and Zip Code)			
	513-872-8100 (Area Code) (Telephone Number)					
Mail Address	6775 W. Washington Street (Street and Number or P.O. Box)		Milwaukee, WI 53214 (City or Town, State and Zip Code)			
Primary Location of Books and Records	6775 W. Washington Street (Street and Number)		Milwaukee, WI 53214 (City or Town, State and Zip Code)			
	414-459-6833 (Area Code) (Telephone Number)					
Internet Website Address	www.anthem.com					
Statutory Statement Contact	Brenda J. Buss (Name)		414-459-6833 (Area Code) (Telephone Number)			
	brenda.buss@bcbswi.com (E-mail Address)		414-459-6229 (FAX Number)			

OFFICERS

President/Chairperson	Erin Patricia Hoeflinger	Vice President/Treasurer	Robert David Kretschmer
Vice President/Secretary	Kathleen Susan Kiefer	Assistant Secretary	Judy Lynne Pershern

OTHER

Amy Soppel Renshaw Assistant Secretary

DIRECTORS OR TRUSTEES

Carter Allen Beck	Wayne Scott DeVeydt	Erin Patricia Hoeflinger
Catherine Irene Kelaghan	Kathleen Susan Kiefer	

State of Ohio
County of Warren SS:

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

Erin Patricia Hoeflinger
President/Chairperson

Kathleen Susan Kiefer
Vice President/Secretary

Robert David Kretschmer
Vice President/Treasurer

Subscribed and sworn to before me this
25th day of January, 2012

- 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



Kathleen J. Fahey
Notary Public, State of Ohio
My Commission Expires 04-12-2014

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

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)	1,289,535,762	0	1,289,535,762	1,073,967,635
2. Stocks (Schedule D):				
2.1 Preferred stocks		0	0	501,000
2.2 Common stocks	222,455,790	0	222,455,790	226,729,851
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens		0	0	0
3.2 Other than first liens		0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$0 encumbrances)	29,528,352	0	29,528,352	28,705,097
4.2 Properties held for the production of income (less \$0 encumbrances)		0	0	0
4.3 Properties held for sale (less \$0 encumbrances)		0	0	0
5. Cash (\$(403,941,825) , Schedule E - Part 1), cash equivalents (\$5,999,910 , Schedule E - Part 2) and short-term investments (\$74,477,926 , Schedule DA)	(323,463,989)	0	(323,463,989)	(217,711,189)
6. Contract loans, (including \$ premium notes)		0	0	0
7. Derivatives (Schedule DB)		0	0	0
8. Other invested assets (Schedule BA)	20,638,926	1,504,851	19,134,075	11,073,344
9. Receivables for securities	871	0	871	201,515
10. Securities lending reinvested collateral assets (Schedule DL)	159,211,492	0	159,211,492	140,871,356
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	1,397,907,204	1,504,851	1,396,402,353	1,264,338,610
13. Title plants less \$ charged off (for Title insurers only)		0	0	0
14. Investment income due and accrued	14,801,030	0	14,801,030	13,577,073
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	48,395,119	1,113,240	47,281,879	14,077,245
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)		0	0	0
15.3 Accrued retrospective premiums	2,964,565	0	2,964,565	3,505,000
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	0	0	0	7,927
16.2 Funds held by or deposited with reinsured companies		0	0	0
16.3 Other amounts receivable under reinsurance contracts		0	0	0
17. Amounts receivable relating to uninsured plans	222,980,312	32,924,698	190,055,614	195,781,213
18.1 Current federal and foreign income tax recoverable and interest thereon	1,307,700	0	1,307,700	0
18.2 Net deferred tax asset	86,379,430	38,423,232	47,956,198	47,528,909
19. Guaranty funds receivable or on deposit		0	0	0
20. Electronic data processing equipment and software	7,012,619	4,456,140	2,556,479	2,862,490
21. Furniture and equipment, including health care delivery assets (\$)	5,444,662	5,444,662	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates		0	0	0
23. Receivables from parent, subsidiaries and affiliates	130,923,894	0	130,923,894	393,668,667
24. Health care (\$18,149,121) and other amounts receivable	49,331,376	31,182,255	18,149,121	16,501,154
25. Aggregate write-ins for other than invested assets	32,479,361	2,533,950	29,945,411	42,947,383
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,999,927,272	117,583,028	1,882,344,244	1,994,795,669
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts		0	0	0
28. Total (Lines 26 and 27)	1,999,927,272	117,583,028	1,882,344,244	1,994,795,669
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. FEP Assets held by agent	23,827,789		23,827,789	37,513,064
2502. Bluecard receivables	6,117,622		6,117,622	5,434,319
2503. Other miscellaneous accounts receivable	2,533,950	2,533,950	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	32,479,361	2,533,950	29,945,411	42,947,383

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$0 reinsurance ceded)	393,154,650	4,835,277	397,989,927	335,493,625
2. Accrued medical incentive pool and bonus amounts	4,461,591		4,461,591	3,341,282
3. Unpaid claims adjustment expenses	13,692,573		13,692,573	12,760,394
4. Aggregate health policy reserves, including the liability of \$6,633,894 for medical loss ratio rebate per the Public Health Service Act	119,902,253		119,902,253	128,625,621
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves	109,000		109,000	102,000
8. Premiums received in advance	50,331,936		50,331,936	36,765,555
9. General expenses due or accrued	55,858,762		55,858,762	59,158,891
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	9,930,026
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	44,400		44,400	59,922
12. Amounts withheld or retained for the account of others	548,282		548,282	451,661
13. Remittance and items not allocated	14,175,136		14,175,136	13,923,095
14. Borrowed money (including \$100,000,000 current) and interest thereon \$205,833 (including \$205,833 current)	100,205,833		100,205,833	100,003,333
15. Amounts due to parent, subsidiaries and affiliates	164,195,883		164,195,883	325,282,397
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending	159,211,492		159,211,492	140,871,356
19. Funds held under reinsurance treaties (with \$ authorized reinsurers and \$0 unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	82,220,577		82,220,577	74,843,838
23. Aggregate write-ins for other liabilities (including \$17,176,559 current)	27,286,253	0	27,286,253	29,923,365
24. Total liabilities (Lines 1 to 23)	1,185,398,621	4,835,277	1,190,233,898	1,271,536,362
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	1,142,307	1,142,307
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	195,393,523	195,393,523
29. Surplus notes	XXX	XXX	0	0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	495,574,516	526,723,478
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	692,110,346	723,259,307
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,882,344,244	1,994,795,669
DETAILS OF WRITE-INS				
2301. Escheat liabilities	14,241,721		14,241,721	13,412,530
2302. Other accrued expenses - non trade	13,044,532		13,044,532	16,510,835
2303.				
2308. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2309. Totals (Lines 2301 thru 2303 plus 2308)(Line 23 above)	27,286,253	0	27,286,253	29,923,365
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	20,964,701	20,701,945
2. Net premium income (including \$ non-health premium income)	XXX	4,513,686,008	4,148,819,104
3. Change in unearned premium reserves and reserve for rate credits	XXX	3,488,369	(5,455,755)
4. Fee-for-service (net of \$ medical expenses)	XXX	0	0
5. Risk revenue	XXX	0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	(70,659)	(1,640,168)
8. Total revenues (Lines 2 to 7)	XXX	4,517,103,718	4,141,723,181
Hospital and Medical:			
9. Hospital/medical benefits	34,562,732	2,732,071,374	2,397,206,147
10. Other professional services	2,088,447	165,084,910	149,933,800
11. Outside referrals	0	0	0
12. Emergency room and out-of-area	3,348,083	264,655,019	229,907,070
13. Prescription drugs	32,695	504,930,834	483,230,987
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments, and bonus amounts		5,291,805	5,794,080
16. Subtotal (Lines 9 to 15)	40,031,957	3,672,033,942	3,266,072,084
Less:			
17. Net reinsurance recoveries		17,612	35,630
18. Total hospital and medical (Lines 16 minus 17)	40,031,957	3,672,016,330	3,266,036,454
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$60,893,352 cost containment expenses		65,336,799	73,066,409
21. General administrative expenses		317,776,760	329,891,538
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)		(5,235,000)	(3,429,000)
23. Total underwriting deductions (Lines 18 through 22).....	40,031,957	4,049,894,889	3,665,565,401
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	467,208,829	476,157,780
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		67,099,361	69,589,699
26. Net realized capital gains (losses) less capital gains tax of \$6,072,573		11,282,150	15,149,506
27. Net investment gains (losses) (Lines 25 plus 26)	0	78,381,511	84,739,204
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$0) (amount charged off \$272,318)]		(272,318)	0
29. Aggregate write-ins for other income or expenses	0	3,092,034	63,412
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	548,410,056	560,960,396
31. Federal and foreign income taxes incurred	XXX	181,133,534	185,293,434
32. Net income (loss) (Lines 30 minus 31)	XXX	367,276,522	375,666,962
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	0	0
0701. Loss on sale of fixed assets	XXX	(70,659)	(1,640,168)
0702.	XXX		
0703	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	(70,659)	(1,640,168)
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	0	0
2901. Miscellaneous revenue		3,092,034	63,546
2902. Regulatory Fine/Penalty			(135)
2903			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	3,092,034	63,412

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	723,259,307	626,513,671
34. Net income or (loss) from Line 32	367,276,522	375,666,962
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$(6,045,781)	(11,684,842)	21,170,224
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	(149,199)	12,728,380
39. Change in nonadmitted assets	(10,991,442)	(12,819,930)
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders	(375,600,000)	(300,000,000)
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	(31,148,961)	96,745,636
49. Capital and surplus end of reporting period (Line 33 plus 48)	692,110,346	723,259,307
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	4,500,245,873	4,109,937,995
2. Net investment income	74,982,988	73,203,284
3. Miscellaneous income	(70,659)	(1,640,168)
4. Total (Lines 1 through 3)	4,575,158,202	4,181,501,111
5. Benefit and loss related payments	3,608,384,792	3,285,789,618
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	379,327,709	474,765,328
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$6,072,573 tax on capital gains (losses)	198,443,834	1,338,908,693
10. Total (Lines 5 through 9)	4,186,156,336	5,099,463,639
11. Net cash from operations (Line 4 minus Line 10)	389,001,866	(917,962,528)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	1,071,097,198	628,021,189
12.2 Stocks	66,912,322	55,802,758
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	1,532,632	604,862
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	5,901	8,424
12.7 Miscellaneous proceeds	1,215,644	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,140,763,697	684,437,233
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,283,848,964	607,389,725
13.2 Stocks	72,817,077	62,490,186
13.3 Mortgage loans	0	0
13.4 Real estate	3,007,218	1,356,900
13.5 Other invested assets	11,555,178	4,078,771
13.6 Miscellaneous applications	18,340,136	8,518
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,389,568,573	675,324,101
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(248,804,876)	9,113,132
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	202,500	100,003,333
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	375,600,000	300,000,000
16.6 Other cash provided (applied)	129,447,711	(226,330,582)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(245,949,789)	(426,327,249)
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)	(105,752,799)	(1,335,176,644)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	(217,711,189)	1,117,465,455
19.2 End of year (Line 18 plus Line 19.1)	(323,463,989)	(217,711,189)

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

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ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	4,513,686,008	2,984,164,645	110,261,564	33,700,315	5,893,568	(13,941,015)	1,303,424,620	(49,919)	90,232,230	
2. Change in unearned premium reserves and reserve for rate credit	3,488,369	(7,145,365)	(1,002,228)	(144,453)	(2,911)	13,685,275	(1,901,949)	0	0	
3. Fee-for-service (net of \$ medical expenses)	0		0		0	0		0	0	XXX
4. Risk revenue	0	0	0		0	0		0	0	XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	(70,659)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(70,659)
7. Total revenues (Lines 1 to 6)	4,517,103,718	2,977,019,280	109,259,336	33,555,862	5,890,657	(255,740)	1,301,522,671	(49,919)	90,232,230	(70,659)
8. Hospital/medical benefits	2,732,071,374	1,699,534,956	71,290,143	0	0	(83,647)	878,140,761	5,627,021	77,562,140	XXX
9. Other professional services	165,084,910	86,889,058	6,414,653	21,463,222	3,461,796	(4,464)	46,860,645	0	0	XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	264,655,019	223,633,096	3,421,444			(3,582)	37,604,061	0	0	XXX
12. Prescription drugs	504,930,834	393,448,774	10,170			(1,081)	111,522,398	(49,427)	0	XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	5,291,805						5,291,805			XXX
15. Subtotal (Lines 8 to 14)	3,672,033,942	2,403,505,884	81,136,410	21,463,222	3,461,796	(92,774)	1,079,419,670	5,577,594	77,562,140	XXX
16. Net reinsurance recoveries	17,612								17,612	XXX
17. Total medical and hospital (Lines 15 minus 16)	3,672,016,330	2,403,505,884	81,136,410	21,463,222	3,461,796	(92,774)	1,079,419,670	5,577,594	77,544,528	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$60,893,352 cost containment expenses	65,336,799	57,960,968	2,886,265	1,062,667	144,746	478	16,250,830	6,030	(12,975,185)	
20. General administrative expenses	317,776,760	281,903,137	14,037,847	5,168,461	703,998	2,326	79,038,709	29,326	(63,107,044)	
21. Increase in reserves for accident and health contracts	(5,235,000)	(5,044,000)	(191,000)					0	0	XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	4,049,894,889	2,738,325,989	97,869,522	27,694,350	4,310,540	(89,970)	1,174,709,209	5,612,950	1,462,299	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	467,208,829	238,693,291	11,389,814	5,861,512	1,580,117	(165,770)	126,813,462	(5,662,869)	88,769,931	(70,659)
0501. DETAILS OF WRITE-INS										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601. Loss on sale of fixed asset	(70,659)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(70,659)
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	(70,659)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(70,659)
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	2,984,164,645			2,984,164,645
2. Medicare Supplement	110,261,564			110,261,564
3. Dental only	33,700,315			33,700,315
4. Vision only	5,893,568			5,893,568
5. Federal Employees Health Benefits Plan	(13,941,015)			(13,941,015)
6. Title XVIII - Medicare	1,303,424,620			1,303,424,620
7. Title XIX - Medicaid	(49,919)			(49,919)
8. Other health	90,245,990		13,760	90,232,230
9. Health subtotal (Lines 1 through 8)	4,513,699,768	0	13,760	4,513,686,008
10. Life	0			0
11. Property/casualty	0			0
12. Totals (Lines 9 to 11)	4,513,699,768	0	13,760	4,513,686,008

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

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	3,604,238,835	2,390,092,375	79,348,572	21,470,419	3,461,438	(92,241)	1,026,879,288	5,573,844	77,505,140	
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	17,612								17,612	
1.4 Net	3,604,221,223	2,390,092,375	79,348,572	21,470,419	3,461,438	(92,241)	1,026,879,288	5,573,844	77,487,528	0
2. Paid medical incentive pools and bonuses	4,171,496						4,171,496			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	397,989,927	237,619,044	11,641,422	1,246,117	230,119	0	140,474,475	3,750	6,775,000	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	397,989,927	237,619,044	11,641,422	1,246,117	230,119	0	140,474,475	3,750	6,775,000	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	109,000	13,000	96,000							
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	109,000	13,000	96,000	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	4,461,591						4,461,591			
6. Net healthcare receivables (a)	0									
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	335,493,625	224,200,536	9,865,584	1,253,314	229,762	532	93,225,897	0	6,718,000	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	335,493,625	224,200,536	9,865,584	1,253,314	229,762	532	93,225,897	0	6,718,000	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	102,000	18,000	84,000							
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	102,000	18,000	84,000	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	3,341,282						3,341,282			
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred Benefits:										
12.1 Direct	3,666,742,137	2,403,505,883	81,136,410	21,463,222	3,461,795	(92,773)	1,074,127,866	5,577,594	77,562,140	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	17,612	0	0	0	0	0	0	0	17,612	0
12.4 Net	3,666,724,525	2,403,505,883	81,136,410	21,463,222	3,461,795	(92,773)	1,074,127,866	5,577,594	77,544,528	0
13. Incurred medical incentive pools and bonuses	5,291,805	0	0	0	0	0	5,291,805	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	168,660,722	101,488,302	1,967,400	139,565	25,773		65,039,682			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	168,660,722	101,488,302	1,967,400	139,565	25,773	0	65,039,682	0	0	0
2. Incurred but Unreported:										
2.1 Direct	229,329,205	136,130,742	9,674,022	1,106,552	204,346		75,434,793	3,750	6,775,000	
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	229,329,205	136,130,742	9,674,022	1,106,552	204,346	0	75,434,793	3,750	6,775,000	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	0									
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1 Direct	397,989,927	237,619,044	11,641,422	1,246,117	230,119	0	140,474,475	3,750	6,775,000	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	397,989,927	237,619,044	11,641,422	1,246,117	230,119	0	140,474,475	3,750	6,775,000	0

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

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	6
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year	Claims Incurred In Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	208,059,313	2,182,033,063	1,508,810	236,123,233	209,568,123	224,218,536
2. Medicare Supplement	10,235,122	69,113,449	24,382	11,713,041	10,259,504	9,949,584
3. Dental Only	1,157,509	20,312,910	24,482	1,221,635	1,181,991	1,253,314
4. Vision Only	295,102	3,166,336	272	229,848	295,374	229,762
5. Federal Employees Health Benefits Plan	(92,242)	0	0	0	(92,242)	532
6. Title XVIII - Medicare	91,588,533	935,290,756	1,059,031	139,415,443	92,647,564	93,225,897
7. Title XIX - Medicaid	5,573,844	0	0	3,750	5,573,844	0
8. Other health	6,275,000	71,212,528	2,765	6,772,235	6,277,765	6,718,000
9. Health subtotal (Lines 1 to 8)	323,092,181	3,281,129,042	2,619,742	395,479,185	325,711,923	335,595,625
10. Healthcare receivables (a)	0	0	0	0	0	0
11. Other non-health	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts	4,171,496	0	0	4,461,591	4,171,496	3,341,282
13. Totals (Lines 9 - 10 + 11 + 12)	327,263,677	3,281,129,042	2,619,742	399,940,776	329,883,419	338,936,907

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

UNDERWRITING AND INVESTMENT EXHIBIT

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

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

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	200,745	202,099	202,068	202,408	202,409
2.	2007	2,120,567	2,371,902	2,373,971	2,373,917	2,374,021
3.	2008	XXX	2,170,886	2,430,484	2,434,456	2,433,310
4.	2009	XXX	XXX	2,209,401	2,399,687	2,396,666
5.	2010	XXX	XXX	XXX	2,098,964	2,311,085
6.	2011	XXX	XXX	XXX	XXX	2,182,033

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

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	201,318	202,778	202,143	202,308	202,409
2.	2007	2,375,196	2,377,193	2,376,923	2,373,917	2,373,771
3.	2008	XXX	2,420,159	2,436,005	2,435,120	2,433,311
4.	2009	XXX	XXX	2,447,155	2,401,220	2,397,436
5.	2010	XXX	XXX	XXX	2,321,085	2,312,073
6.	2011	XXX	XXX	XXX	XXX	2,418,156

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

Years in which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payment	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.	2007	2,957,458	2,374,021	54,101	2.3	2,428,122	82.1	(250)	(9)	2,427,863	82.1
2.	2008	3,007,974	2,433,310	82,478	3.4	2,515,788	83.6	1		2,515,789	83.6
3.	2009	2,912,215	2,396,666	74,406	3.1	2,471,072	84.9	771	27	2,471,870	84.9
4.	2010	2,881,132	2,311,085	53,529	2.3	2,364,614	82.1	987	35	2,365,636	82.1
5.	2011	2,977,019	2,182,033	38,343	1.8	2,220,376	74.6	236,122	8,093	2,464,591	82.8

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Medicare Supplement

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	11,439	12,127	12,168	12,184	12,184
2.	2007	66,137	77,354	77,542	77,513	77,511
3.	2008	XXX	66,247	76,902	77,020	77,008
4.	2009	XXX	XXX	67,538	76,532	76,514
5.	2010	XXX	XXX	XXX	67,769	78,037
6.	2011	XXX	XXX	XXX	XXX	69,113

Section B - Incurred Health Claims - Medicare Supplement

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	11,694	12,178	12,168	12,184	12,184
2.	2007	78,337	77,819	77,564	77,513	77,511
3.	2008	XXX	78,344	77,122	77,021	77,008
4.	2009	XXX	XXX	79,287	76,574	76,479
5.	2010	XXX	XXX	XXX	77,676	78,096
6.	2011	XXX	XXX	XXX	XXX	80,826

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

Years in which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payment	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.	2007	104,851	77,511	1,840	2.4	79,351	75.7			79,351	75.7
2.	2008	107,052	77,008	2,728	3.5	79,736	74.5			79,736	74.5
3.	2009	104,290	76,514	3,111	4.1	79,625	76.3	(35)	(1)	79,589	76.3
4.	2010	106,068	78,037	1,758	2.3	79,795	75.2	60	2	79,857	75.3
5.	2011	109,259	69,113	2,423	3.5	71,536	65.5	11,713	408	83,657	76.6

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Dental Only

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	1,753	1,756	1,756	1,756	1,756
2.	2007	26,695	29,049	29,062	29,064	29,064
3.	2008	XXX	29,028	31,230	31,303	31,306
4.	2009	XXX	XXX	30,371	32,168	32,187
5.	2010	XXX	XXX	XXX	21,059	22,194
6.	2011	XXX	XXX	XXX	XXX	20,313

Section B - Incurred Health Claims - Dental Only

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	1,757	1,757	1,756	1,756	1,756
2.	2007	29,322	29,057	29,063	29,064	29,064
3.	2008	XXX	31,552	31,306	31,308	31,306
4.	2009	XXX	XXX	32,413	32,200	32,191
5.	2010	XXX	XXX	XXX	22,275	22,214
6.	2011	XXX	XXX	XXX	XXX	21,535

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

Years in which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payment	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.	2007	40,855	29,064	646	2.2	29,710	72.7			29,710	72.7
2.	2008	44,037	31,306	1,198	3.8	32,504	73.8			32,504	73.8
3.	2009	44,845	32,187	2,854	8.9	35,041	78.1	4		35,045	78.1
4.	2010	34,483	22,194	479	2.2	22,673	65.8	21	1	22,695	65.8
5.	2011	33,556	20,313	940	4.6	21,253	63.3	1,222	39	22,514	67.1

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Vision Only

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	216	216	216	216	217
2.	2007	1,347	1,453	1,453	1,453	1,453
3.	2008	XXX	2,155	2,333	2,334	2,334
4.	2009	XXX	XXX	3,489	3,749	3,749
5.	2010	XXX	XXX	XXX	3,194	3,488
6.	2011	XXX	XXX	XXX	XXX	3,166

Section B - Incurred Health Claims - Vision Only

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	217	216	216	216	217
2.	2007	1,559	1,453	1,453	1,453	1,453
3.	2008	XXX	2,387	2,335	2,334	2,334
4.	2009	XXX	XXX	3,793	3,749	3,749
5.	2010	XXX	XXX	XXX	3,423	3,490
6.	2011	XXX	XXX	XXX	XXX	3,396

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007	3,533	1,453	32	2.2	1,485	42.0			1,485	42.0
2. 2008	5,017	2,334	83	3.6	2,417	48.2			2,417	48.2
3. 2009	6,135	3,749	182	4.9	3,931	64.1			3,931	64.1
4. 2010	5,988	3,488	67	1.9	3,555	59.4			3,555	59.4
5. 2011	5,891	3,166	125	3.9	3,291	55.9	230	9	3,530	59.9

UNDERWRITING AND INVESTMENT EXHIBIT

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

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

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	15,846	15,589	15,415	15,400	15,400
2.	2007	165,242	184,220	184,239	182,326	182,366
3.	2008	XXX	1,756	2,653	2,630	2,498
4.	2009	XXX	XXX		1	1
5.	2010	XXX	XXX	XXX		0
6.	2011	XXX	XXX	XXX	XXX	0

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

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	15,854	15,595	15,415	15,400	15,400
2.	2007	182,212	184,255	184,256	182,326	182,366
3.	2008	XXX	1,758	2,653	2,630	2,498
4.	2009	XXX	XXX		1	1
5.	2010	XXX	XXX	XXX	1	0
6.	2011	XXX	XXX	XXX	XXX	0

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

Years in which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2007	189,720	182,366	4,255	2.3	186,621	98.4			186,621	98.4
2.	2008	3,114	2,498	151	6.0	2,649	85.1			2,649	85.1
3.	2009	394	1		0.0	1	0.3			1	0.3
4.	2010	(1,638)	0		0.0	0	0.0			0	0.0
5.	2011	(256)	0	1	0.0	1	(0.4)			1	(0.4)

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred						Cumulative Net Amounts Paid				
						1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior					63,821	65,433	65,670	65,663	65,662
2.	2007					565,160	678,775	679,891	679,594	679,595
3.	2008					XXX	668,226	756,389	756,881	756,814
4.	2009					XXX	XXX	701,321	771,418	770,993
5.	2010					XXX	XXX	XXX	759,972	856,224
6.	2011					XXX	XXX	XXX	XXX	935,291

Section B - Incurred Health Claims - Title XVIII

Year in Which Losses Were Incurred						Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
						1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior					67,824	65,893	65,684	65,663	65,662
2.	2007					672,576	682,095	680,184	679,596	679,595
3.	2008					XXX	772,744	757,757	757,150	756,817
4.	2009					XXX	XXX	789,989	771,980	771,620
5.	2010					XXX	XXX	XXX	855,706	856,651
6.	2011					XXX	XXX	XXX	XXX	1,079,168

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

Years in which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payment	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.	2007	795,127	679,595	16,451	2.4	696,046	87.5			696,046	87.5
2.	2008	933,117	756,814	24,402	3.2	781,216	83.7	3		781,219	83.7
3.	2009	932,863	770,993	13,983	1.8	784,976	84.1	627	22	785,625	84.2
4.	2010	1,044,176	856,224	18,718	2.2	874,942	83.8	429	15	875,386	83.8
5.	2011	1,301,523	935,291	12,899	1.4	948,190	72.9	143,877	4,814	1,096,881	84.3

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Title XIX

Year in Which Losses Were Incurred						Cumulative Net Amounts Paid				
						1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	.....	.....	.....	.....	117,957	119,553	119,513	119,441	119,441
2.	2007	.....	.....	.....	.....	427,045	487,955	490,601	488,989	493,477
3.	2008	.....	.....	.....	.....	XXX	242,223	254,587	254,180	255,266
4.	2009	.....	.....	.....	.....	XXX	XXX	0	0	0
5.	2010	.....	.....	.....	.....	XXX	XXX	XXX	0	0
6.	2011	.....	.....	.....	.....	XXX	XXX	XXX	XXX	0

Section B - Incurred Health Claims - Title XIX

Year in Which Losses Were Incurred						Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
						1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	.....	.....	.....	.....	118,388	122,308	119,516	119,441	119,441
2.	2007	.....	.....	.....	.....	508,010	503,116	490,628	488,989	493,477
3.	2008	.....	.....	.....	.....	XXX	250,461	254,733	254,180	255,266
4.	2009	.....	.....	.....	.....	XXX	XXX	0	0	0
5.	2010	.....	.....	.....	.....	XXX	XXX	XXX	0	0
6.	2011	.....	.....	.....	.....	XXX	XXX	XXX	XXX	4

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

Years in which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2007	521,403	493,477	16,604	3.4	510,081	97.8	0	0	510,081	97.8
2.	2008	283,202	255,266	9,009	3.5	264,275	93.3	0	0	264,275	93.3
3.	2009	0			0.0	0	0.0	0	0	0	0.0
4.	2010	(132)		1	0.0	1	(0.8)	0	0	1	(0.8)
5.	2011	(50)		3	0.0	3	(6.0)	4	0	7	(14.0)

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred						Cumulative Net Amounts Paid				
						1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior					7,335	7,335	7,335	7,335	7,334
2.	2007					37,894	46,088	46,088	46,088	46,088
3.	2008					XXX	54,326	63,494	63,494	63,494
4.	2009					XXX	XXX	54,890	62,155	62,155
5.	2010					XXX	XXX	XXX	55,868	62,144
6.	2011					XXX	XXX	XXX	XXX	71,213

Section B - Incurred Health Claims - Other

Year in Which Losses Were Incurred						Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
						1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior					7,335	7,335	7,335	7,335	7,334
2.	2007					47,069	46,312	46,088	46,088	46,088
3.	2008					XXX	64,095	63,494	63,494	63,494
4.	2009					XXX	XXX	62,647	62,155	62,155
5.	2010					XXX	XXX	XXX	62,586	62,146
6.	2011					XXX	XXX	XXX	XXX	77,985

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

Years in which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2007	59,163	46,088	1,127	2.4	47,215	79.8			47,215	79.8
2.	2008	68,554	63,494	2,126	3.3	65,620	95.7			65,620	95.7
3.	2009	68,009	62,155	1,738	2.8	63,893	93.9			63,893	93.9
4.	2010	73,287	62,144	1,055	1.7	63,199	86.2	3		63,202	86.2
5.	2011	90,232	71,213	920	1.3	72,133	79.9	6,772	237	79,142	87.7

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	419,112	424,108	424,141	424,403	424,403
2.	2007	3,410,087	3,876,796	3,882,847	3,878,944	3,883,575
3.	2008	XXX	3,234,847	3,618,072	3,622,298	3,622,030
4.	2009	XXX	XXX	3,067,010	3,345,710	3,342,265
5.	2010	XXX	XXX	XXX	3,006,826	3,333,172
6.	2011	XXX	XXX	XXX	XXX	3,281,129

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	424,387	428,060	424,233	424,303	424,403
2.	2007	3,894,281	3,901,300	3,886,159	3,878,946	3,883,325
3.	2008	XXX	3,621,500	3,625,405	3,623,237	3,622,034
4.	2009	XXX	XXX	3,415,284	3,347,879	3,343,631
5.	2010	XXX	XXX	XXX	3,342,752	3,334,670
6.	2011	XXX	XXX	XXX	XXX	3,681,070

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

Years in which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2007	4,672,110	3,883,575	95,056	2.4	3,978,631	85.2	(250)	(9)	3,978,372	85.2
2.	2008	4,452,067	3,622,030	122,175	3.4	3,744,205	84.1	4	0	3,744,209	84.1
3.	2009	4,068,751	3,342,265	96,274	2.9	3,438,539	84.5	1,367	48	3,439,954	84.5
4.	2010	4,143,364	3,333,172	75,607	2.3	3,408,779	82.3	1,500	53	3,410,332	82.3
5.	2011	4,517,174	3,281,129	55,654	1.7	3,336,783	73.9	399,940	13,600	3,750,323	83.0

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	14,043,910	11,153,138	2,574,182	303,764	12,826	0	0	0	
2. Additional policy reserves (a)	46,873,000	32,332,000	14,541,000	0	0	0	0	0	
3. Reserve for future contingent benefits	0	0	0				0		
4. Reserve for rate credits or experience rating refunds (including \$) for investment income	58,985,343	6,635,969	480,000	0	0	23,827,789	28,041,585	0	
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	119,902,253	50,121,107	17,595,182	303,764	12,826	23,827,789	28,041,585	0	0
7. Reinsurance ceded	0	0	0	0	0	0	0	0	
8. Totals (Net)(Page 3, Line 4)	119,902,253	50,121,107	17,595,182	303,764	12,826	23,827,789	28,041,585	0	0
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	109,000	13,000	96,000	0	0	0	0	0	
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	109,000	13,000	96,000	0	0	0	0	0	0
13. Reinsurance ceded	0								
14. Totals (Net)(Page 3, Line 7)	109,000	13,000	96,000	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
			General Administrative Expenses	Investment Expenses	Total
1. Rent (\$6,009,000 for occupancy of own building)	5,600,962	4,733,592	230,381	321	10,565,256
2. Salary, wages and other benefits	77,635,435	72,089,484	140,474,084	195,964	290,394,967
3. Commissions (less \$ ceded plus \$ assumed)	0	0	131,847,227	183,929	132,031,156
4. Legal fees and expenses	4,989	10,938	4,181,187	5,833	4,202,947
5. Certifications and accreditation fees	0	0	0	0	0
6. Auditing, actuarial and other consulting services	23,073,128	5,963,776	32,114,708	44,801	61,196,413
7. Traveling expenses	1,340,491	334,676	3,764,106	5,251	5,444,524
8. Marketing and advertising	1,305,223	57,058	25,303,078	35,298	26,700,657
9. Postage, express and telephone	3,058,840	3,628,123	12,157,175	16,959	18,861,097
10. Printing and office supplies	1,182,114	238,872	1,456,754	2,032	2,879,772
11. Occupancy, depreciation and amortization	0	0	0	0	0
12. Equipment	411,333	153,721	1,860,695	2,596	2,428,345
13. Cost or depreciation of EDP equipment and software	9,983,963	2,117,557	6,489,734	9,053	18,600,307
14. Outsourced services including EDP, claims, and other services	35,874,705	30,666,083	29,670,204	41,390	96,252,382
15. Boards, bureaus and association fees	94,086	126	1,992,252	2,779	2,089,243
16. Insurance, except on real estate	59	0	1,242,185	1,733	1,243,977
17. Collection and bank service charges	396	1,153	2,225,877	3,105	2,230,531
18. Group service and administration fees	1,399,176	26,190,837	10,996,370	15,340	38,601,723
19. Reimbursements by uninsured plans	(105,063,364)	(142,014,924)	(153,072,030)	(213,538)	(400,363,856)
20. Reimbursements from fiscal intermediaries	0	0	0	0	0
21. Real estate expenses	198,431	38,321	2,516,310	3,510	2,756,572
22. Real estate taxes	0	0	549,578	767	550,345
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes	2,418	22	(1,669,078)	(2,328)	(1,668,966)
23.2 State premium taxes	0	0	28,278,020	39,448	28,317,468
23.3 Regulatory authority licenses and fees	3,148	3,127	1,168,683	1,630	1,176,588
23.4 Payroll taxes	4,794,140	4,567,021	8,580,430	11,970	17,953,561
23.5 Other (excluding federal income and real estate taxes)	0	0	1,149,887	1,604	1,151,491
24. Investment expenses not included elsewhere				2,141,105	2,141,105
25. Aggregate write-ins for expenses	(6,321)	(4,336,116)	24,268,943	33,856	19,960,362
26. Total expenses incurred (Lines 1 to 25)	60,893,352	4,443,447	317,776,760	2,584,408	(a) .....385,697,967
27. Less expenses unpaid December 31, current year	12,761,364	931,209	55,858,762		69,551,335
28. Add expenses unpaid December 31, prior year	9,775,269	2,985,125	59,158,891		71,919,285
29. Amounts receivable relating to uninsured plans, prior year			218,937,657		218,937,657
30. Amounts receivable relating to uninsured plans, current year			222,980,312		222,980,312
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	57,907,257	6,497,363	325,119,544	2,584,408	392,108,572
DETAILS OF WRITE-INS					
2501. Other expense	(6,321)	(4,336,116)	24,268,943	33,856	19,960,362
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	(6,321)	(4,336,116)	24,268,943	33,856	19,960,362

(a) Includes management fees of \$524,439,363 to affiliates and \$ to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds	(a) .....63,241	.....9,061
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....56,559,495	.....57,736,762
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....31,939	.....31,939
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....6,649,852	.....6,729,326
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....6,631,345
5.	Contract Loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e) .....278,040	.....296,180
7.	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....0	.....0
9.	Aggregate write-ins for investment income .....	.....645,821	.....679,447
10.	Total gross investment income	64,228,388	72,114,060
11.	Investment expenses .....	.....	(g) .....2,532,084
12.	Investment taxes, licenses and fees, excluding federal income taxes .....	.....	(g) .....52,324
13.	Interest expense .....	.....	(h) .....246,328
14.	Depreciation on real estate and other invested assets .....	.....	(i) .....2,183,963
15.	Aggregate write-ins for deductions from investment income .....	.....	.....0
16.	Total deductions (Lines 11 through 15) .....	.....	.....5,014,699
17.	Net investment income (Line 10 minus Line 16)		67,099,361
DETAILS OF WRITE-INS			
0901.	Miscellaneous income .....	.....21,620	.....21,620
0902.	Other interest income .....	.....6,735	.....6,735
0903.	Securities lending .....	.....617,466	.....617,466
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....33,626
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	645,821	679,447
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$2,537,884 accrual of discount less \$9,461,506 amortization of premium and less \$4,847,691 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$6,631,345 for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$152,401 accrual of discount less \$85,072 amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$. investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	923,084	0	923,084	0	0
1.1	Bonds exempt from U.S. tax .....	.....0	.....	.....0	.....	.....
1.2	Other bonds (unaffiliated)	12,138,447	(176,833)	11,961,614	(2,129,693)	0
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	2,996	0	2,996	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	8,727,343	(4,266,215)	4,461,128	(15,143,966)	0
2.21	Common stocks of affiliates	0	0	0	0	0
3.	Mortgage loans .....	.....	0	0	0	0
4.	Real estate .....	.....	0	0	.....	0
5.	Contract loans .....	.....	.....	0	.....	.....
6.	Cash, cash equivalents and short-term investments	5,901	.....	5,901	.....	.....
7.	Derivative instruments .....	.....	.....	0	.....	.....
8.	Other invested assets	0	0	0	(456,964)	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	21,797,771	(4,443,048)	17,354,723	(17,730,623)	0
DETAILS OF WRITE-INS						
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)	0		0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0		0
2.2 Common stocks	0		0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0		0
3.2 Other than first liens	0		0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0		0
4.2 Properties held for the production of income	0		0
4.3 Properties held for sale	0		0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)	0		0
6. Contract loans	0		0
7. Derivatives (Schedule DB)	0		0
8. Other invested assets (Schedule BA)	1,504,851		(1,504,851)
9. Receivables for securities	0		0
10. Securities lending reinvested collateral assets (Schedule DL)	0		0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	1,504,851	0	(1,504,851)
13. Title plants (for Title insurers only)	0		0
14. Investment income due and accrued	0		0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	1,113,240	6,786,445	5,673,205
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0		0
15.3 Accrued retrospective premiums	0		0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0		0
16.2 Funds held by or deposited with reinsured companies	0		0
16.3 Other amounts receivable under reinsurance contracts	0		0
17. Amounts receivable relating to uninsured plans	32,924,698	23,156,444	(9,768,254)
18.1 Current federal and foreign income tax recoverable and interest thereon	0		0
18.2 Net deferred tax asset	38,423,232	32,953,939	(5,469,293)
19. Guaranty funds receivable or on deposit	0		0
20. Electronic data processing equipment and software	4,456,140	6,557,408	2,101,268
21. Furniture and equipment, including health care delivery assets	5,444,662	4,824,350	(620,312)
22. Net adjustment in assets and liabilities due to foreign exchange rates	0		0
23. Receivable from parent, subsidiaries and affiliates	0		0
24. Health care and other amounts receivable	31,182,255	29,007,779	(2,174,476)
25. Aggregate write-ins for other than invested assets	2,533,950	3,305,221	771,271
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	117,583,028	106,591,586	(10,991,442)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0		0
28. Total (Lines 26 and 27)	117,583,028	106,591,586	(10,991,442)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501. Other Misc Receivables	1,889,086	1,334,538	(554,548)
2502. Prepaid Expenses	644,864	1,970,683	1,325,819
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	2,533,950	3,305,221	771,271

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	95,031	97,570	97,097	96,045	96,134	1,164,170
2. Provider Service Organizations						
3. Preferred Provider Organizations	1,334,670	1,346,591	1,352,870	1,344,803	1,344,329	16,177,506
4. Point of Service	24	21	14	14	0	187
5. Indemnity Only	62,515	59,401	60,686	59,261	59,690	715,552
6. Aggregate write-ins for other lines of business.....	237,409	240,955	241,254	242,871	243,045	2,907,286
7. Total	1,729,649	1,744,538	1,751,921	1,742,994	1,743,198	20,964,701
DETAILS OF WRITE-INS						
0601. Consumer Driven Health Plan	237,409	240,955	241,254	242,871	243,045	2,907,286
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	237,409	240,955	241,254	242,871	243,045	2,907,286

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Community Insurance Company (the “Company”) have been prepared in conformity with the National Association of Insurance Commissioners’ (“NAIC”) *Annual Statement Instructions* and in accordance with accounting practices prescribed by NAIC *Accounting Practices and Procedures Manual* (“NAIC SAP”), subject to any deviations prescribed or permitted by the Ohio Insurance Department (the “Department”).

For the years ended December 31, 2011 and 2010, there were no differences between the Company’s statutory basis capital and surplus or net income under NAIC SAP and practices prescribed or permitted by the Department.

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

Preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

C. Accounting Policies

Health premiums are earned over the term of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written, and are computed by pro rata methods for direct business and based on reports received from ceding companies for assumed business. Premiums paid by subscribers prior to the effective date are recorded on the balance sheet as premiums received in advance and are subsequently credited to income as earned during the coverage period. Premium rates for certain lines of business are subject to approval by the Department. Expenses incurred in connection with acquiring new insurance business are charged to operations as incurred. All other costs, such as premium taxes and other underwriting expenses, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

1. Short-term investments include investments with maturities of less than one year at the date of acquisition and are reported at amortized cost, which approximates fair value. Non-investment grade short-term investments are stated at the lower of amortized cost or fair value.
2. Investment grade bonds not backed by other loans are stated at amortized cost, with amortization calculated based on the modified scientific method, using lower of yield to call or yield to maturity. Non-investment grade bonds are stated at the lower of the amortized cost or fair value, as determined by various third-party pricing sources.
3. Common stocks of unaffiliated companies are stated at fair, as determined by various third-party pricing sources.
4. Investment grade redeemable preferred stocks are stated at amortized value. Investment grade perpetual preferred stocks are stated at fair value. Non-investment grade preferred stocks are stated at the lower of amortized value or fair value.
5. Mortgage loans on real estate – Not applicable.
6. Loan-backed securities are stated at amortized cost. Pre-payment assumptions for loan-backed securities and structured securities were obtained from broker-dealer survey values or internal estimates. These assumptions are consistent with current interest rates and the economic environment. The retrospective adjustment method is used to value all loan-backed securities. Non-investment grade loan-backed securities are stated at the lower of amortized cost or fair value.
7. The Company has an investment in an affiliated company, Pathway Private Equity Fund XXII, LLC (“Pathway”) at December 31, 2011. The Company reports this interest as an Other Long-Term Invested Assets on Schedule BA. The Company carries this investment at the underlying audited GAAP equity at December 31, 2011. The Company owns 100% of the common stock of its non-insurance subsidiary,

NOTES TO FINANCIAL STATEMENTS

- Radiant Company, LLC, (“Radiant”) which has ongoing operations other than for the Company and its affiliates. This investment is reported at its GAAP equity and non-admitted as the Company does not intend to have a GAAP audit performed for 2011. The Company reports the net change in the equity of its affiliated investments as a change in net unrealized capital gains and losses.
8. The Company has ownership interests in unaffiliated joint ventures. The Company reports these interests as Other Long-Term Invested Assets on Schedule BA. The Company carries these investments based on the Company’s interest in the underlying audited GAAP equity at December 31, 2011.
 9. The Company has no derivative instruments.
 10. The Company does not anticipate investment income as a factor in premium deficiency calculations.
 11. Unpaid claims and claims adjustment expenses include management’s best estimate of amounts based on historical claim development patterns and certain individual case estimates. The established liability considers health benefit provisions, business practices, economic conditions and other factors that may materially affect the cost, frequency and severity of claims. Liabilities for unpaid claims and claim adjustment expenses are based on assumptions and estimates, and while management believes such estimates are reasonable, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and changes in estimates are incorporated into current period estimates.
 12. The Company has not modified its capitalization policy from the prior period.
 13. Pharmacy rebate receivables are recorded when earned based upon actual rebate receivables billed and an estimate of receivables based upon current utilization of specific pharmaceuticals and provider contract terms.
 14. Service fees earned from providing administrative services to self-insured customers are deducted from operating expenses, and related claim payments and subsequent reimbursements of those claim payments are excluded from net income.
 15. The Company records a liability for future policy benefits relating to certain individual product contracts. The liability represents the present value of future benefits to be paid to or on behalf of policyholders and related expenses less the present value of future net premiums. Changes in the liability for future benefits are reported as a component of net income in the period in which the change occurs.

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

There were no corrections of errors during the years ended December 31, 2011 and 2010.

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

Not applicable.

B. Statutory Merger

Not applicable.

C. Assumption Reinsurance

Not applicable.

D. Impairment Loss

Not applicable.

NOTES TO FINANCIAL STATEMENTS

4. Discontinued Operations

Not applicable.

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company has no investments in mortgage loans at December 31, 2011 or 2010.

B. Debt Restructuring

The Company did not have invested assets that were restructured debt at December 31, 2011 or 2010.

C. Reverse Mortgages

The Company did not have investments in reverse mortgages at December 31, 2011 or 2010.

D. Loan-Backed Securities

1. Prepayment assumptions for single-class and multi-class mortgage-backed and asset-backed securities were obtained from broker-dealer survey values or internal estimates. The Company used various third-party pricing sources in determining the market value of its loan-backed securities.
2. The Company did not recognize other-than-temporary impairments on its loan backed securities during the year ended December 31, 2011.
3. The Company did not hold other-than-temporarily impaired loan backed securities at December 31, 2011.
4. The Company had no impaired securities for which an other-than-temporary impairment had not been recognized in earnings as a realized loss at December 31, 2011.
5. The Company had no impaired loaned-backed securities at December 31, 2011.

E. Repurchase Agreements and/or Securities Lending Transactions

1. The Company did not enter into repurchase agreements at December 31, 2011 or 2010.
2. The Company participates in a securities lending program whereby marketable securities in its investment portfolio are transferred to independent brokers or dealers based on, among other things, their creditworthiness in exchange for collateral initially equal to at least 102% of the market value of the loaned securities. The Company receives the collateral in cash, and the collateral is thereafter invested according to guidelines of the Company's Investment Policy.
3. As part of the securities lending program, the Company receives cash collateral in an amount in excess of the fair value of the securities lent. The Company received cash collateral of \$159,211,492 which was reinvested in accordance to the Company's investment guidelines.
4. Not applicable.
5. Collateral Reinvestment

Aggregate amount of cash collateral reinvested:

NOTES TO FINANCIAL STATEMENTS

	Amortized Cost	Fair Value
30 days or less	\$ 66,020,526	\$ 66,020,867
31 to 60 days	3,051,000	3,051,356
61 to 90 days	500,181	499,872
91 to 120 days	5,300,000	5,296,495
121 to 180 days	9,854,878	9,853,348
181 to 365 days	23,415,186	23,407,873
1 to 2 years	19,180,406	19,178,659
2 to 3 years	7,992,503	7,990,648
Greater than 3 years	23,896,812	23,173,498
Total Collateral Reinvested	<u>\$ 159,211,492</u>	<u>\$158,472,616</u>

F. Real Estate

1. The Company did not recognize any impairment losses on its investment real estate at December 31, 2011 or 2010.
2. The Company did not engage in retail land sales operations during 2011 or 2010.

G. Investments in Low-Income Housing Tax Credits

The Company did not invest in properties generating low-income housing tax credits during 2011 or 2010.

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in joint ventures, partnerships or limited liability companies that exceed 10% of its admitted assets at December 31, 2011 or 2010.
- B. The Company did not recognize any impairment write down for its investments in joint ventures, partnerships or limited liability companies during 2011 or 2010.

7. Investment Income

- A. All investment income due and accrued with amounts that are over 90 days past due is non-admitted.
- B. At December 31, 2011 and 2010 there was no non-admitted accrued investment income.

8. Derivative Instruments

The Company has no derivative instruments.

9. Income Taxes

- A. The components of net deferred tax asset (liability):
 1. The components of net deferred tax asset (liability) at December 31, 2011 are as follows:

	Ordinary	Capital	Total
Gross deferred tax assets	\$ 88,579,695	\$ 860,478	\$ 89,440,173
Statutory valuation allowance	-	-	-
Adjusted gross deferred tax assets	88,579,695	860,478	89,440,173
Gross deferred tax liabilities	(285,262)	(2,775,481)	(3,060,743)
Net deferred tax asset before admissibility test	<u>\$ 88,294,433</u>	<u>\$ (1,915,003)</u>	<u>\$ 86,379,430</u>

The amount of admitted adjusted gross deferred tax assets under each component of Statement of Statutory Accounting Principles (“SSAP”) No. 10 – Revised, *Income Taxes – A Temporary Replacement of SSAP No. 10* (“SSAP 10R”) as of December 31, 2011 is:

NOTES TO FINANCIAL STATEMENTS

	Ordinary	Capital	Total
Admitted pursuant to Paragraph 10.a	\$ 47,095,720	\$ 860,478	\$ 47,956,198
Admitted pursuant to Paragraph 10.b	-	-	-
Admitted pursuant to Paragraph 10.c	3,060,743	-	3,060,743
Admitted deferred tax asset	50,156,463	860,478	51,016,941
Deferred tax liability	(285,262)	(2,775,481)	(3,060,743)
Net admitted deferred tax asset	49,871,201	(1,915,003)	47,956,198
Nonadmitted deferred tax asset	\$ 38,423,232	\$ -	\$ 38,423,232

The components of net deferred tax asset (liability) at December 31, 2010 are as follows:

	Ordinary	Capital	Total
Gross deferred tax assets	\$ 90,017,700	\$ -	\$ 90,017,700
Gross deferred tax liabilities	(258,077)	(9,276,775)	(9,534,852)
Net deferred tax asset before admissibility test	\$ 89,759,623	\$ (9,276,775)	\$ 80,482,848

The amount of admitted adjusted gross deferred tax assets under each component of SSAP 10R as of December 31, 2010 is:

	Ordinary	Capital	Total
Admitted pursuant to Paragraph 10.a	\$ 47,528,909	\$ -	\$ 47,528,909
Admitted pursuant to Paragraph 10.b	-	-	-
Admitted pursuant to Paragraph 10.c	9,534,852	-	9,534,852
Admitted deferred tax asset	57,063,761	-	57,063,761
Deferred tax liability	(258,077)	(9,276,775)	(9,534,852)
Net admitted deferred tax asset	56,805,684	(9,276,775)	47,528,909
Nonadmitted deferred tax asset	\$ 32,953,939	\$ -	\$ 32,953,939

The company has not elected to admit deferred tax assets pursuant to paragraph 10.e, in either 2011 or 2010.

3. The change in the amount of admitted adjusted gross deferred tax assets under each component of SSAP 10R during 2011 is:

	Ordinary	Capital	Total
Admitted pursuant to paragraph 10.a	\$ (433,189)	\$ 860,478	\$ 427,289
Admitted pursuant to paragraph 10.b	-	-	-
Admitted pursuant to paragraph 10.c	(6,474,109)	-	(6,474,109)
Admitted deferred tax asset	(6,907,298)	860,478	(6,046,820)
Deferred tax liability	(27,185)	6,501,294	6,474,109
Net admitted deferred tax asset	\$ (6,934,483)	\$ 7,361,772	\$ 427,289
Nonadmitted deferred tax asset	\$ 5,469,293	\$ -	\$ 5,469,293

There is no impact of tax planning strategies.

B. The Company has no unrecognized deferred tax liabilities at December 31, 2011 and 2010.

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

	2011	2010	Change
Federal income tax on operations	\$ 181,133,534	\$ 185,293,434	\$ (4,159,900)
Federal income tax on net capital gains	6,072,573	710,793	5,361,780
Federal income taxes incurred	\$ 187,206,107	\$ 186,004,227	\$ 1,201,880

The components of deferred income taxes at December 31 are as follows:

NOTES TO FINANCIAL STATEMENTS

	2011	2010	Change
Deferred tax assets:			
Ordinary:			
Accrued future expenses	\$ 12,251,061	\$ 10,942,325	\$ 1,308,736
Amortization	7,839,438	9,846,845	(2,007,407)
Accounts receivable	25,196,973	22,309,171	2,887,802
Claims discount reserve	2,776,327	2,607,873	168,454
Deferred acquisition costs	6,215,554	5,938,484	277,070
Fixed assets	3,396,266	4,384,327	(988,061)
Other insurance reserves	15,554,700	16,826,951	(1,272,251)
Payroll related reserves	-	852,612	(852,612)
Prepaid expenses	654,180	688,933	(34,753)
Unearned premium reserve	3,625,766	2,506,485	1,119,281
State income tax liability	10,948,911	12,638,484	(1,689,573)
Other	120,519	475,210	(354,691)
Subtotal	88,579,695	90,017,700	(1,438,005)
Nonadmitted deferred tax assets	(38,423,232)	(32,953,939)	(5,469,293)
Admitted ordinary deferred tax assets	50,156,463	57,063,761	(6,907,298)
Capital:			
Investments in securities	860,478	-	860,478
Subtotal	860,478	-	860,478
Nonadmitted deferred tax assets	-	-	-
Admitted capital deferred tax assets	860,478	-	860,478
Admitted deferred tax assets	51,016,941	57,063,761	(6,046,820)
Deferred tax liabilities:			
Ordinary:			
Other	(285,262)	(258,077)	(27,185)
Subtotal	(285,262)	(258,077)	(27,185)
Capital:			
Investments in securities	(2,775,481)	(8,834,550)	6,059,069
Investment partnerships	-	(442,225)	442,225
Subtotal	(2,775,481)	(9,276,775)	6,501,294
Deferred tax liabilities	(3,060,743)	(9,534,852)	6,474,109
Net admitted deferred tax assets	\$ 47,956,198	\$ 47,528,909	\$ 427,289

The changes in deferred tax assets and deferred tax liabilities at December 31 are as follows:

	2011	2010	Change
Total deferred tax assets	\$89,440,173	\$90,017,700	\$ (577,527)
Total deferred tax liabilities	(3,060,743)	(9,534,852)	6,474,109
Net deferred tax asset	\$86,379,430	\$80,482,848	5,896,582
Tax effect of unrealized losses			(6,045,781)
Change in net deferred income tax			\$ (149,199)

D. The Company’s income tax expense and change in deferred income taxes differs from the amount obtained by applying the federal statutory income tax rate of 35% for the year ended December 31 as follows:

NOTES TO FINANCIAL STATEMENTS

	<u>2011</u>	<u>2010</u>
Tax expense computed using federal statutory rate	\$ 194,068,921	\$ 196,584,916
Change in nonadmitted assets	(1,932,752)	(9,650,966)
Tax exempt income and dividend received deduction net of proration	(5,400,506)	(4,820,617)
Prior year true-ups and adjustments	512,480	(10,435,552)
Revenue agent report settlements and FIN48	(12,904)	1,391,141
Other	120,067	206,925
Total	<u>\$ 187,355,306</u>	<u>\$ 173,275,847</u>
Federal income tax incurred	\$ 187,206,107	\$ 186,004,227
Change in net deferred income taxes	149,199	(12,728,380)
Total statutory income taxes	<u>\$ 187,355,306</u>	<u>\$ 173,275,847</u>

E. Operating loss carryforwards:

1. The Company had no operating loss carryforwards and no tax credit carryforwards as of December 31, 2011.
2. The following are income taxes incurred in the current and prior year(s) that will be available for recoupment in the event of future net losses:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
2011	\$ 181,978,334	\$ 6,072,573	\$ 188,050,907
2010	181,722,994	766,509	182,489,503

3. The Company has no protective tax deposits reported as admitted assets under Section 6603 of the Internal Revenue Service Code as of December 31, 2011 and 2010.

F. The Company and the following entities are included in a tax sharing agreement with WellPoint, Inc. and its subsidiaries. Allocation of federal income taxes is based upon separate income tax return calculations with credit for net losses that can be used on a consolidated basis. Intercompany income tax balances are settled based on the Internal Revenue Service due dates.

AHI Healthcare Corporation	Government Health Services, LLC
American Imaging Management, Inc.	Health Core, Inc.
Anthem Blue Cross Life and Health Insurance Company	Health Management Corporation
Anthem Credentialing Services, Inc.	HealthKeepers, Inc.
Anthem Financial, Inc.	HealthLink HMO, Inc.
Anthem Health Insurance Company of Nevada	HealthLink, Inc.
Anthem Health Plans of Kentucky, Inc.	HealthReach Services, Inc.
Anthem Health Plans of Maine, Inc.	Healthy Alliance Life Insurance Company
Anthem Health Plans of New Hampshire, Inc.	HMO Colorado, Inc.
Anthem Health Plans of Virginia, Inc.	HMO Missouri, Inc.
Anthem Health Plans, Inc.	Imaging Management Holdings, LLC
Anthem Holding Corp.	Imaging Providers of Texas
Anthem Insurance Companies, Inc.	Lease Partners, Inc.
Anthem Southeast, Inc.	Matthew Thornton Health Plan, Inc.
Anthem UM Services, Inc.	National Capital Preferred Provider Organization, Inc.
Arcus Enterprises, Inc.	National Government Services, Inc.
Arcus Financial Services, Inc.	OneNation Insurance Company
ARCUS HealthyLiving Services, Inc.	Park Square Holdings, Inc.

NOTES TO FINANCIAL STATEMENTS

Associated Group, Inc.	Park Square I, Inc.
Behavioral Health Network, Inc.	Park Square II, Inc.
Blue Cross and Blue Shield of Georgia, Inc.	R&P Realty, Inc.
Blue Cross Blue Shield Healthcare Plan of Georgia, Inc.	Rayant Insurance Company of New York
Blue Cross Blue Shield of Wisconsin	Resolution Health, Inc.
Blue Cross of California	RightCHOICE Insurance Company
Blue Cross of California Partnership Plan, Inc.	RightCHOICE Managed Care, Inc.
CareMore Health Group, Inc.	Rocky Mountain Hospital and Medical Service, Inc.
CareMore Health Plan	SellCore, Inc.
CareMore Health Plan of Arizona, Inc.	Southeast Services, Inc.
CareMore Health Plan of Colorado, Inc.	State Sponsored Business UM Services, Inc.
CareMore Health Plan of Nevada	The WellPoint Companies, Inc.
CareMore Health Plan of Texas, Inc.	TrustSolutions, LLC
CareMore Holdings, Inc.	UNICARE Health Insurance Company of Texas
CareMore Medical Enterprises	UNICARE Health Insurance Company of the Midwest
CareMore Medical Management Company	UNICARE Health Plan of Kansas, Inc.
Cerulean Companies, Inc.	UNICARE Health Plan of West Virginia, Inc.
Claim Management Services, Inc.	UNICARE Health Plans of Texas, Inc.
Community Insurance Company	UNICARE Health Plans of the Midwest, Inc.
CommunityConnect Health Plan of Pennsylvania, Inc.	UNICARE Illinois Services, Inc.
CompCare Health Services Insurance Corporation	UNICARE Life & Health Insurance Company
Crossroads Acquisition Corp	UNICARE National Services, Inc.
DeCare Analytics, LLC	UNICARE of Texas Health Plans, Inc.
DeCare Dental Health International, LLC	UNICARE Specialty Services, Inc.
DeCare Dental, LLC	United Government Services, LLC
DeCare Dental Networks, LLC	UtiliMed IPA, Inc.
Dental Claims Administrative Services, Inc.	WellPoint Behavioral Health, Inc.
Designated Agent Company, Inc.	WellPoint California Services, Inc.
EHC Benefits Agency, Inc.	WellPoint Dental Services, Inc.
Empire HealthChoice Assurance, Inc.	WellPoint Holding Corporation
Empire HealthChoice HMO, Inc.	WellPoint Information Technology Services, Inc.
Forty-Four Forty-Four Forest Park Redevelopment Corp	WellPoint Insurance Services, Inc.
Golden West Health Plan, Inc.	WellPoint, Inc.

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

A. Nature of the relationship

The Company is an Ohio domiciled stock insurance company and is a wholly-owned subsidiary of ATH Holding Company, LLC (“ATH Holding”), which is a wholly-owned subsidiary of WellPoint, Inc. (“WellPoint”), a publicly traded company.

B. Significant transactions for each Period

The following transactions took place between the Company and its affiliates:

The Board of Directors of the Company declared an ordinary dividend in the amount of \$375,600,000 on December 8, 2011. The Company paid this dividend to its parent company, ATH Holding, on December 21, 2011.

On September 21, 2011 the Company made a capital contribution in the amount of \$3,000,000 to Radiant Services, LLC, its wholly owned subsidiary formed December 21, 2010.

The Board of Directors of the Company declared an ordinary dividend in the amount of \$300,000,000 on November 29, 2010. The Company paid this dividend to its parent company, ATH Holding, on December 20, 2010.

C. Intercompany Management and Service Arrangements

There were no changes to intercompany management and service arrangements, and there were no additional arrangements entered into during 2011 or 2010. The amounts of transactions under such agreements are included in Schedule Y, Part 2.

NOTES TO FINANCIAL STATEMENTS

D. Amounts Due to or from Related Parties

At December 31, 2011 and 2010, the Company reported \$130,923,894 and \$393,668,667 due from affiliates and \$164,195,883 and \$325,282,397 due to affiliates, respectively. The receivable and payable balances represent intercompany transactions that will be settled in accordance with the settlement terms of the intercompany agreement.

E. Guarantees or Contingencies for Related Parties

The Company did not enter into guarantees or undertakings for the benefit of an affiliate which would result in a material contingent exposure of the Company's or any affiliated insurer's assets or liabilities.

F. Management and Service Agreements and Cost Sharing Arrangements

The Company has entered into administrative services agreements with its affiliated companies. Pursuant to these agreements, various administrative, management and support services are provided to or provided by the Company. The costs and expenses related to these administrative management and support services are allocated to or allocated by the Company in an amount equal to the direct and indirect costs and expenses incurred in providing these services. Direct costs include expenses such as salaries, employee benefits, communications, advertising, consulting services, maintenance, rent, utilities, and supplies which are directly attributable to the Company's operations. Allocated costs include expenses such as salaries, benefit claims and enrollment processing, billing, accounting, underwriting, product development and budgeting, which support the Company's operations. These costs are allocated based on various utilization statistics.

G. Nature of Control Relationships that Could Affect Operations or Financial Position

ATH Holding owns all outstanding shares of the Company. The Company's ultimate parent is WellPoint, Inc.

H. Amount Deducted for Investment in Upstream Company

The Company and its subsidiaries do not own shares of upstream intermediate entities or WellPoint.

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

The Company does not have investments in affiliates.

J. Write-down for Impairments of Investments in Subsidiaries, Controlled or Affiliated Companies

Not applicable.

K. Investment in a Foreign Insurance Subsidiary

The Company does not have investments in foreign insurance subsidiaries.

L. Investment in Downstream Non-insurance Holding Companies

The Company does not have investments in downstream non-insurance holding companies.

11. Debt

A. Capital Notes

The Company had no capital notes outstanding at December 31, 2011 and 2010.

NOTES TO FINANCIAL STATEMENTS

B. All Other Debt

The Company is a member of the Federal Home Loan Bank of Cincinnati ("FHLBC") and has the ability to obtain cash advances to earn incremental income and as an additional source of liquidity for its operations. In order to obtain cash advances, the Company is required to pledge securities to the FHLBC as collateral. In addition, borrowings cannot exceed twenty times the Company's investment in FHLBC common stock. At December 31, 2011, the Company's investment in common stock was \$6,379,200. On March 25, 2011, the Company borrowed \$100,000,000 from the FHLBC. The advance had a fixed rate of 0.26% and matured and was paid on January 18, 2012. The Company pledged securities, primarily U.S. government sponsored mortgage-backed securities, with a fair value of \$118,224,544 as collateral.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**A. Defined Benefit Plan**

Not applicable – See Note 12D.

B. Defined Contribution Plan

Not applicable – See Note 12D.

C. Multiemployer Plan

The Company does not participate in a multiemployer plan.

D. Consolidated/Holding Company Plans

The Company participates in the WellPoint Cash Balance Pension Plan (the "Plan"), a frozen non-contributory defined benefit pension plan sponsored by ATH Holding covering most employees of WellPoint and its subsidiaries. ATH Holding allocates a share of the total accumulated costs (credits) of the Plan to the Company based on the number of allocated employees. During 2011 and 2010, these costs and credits totaled \$2,056,457 and (\$113,968), respectively. The Company has no legal obligation for benefits under this plan.

The Company participates in a postretirement medical benefit plan, sponsored by ATH Holding, providing certain health, life, vision and dental benefits to eligible retirees. ATH Holding allocates a share of the total accumulated costs of this plan to the Company based on the number of allocated employees. During 2011 and 2010, these costs totaled \$2,616,613 and \$2,557,347, respectively. The Company has no legal obligation for benefits under this plan.

The Company participates in a deferred compensation plan sponsored by WellPoint which covers certain employees. The deferred amounts are payable according to the terms and subject to the conditions of said deferred compensation agreements. WellPoint allocates a share of the total accumulated costs of this plan to the Company based on the number of allocated employees subject to the deferred compensation agreements. During 2011 and 2010, these costs totaled \$233,218 and \$227,936. The Company has no legal obligation for benefits under this plan.

The Company participates in the WellPoint 401(k) Retirement Savings Plan, sponsored by ATH Holding and covering substantially all employees. Voluntary employee contributions are matched by ATH Holding subject to certain limitations. ATH Holding allocates a share of the total accumulated costs of this plan to the Company based on the number of allocated employees. During 2011 and 2010, these costs totaled \$8,942,654 and \$8,740,106, respectively. The Company has no legal obligation for benefits under these plans.

NOTES TO FINANCIAL STATEMENTS

E. Post Employment Benefits and Compensated Absences

Liabilities for earned not yet taken vacation and severance benefits have been accrued as of December 31, 2011 and 2010.

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

Not applicable.

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

(1) Outstanding Shares

As of December 31, 2011, the Company has 750 shares of \$10,000 par value common stock authorized. The number of shares issued and outstanding is 114.23.

(2) Preferred Stock

The Company has no preferred stock outstanding.

(3) Dividend Restrictions

The maximum amount of dividends which can be paid by State of Ohio insurance companies to shareholders without prior approval of the Insurance Commissioner is subject to restrictions relating to statutory surplus and net income. Within any 12 month period, cumulative dividends may not exceed the greater of 10% of statutory surplus at the prior December 31, or net income for the 12 month period ending at the prior December 31. Also, any dividend paid from other than earned surplus shall be considered an extraordinary dividend.

(4) Dividends Paid

See Footnote 10B.

(5) Maximum Ordinary Dividend During 2012

Within the limitations of (3) above, the Company may pay \$367,276,522 in dividends during 2012 without prior approval.

(6) Unassigned Surplus Restrictions

Unassigned surplus funds are not restricted at December 31, 2011.

(7) Mutual Surplus Advances

Not applicable.

(8) Company Stock Held for Special Purpose

There are no shares of stock held for special purposes at December 31, 2011.

(9) Changes in Special Surplus Funds

There are no special surplus funds at December 31, 2011.

(10) Changes in Unassigned Funds

The portion of unassigned funds represented by cumulative unrealized gains was \$59,027,705 at December 31, 2011.

NOTES TO FINANCIAL STATEMENTS

(11) Surplus Notes

The Company has not issued any surplus notes or debentures or similar obligations.

(12) Restatement due to Prior Quasi-reorganizations

The Company had no restatements due to prior quasi-reorganizations.

(13) Quasi-reorganizations over Prior 10 Years

The Company has not been involved in quasi-reorganizations during the past 10 years.

14. Contingencies

A. Contingent Commitments

The Company has a commitment to contribute an additional \$32,784,564 related to the Company's investment in joint ventures.

B. Assessments

The company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments are accrued at the time of insolvencies. Other assessments are accrued either at the time of the assessment or at the time the losses are incurred. The Company maintained a liability of \$795,525 for guaranty fund assessments as of December 31, 2011. This represented management's best estimate based on information received from the states in which the Company wrote business. Actual assessments could differ from management's estimates depending on the ultimate cost of insurer insolvencies. No assessments were made for the year ending December 31, 2010.

The Company is assessed amounts by the Ohio Health Reinsurance Program ("OHRP") to provide health insurance to Ohio residents who have lost their employer-sponsored group health insurance and/or who are unable to find adequate health insurance coverage in the private market due to their medical conditions. At December 31, 2011 the Company does not have an accrual for OHRP assessments.

C. Gain Contingencies

The Company has no gain contingencies at December 31, 2011.

D. Claims-Related Extra Contractual Obligation and Bad Faith Losses Stemming From Lawsuits

Not applicable.

E. All Other Contingencies

The Company is currently a defendant in a putative class action relating to out-of-network reimbursement of dental claims called *American Dental Association ("ADA") v. WellPoint Health Networks, Inc. and Blue Cross of California*. The lawsuit was filed in March 2002 by the ADA and three dentists who are suing on behalf of themselves and are seeking to sue on behalf of a nationwide class of all non-participating dental providers who were paid less than their actual charges for dental services provided to WellPoint dental members. The complaint alleges that WellPoint Health Networks Inc., Anthem Blue Cross of California and other WellPoint affiliates and subsidiaries ("WellPoint") improperly set usual and customary rate ("UCR") payment for out-of-network ("OON") dental services based on HIAA/Ingenix data. The plaintiffs claim, among other things, that the HIAA/Ingenix databases fail to account for differences in geography, provider specialty, outlier (high) charges, and complexity of procedure. The complaint further alleges that WellPoint was aware that this data was inappropriate to set UCR rates. The

NOTES TO FINANCIAL STATEMENTS

dentists sue as assignees of their patients’ rights to benefits under WellPoint’s dental plans and assert that WellPoint breached its contractual obligations in violation of ERISA by routinely paying OON dentists less than their actual charges and representing that its OON payments were properly determined UCR rates. The suit is currently pending in the United States District Court for the Southern District of Florida. A motion for summary judgment has been filed and is pending. The Company intends to vigorously defend this lawsuit; however, its ultimate outcome cannot be presently determined.

The Company is also involved in other pending and threatened litigation of the character incidental to the business transacted, arising out of its operations and is from time to time involved as a party in various governmental and administrative proceedings. These investigations, audits and reviews include routine and special investigations by state insurance departments, state attorneys general, the U.S. Attorney General and Federal agencies. Such investigations could result in the imposition of civil or criminal fines, penalties and other sanctions. The Company believes that any liability that may result from any one of these actions is unlikely to have a material adverse effect on the Company’s financial position or results of operations. In addition, the Company maintains direct professional liability coverage.

15. Leases

A. Lessee Leasing Arrangements

- 1. The Company leases office space, office equipment, EDP equipment, software and terminal lines under various noncancelable operating leases. Related lease expense for 2011 and 2010 was \$3,708,426 and \$4,646,152, respectively.
- 2. At December 31, 2011, future lease payments for operating leases with initial or remaining noncancelable terms of one year or more consisted of the following:

Year	Amount
2012	\$ 3,013,073
2013	3,059,535
2014	2,996,624
2015	2,652,395
2016	2,523,016
Thereafter	5,578,950

- 3. The Company has not entered into any material sales-leaseback transactions.

B. Lessor Leasing Arrangements

1. Operating Leases

The Company leases certain furniture and equipment to two affiliates, Anthem Insurance Companies, Inc. and Anthem Health Plans of Kentucky, Inc. For 2011 and 2010, the Company was paid rent of \$1,043,133 and \$1,499,269 respectively, as reimbursement costs related to the leased furniture and equipment. At December 31, 2011, the cost, accumulated depreciation and net book value of the leased furniture and equipment was \$22,988,411, \$22,385,281 and \$603,130 respectively.

The minimum future rentals for the next five years are as follows:

Year	Amount
2012	\$ 603,080
2013	50
2014	-
2015	-
2016	-

NOTES TO FINANCIAL STATEMENTS

2. The Company has not entered into any leveraged leases.

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

The Company has no significant financial instruments with off-balance sheet risk.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of investment securities. All investment securities are managed by professional investment managers within policies authorized by the board of directors. Such policies limit the amounts that may be invested in any one issuer and prescribe certain investee company criteria. As of December 31, 2011, there were no significant concentrations.

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

A. Transfers of Receivables Reported as Sales

Not applicable at December 31, 2011 and 2010.

B. Transfer and Servicing of Financial Assets

The Company participates in a securities lending program whereby marketable securities in its investment portfolio are transferred to independent brokers or dealers. At December 31, 2011 the fair value of securities loaned was \$155,273,398, and the carrying value of securities loaned was \$151,482,058.

C. Wash Sales

1. In the course of the Company's asset management, securities may be sold and reacquired within 30 days of the sale date to enhance the yield on the investments.
2. At December 31, 2011 and 2010, there were no wash sales involving securities with an NAIC designation of 3 or below or unrated.

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

A. Administrative Services Only Plans

Not applicable at December 31, 2011 and 2010.

B. Administrative Services Contract ("ASC") Plans

The gain from operations from ASC uninsured plans and the uninsured portion of partially insured plans during 2011 was:

	ASC Uninsured Plans
a) Gross reimbursement for medical cost incurred	\$ 7,252,847,450
b) Gross administrative fees accrued	400,150,318
c) Other income or expenses (including interest paid to or received from plans)	-
d) Gross expenses incurred (claims and administrative)	7,575,654,956
e) Total net gain from operations	<u>\$ 77,342,812</u>

C. Medicare or Other Similarly Structured Cost-Based Reimbursement Contract

Not applicable at December 31, 2011 and 2010.

NOTES TO FINANCIAL STATEMENTS

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

No premiums were written by managing general agents or third party administrators during the years ended December 31, 2011 and 2010.

20. Fair Value Measurements

1. Fair value measurement at reporting date:

	(\$ in thousands)			
	Level I	Level II	Level III	Total
Bonds				
Industrial and miscellaneous	\$ -	\$ 32,202	\$ 758	\$ 32,960
Hybrid securities	-	973	-	973
Total bonds	-	33,175	758	33,933
Common stock				
Industrial and miscellaneous	216,077	6,379	-	222,456
Total common stock	216,077	6,379	-	222,456
Total assets at fair value	\$ 216,077	\$ 39,554	\$ 758	\$ 256,389

2. Assets measured at fair value using significant unobservable inputs (Level III):

	Balance at 01/01/2011	Securities not previously carried at Fair Value	Total gains (losses) included in Net Income	Total gains (losses) included in Surplus	Purchases, issuances, sales and settlements	Balance at 12/31/2011
Industrial and miscellaneous	\$ -	\$ 783	\$ -	\$ (24)	\$ (1)	\$ 758
Total	\$ -	\$ 783	\$ -	\$ (24)	\$ (1)	\$ 758

These transfers into Level III represent non-investment grade bonds that were not previously reported at fair value. The fair value of these securities is now below the amortized cost and thus they are now carried at fair value. The Company's policy is to recognize transfers between Levels, if any, as of the beginning of the reporting period.

3. Fair values of fixed maturity securities are based on quoted market prices, where available. These fair values are obtained primarily from third party pricing services, which generally use Level I or Level II inputs, for the determination of fair value to facilitate fair value measurements and disclosures. United States Government securities represent Level I securities, while Level II securities primarily include corporate securities, securities from states, municipalities and political subdivisions and residential mortgage-backed securities. For securities not actively traded, the third party pricing services may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds.

Fair values of equity securities are generally designated as Level I and are based on quoted market prices. For certain equity securities, quoted market prices for the identical security are not always available and the fair value is estimated by reference to similar securities for which quoted prices are available. These securities are designated Level II.

There have been no significant changes in the valuation techniques during the current period.

NOTES TO FINANCIAL STATEMENTS

21. Other Items

A. Extraordinary Items

Not applicable at December 31, 2011 and 2010.

B. Troubled Debt Restructuring

Not applicable at December 31, 2011 and 2010.

C. Other Disclosures

Assets in the amount of \$401,490 and \$399,958 at December 31, 2011 and 2010, respectively, were on deposit with government authorities or trustees as required by law.

D. Uncollectible Premium Receivables

At December 31, 2011 and 2010, the Company reported admitted assets of \$240,302,058 and \$213,363,458, respectively in premiums receivables and in receivables due from uninsured plans. Based upon Company experience, any uncollectible receivables are not expected to exceed \$34,037,938 that was non-admitted at December 31, 2011; therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial condition.

E. Business Interruption Insurance Recoveries

The Company has reported no recoveries for business interruption for the years ended December 31, 2011 and 2010.

F. State Transferable Tax Credits

The Company did not have state transferable tax credits at December 31, 2011 and 2010.

G. Subprime Mortgage-Related Risk Exposure

- a. The Company consults with its external investment managers to assess its subprime mortgage-related risk exposure. The general categories of information considered in determining exposure are collateral and the structure of the security. Other categories considered in determining the exposure include loan purpose, loan documentation, occupancy, geographical location, loan size and loan type. Subprime mortgage borrowers typically have lower credit scores, lower loan balances and higher loan-to-values than other conforming loans.
- b. At December 31, 2011, the Company did not carry investments in subprime mortgage loans in its portfolio.
- c. At December 31, 2011, the Company's investment portfolio did not contain investments with subprime mortgage-related risk exposure.
- d. The Company did not underwrite Mortgage Guaranty or Financial Guaranty insurance coverage at December 31, 2011.

H. Retained Assets

The Company did not have any retained assets at December 31, 2011 and 2010.

NOTES TO FINANCIAL STATEMENTS

22. Events Subsequent

On January 25, 2012, the Company borrowed \$100,000,000 from the Federal Home Loan Bank of Cincinnati. The advance has a fixed rate of 0.07% and will be paid in full on April 26, 2012. Subsequent events have been considered through February 28, 2012 for the statutory statement issued on February 28, 2012.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

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

Yes () No (X)

If yes, give full details.

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

Yes () No (X)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

1. Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?

Yes () No (X)

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

\$_____

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

\$_____

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)

NOTES TO FINANCIAL STATEMENTS

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

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

\$0

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

Yes () No (X)

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

\$_____

B. Uncollectible Reinsurance

The Company has no uncollectible reinsurance at December 31, 2011 and 2010.

C. Commutation of Ceded Reinsurance

The Company has not commuted ceded reinsurance during 2011 and 2010.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. The Company sells group accident and health policies and Medicare Part D prescription drug coverage within a Medicare Advantage arrangement for which the premiums vary based on loss experience. The Company estimates retrospective premium adjustments through the review of each retrospectively rated account, comparing the claim development with that anticipated in the policy contracts.
- B. The Company records accrued retrospective premium through written premium.
- C. The amount of net premiums written by the Company in 2011 and 2010 that were subject to retrospective rating features was \$55,614,474 and \$90,492,985, respectively, which represented 1% and 2%, respectively, of total net premiums written. Premium subject to retrospective rating features in 2011 and 2010 included premiums of \$51,301,143 and \$30,691,987, respectively, from the Company's Medicare Advantage Part D coverage.
- D. In accordance with the NAIC Accounting Practices and Procedures Manual, medical loss ratio rebates in accordance with the Federal 2010 Patient Protection and Affordable Care Act and Public Health Service Act, are to be reported in accordance with SSAP No. 66 – Retrospectively Rated Contracts (SSAP No. 66). A retrospectively rated contract is one which has the final policy premium calculated based on the loss experience of the insured during the term of the policy (including loss development after the term of the policy) and the stipulated formula set forth in the policy, or in the case of medical loss ratio rebates, a formula required by law. The Company based the incurred and unpaid liability amounts reported below based on its underwriting experience; actuarial, tax, and accounting estimates and assumptions at the financial statement date; as well as regulations and guidance available that is not final and subject to change prior to

NOTES TO FINANCIAL STATEMENTS

settlement. Accordingly, the Company’s use of estimates and assumptions in the preparation of the statutory based financial statements and related footnote disclosures may differ from actual results. Hence, the amounts reported herein are for financial reporting purposes solely and not intended to be used for settlement purposes.

Medical loss ratio rebates accrued pursuant to the Public Health Service Act are as follows as of December 31, 2011:

	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Medical loss ratio rebates incurred	\$ 6,633,894	\$ -	\$ -	\$ -	\$ 6,633,894
Medical loss ratio rebates paid	-	-	-	-	-
Medical loss ratio rebates unpaid	\$ 6,633,894	\$ -	\$ -	\$ -	\$ 6,633,894
Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$ 6,633,894

The Company has no medical loss ratio rebate accrual information to report for the year ended December 31, 2010.

25. Change in Incurred Claims and Claim Adjustment Expenses

The estimated cost of claims and claims adjustment expenses attributable to insured events of prior years decreased by \$12,970,689 during 2011. This is approximately 3.69% of unpaid claims and claim adjustment expenses of \$351,697,301 as of December 31, 2010. The redundancy reflects the decreases in estimated claims and claims adjustment expenses as a result of claims payment during the year, and as additional information is received regarding claims incurred prior to 2011. Recent claim development trends are also taken into account in evaluating the overall adequacy of unpaid claims and claims adjustment expenses. Included in this decrease, the company experienced \$42,142 of unfavorable prior year claim development on retrospectively rated policies. However, since the business to which it relates is subject to premium adjustments, there was no significant impact on surplus.

26. Intercompany Pooling Arrangements

Not applicable at December 31, 2011 and 2010.

27. Structured Settlements

Not applicable at December 31, 2011 and 2010.

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

NOTES TO FINANCIAL STATEMENTS

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
4 th Qtr 2011	\$ 7,149,930	\$ 19,638,094	\$ -	\$ -	\$ -
3 rd Qtr 2011	7,859,992	18,973,001	-	-	-
2 nd Qtr 2011	9,630,215	15,908,700	655,991	24,863,210	-
1 st Qtr 2011	9,878,625	15,594,468	-	21,779,724	3,000,012
4 th Qtr 2010	1,173,679	25,015,792	622,882	24,724,500	1,146,260
3 rd Qtr 2010	855,274	23,440,281	640,066	22,290,022	2,622,996
2 nd Qtr 2010	2,424,805	22,005,152	530,937	21,899,050	2,272,154
1 st Qtr 2010	8,620,659	17,210,049	545,649	18,264,799	5,422,845
4 th Qtr 2009	30,744,105	28,421,013	27,503,491		1,706,555
3 rd Qtr 2009	29,752,171	30,165,892	3,260,380	26,905,513	-
2 nd Qtr 2009	28,404,489	30,838,767		30,868,800	(30,032)
1 st Qtr 2009	24,760,270	27,716,094		27,716,142	(47)

B. Risk Sharing Receivables

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received 1st Year Subsequent	Actual Risk Sharing Amounts Received 2nd Year	Actual Risk Sharing Amounts Received – All Other
2011	2011	\$ 133,000	\$ 133,000		\$ 133,000	-	-	-	-
	2012	n/a							
2010	2010	\$ 133,000	\$ 133,000		\$ 133,000	-	-	-	-
	2011	n/a							
2009	2009	\$ 133,000	\$ 133,000	-	\$ 133,000	-	-	-	-
	2010	n/a							

29. Participating Policies

Not applicable at December 31, 2011 and 2010.

30. Premium Deficiency Reserves

The Company did not record premium deficiency reserves at December 31, 2011 and 2010.

31. Anticipated Subrogation and Other Recoveries

The Company took into account estimated anticipated subrogation and other recoveries in its determination of the liability for unpaid claims and reduced its liability by \$18,689,000 and \$11,611,000 at December 31, 2011 and 2010, respectively.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐

1.3

State Regulating?

Ohio

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2007

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.

12/31/2007

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).

05/04/2009

3.4

By what department or departments?
Ohio Department of Insurance

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☐ No ☐ N/A ☒

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☐ No ☐ N/A ☒

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business?

Yes ☐ No ☒

4.12 renewals?

Yes ☐ No ☒

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business?

Yes ☐ No ☒

4.22 renewals?

Yes ☐ No ☒

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒

5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒

7.2

If yes,

7.21 State the percentage of foreign control;

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

1

2

Nationality

Type of Entity

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

GENERAL INTERROGATORIES

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]

8.4

If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Ernst & Young, LLP 111 Monument Circle, Suite 2600, Indianapolis, IN 46204

10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [] No [X]

10.2

If the response to 10.1 is yes, provide information related to this exemption:

10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes [] No [X]

10.4

If the response to 10.3 is yes, provide information related to this exemption:

10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [X] No [] N/A []

10.6

If the response to 10.5 is no or n/a, please explain

11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Cheryl Allari, FSA, MAAA, VP and Valuation, 4361 Irwin Simpson Road, Mason, OH 45040, officer/employee

12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]

12.11

Name of real estate holding company

12.12

Number of parcels involved

12.13

Total book/adjusted carrying value

\$

12.2

If, yes provide explanation:

13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1

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

13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []

13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []

13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] N/A []

14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [X] No []

(a)

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b)

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c)

Compliance with applicable governmental laws, rules and regulations;

(d)

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e)

Accountability for adherence to the code.

14.11

If the response to 14.1 is No, please explain:

14.2

Has the code of ethics for senior managers been amended?

Yes [X] No []

14.21

If the response to 14.2 is yes, provide information related to amendment(s).

All WellPoint associates, including senior management, are bound by the WellPoint Standards of Ethical Business Conduct (the Code). Annually, the Ethics and Compliance Department reviews the Code for new topics, changes in policies and/or new policies. Any changes that are ultimately made to the Code during the annual review process must be approved by senior management, the Audit Committee, and the WellPoint Board of Directors. The Code was revised in March of 2011 to include the following major enhancements: 1) Letter from Chairman, President and CEO updated, 2) Core Values updated to reflect "Continuous Improvement" 3) Foreign Corrupt Practices Act" section revised to reflect new policy approved in 2010, and 4) Procurement section revised to reflect procurement policies and supplier code of conduct.

14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]

14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? 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	3	4
	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes ☒ 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 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\$

20.12 To stockholders not officers\$

20.13 Trustees, supreme or grand (Fraternal Only)\$
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers\$

20.22 To stockholders not officers\$

20.23 Trustees, supreme or grand (Fraternal Only)\$
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes ☐ No ☒
- 21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others\$

21.22 Borrowed from others\$

21.23 Leased from others\$

21.24 Other\$
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes ☐ No ☒
- 22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment\$

22.22 Amount paid as expenses\$

22.23 Other amounts paid\$
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes ☒ No ☐
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:\$0

INVESTMENT

- 24.1 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 24.3) Yes ☐ No ☒
- 24.2 If no, give full and complete information relating thereto
The Company has securities on deposit with the State of Ohio.
- 24.3 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) See notes 5E and 17 for details.
- 24.4 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 ☐
- 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs.\$159,211,492
- 24.6 If answer to 24.4 is no, report amount of collateral for other programs.\$
- 24.7 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 ☐
- 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes ☒ No ☐ N/A ☐
- 24.9 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 ☐

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

GENERAL INTERROGATORIES

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3). Yes [X] No []

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

25.21 Subject to repurchase agreements \$

25.22 Subject to reverse repurchase agreements \$

25.23 Subject to dollar repurchase agreements \$

25.24 Subject to reverse dollar repurchase agreements \$

25.25 Pledged as collateral \$ 111,770,904

25.26 Placed under option agreements \$

25.27 Letter stock or other securities restricted as to sale \$

25.28 On deposit with state or other regulatory body \$ 401,490

25.29 Other \$

25.3 For category (25.27) 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. \$

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [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
The Bank of New York Mellon Corporation	New York, NY

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

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

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 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
107105	BlackRock Financial Management	New York, NY
105006	Deutsche Asset Management	New York, NY
113878	McDonnell Investment Management, LLC	Oak Brook, IL
107346	Seix Advisors	Upper Saddle River, NJ
Not Available	State Street Global Advisors	Boston, MA

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

GENERAL INTERROGATORIES

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

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2999 - Total		0

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

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation

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

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	1,370,013,598	1,442,720,783	72,707,185
30.2 Preferred stocks	0		0
30.3 Totals	1,370,013,598	1,442,720,783	72,707,185

- 30.4 Describe the sources or methods utilized in determining the fair values:
Fair values were obtained from third-party pricing sources. If a security was not priced by a third-party pricing source, internal analytical systems or broker quotes were utilized.
- 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 []
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?
- Yes [X] No []
- 32.2 If no, list exceptions:

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$1,161,969

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

1 Name	2 Amount Paid
Blue Cross Blue Shield Association	1,161,969
.....

34.1 Amount of payments for legal expenses, if any?\$3,095,239

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

1 Name	2 Amount Paid
Hogan & Hartson	961,411
.....

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?\$90,052

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

1 Name	2 Amount Paid
The Success Group	90,000
Lobbying expenses disclosed reflect amounts reported in the Lobbyist Disclosure Reports filed with the Secretary of State as well as the cost of external contractors who provided lobbying services to the Company. The amount may include expenses that may have been paid by an affiliate on behalf of the Company and, as a result, may not be included in the Underwriting Gain reported on page 4 of the 2011 Annual Statement. ....	.....
.....

GENERAL INTERROGATORIES

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.

\$ 109,259,335

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$ 81,136,410

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$ 14,366,058

1.62

Total incurred claims

\$ 10,852,857

1.63

Number of covered lives

12,521

All years prior to most current three years:

1.64

Total premium earned

\$ 33,723,956

1.65

Total incurred claims

\$ 24,381,725

1.66

Number of covered lives

11,522

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$ 6,381,668

1.72

Total incurred claims

\$ 5,208,739

1.73

Number of covered lives

2,846

All years prior to most current three years:

1.74

Total premium earned

\$ 54,787,653

1.75

Total incurred claims

\$ 40,693,089

1.76

Number of covered lives

22,170

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

4,513,686,008

4,148,819,104

2.2

Premium Denominator

4,513,686,008

4,148,819,104

2.3

Premium Ratio (2.1/2.2)

1.000

1.000

2.4

Reserve Numerator

522,462,771

467,562,528

2.5

Reserve Denominator

522,462,771

467,562,528

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 []

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [] No [X]

5.2

If no, explain:
Wellpoint has the ability to cover costs for the entity as needed.

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$

5.32

Medical Only

\$

5.33

Medicare Supplement

\$

5.34

Dental & Vision

\$

5.35

Other Limited Benefit Plan

\$

5.36

Other

\$

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
The Company's provider contracts include insolvency provisions, continuity of care provisions, and hold harmless language. Benefit certificates include continuation and conversion language allowing subscribers and dependents to continue or convert coverage under certain circumstances. WellPoint, Inc. will assume, pay and discharge th eobligations in the event the Company is insolvent.

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

65,677

8.2

Number of providers at end of reporting year

57,932

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [X] No []

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months.

\$ 2,624,644

9.22

Business with rate guarantees over 36 months

\$ 411,975

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

GENERAL INTERROGATORIES

10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [X] No []

10.2

If yes:

10.21

Maximum amount payable bonuses

\$ 4,461,591

10.22

Amount actually paid for year bonuses

\$ 4,171,496

10.23

Maximum amount payable withholds

\$

10.24

Amount actually paid for year withholds

\$

11.1

Is the reporting entitiy organized as:

11.12

A Medical Group/Staff Model,

Yes [] No [X]

11.13

An Individual Practice Association (IPA), or,

Yes [] No [X]

11.14

A Mixed Model (combination of above)?

Yes [] No [X]

11.2

Is the reporting entity subject to Minimum Net Worth Requirements?

Yes [X] No []

11.3

If yes, show the name of the state requiring such net worth.

Ohio

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 reporting entity is licensed to operate:

1 Name of Service Area
State of Ohio
State of Indiana

13.1

Do you act as a custodian for health savings accounts?

Yes [] No [X]

13.2

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

\$

13.3

Do you act as an administrator for health savings accounts?

Yes [] No [X]

13.4

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

\$

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

FIVE-YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	1,882,344,244	1,994,795,669	2,919,438,009	1,736,571,420	1,834,421,995
2. Total liabilities (Page 3, Line 24)	1,190,233,898	1,271,536,362	2,292,924,338	1,077,754,072	1,129,666,602
3. Statutory surplus	2,500,000	2,500,000	2,500,000	6,670,448	19,460,271
4. Total capital and surplus (Page 3, Line 33)	692,110,346	723,259,307	626,513,671	658,817,349	704,755,393
Income Statement (Page 4)					
5. Total revenues (Line 8)	4,517,103,718	4,141,723,181	4,068,642,682	4,451,697,236	4,672,109,649
6. Total medical and hospital expenses (Line 18)	3,672,016,330	3,266,036,454	3,400,217,985	3,632,356,255	3,869,172,655
7. Claims adjustment expenses (Line 20)	65,336,799	73,066,409	97,641,498	127,763,064	87,781,872
8. Total administrative expenses (Line 21)	317,776,760	329,891,538	344,285,786	240,491,207	292,950,608
9. Net underwriting gain (loss) (Line 24)	467,208,829	476,157,780	226,011,414	462,691,310	410,195,914
10. Net investment gain (loss) (Line 27)	78,381,511	84,739,204	2,393,017,105	90,520,431	145,550,215
11. Total other income (Lines 28 plus 29)	2,819,716	63,412	(1,152,801)	(255,443)	(725,502)
12. Net income or (loss) (Line 32)	367,276,522	375,666,962	2,516,319,822	614,857,501	385,843,967
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	389,001,866	(917,962,528)	165,135,357	622,919,767	570,113,043
Risk-Based Capital Analysis					
14. Total adjusted capital	692,110,346	723,259,307	626,513,671	738,673,013	704,755,393
15. Authorized control level risk-based capital	166,623,585	149,642,575	154,881,946	169,582,374	183,131,315
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	1,743,198	1,729,649	1,768,370	1,862,097	1,986,673
17. Total members months (Column 6, Line 7)	20,964,701	20,701,945	21,534,830	22,922,983	23,585,862
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)	81.3	78.8	83.6	81.6	100.0
20. Cost containment expenses	1.3	1.4	1.4	1.6	1.4
21. Other claims adjustment expenses	0.1	0.4	1.0	1.3	1.9
22. Total underwriting deductions (Line 23)	89.7	88.5	94.4	89.6	109.1
23. Total underwriting gain (loss) (Line 24)	10.3	11.5	5.6	10.4	(9.1)
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	329,883,419	282,290,352	400,042,800	500,163,392	324,224,312
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	338,936,907	359,006,701	415,108,005	489,138,520	349,302,644
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0		0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)		0			0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0		62,235,142
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate				0	0
31. All other affiliated	18,517,811			93,824,398	75,629,697
32. Total of above Lines 26 to 31	18,517,811	0	0	93,824,398	137,864,839

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

If no, please explain:

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories										
		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama	AL	N						0	
2.	Alaska	AK	N						0	
3.	Arizona	AZ	N						0	
4.	Arkansas	AR	N						0	
5.	California	CA	N						0	
6.	Colorado	CO	N						0	
7.	Connecticut	CT	N						0	
8.	Delaware	DE	N						0	
9.	District of Columbia	DC	N						0	
10.	Florida	FL	N						0	
11.	Georgia	GA	N						0	
12.	Hawaii	HI	N						0	
13.	Idaho	ID	N						0	
14.	Illinois	IL	N						0	
15.	Indiana	IN	L	43,421,816					43,421,816	
16.	Iowa	IA	N						0	
17.	Kansas	KS	N						0	
18.	Kentucky	KY	N						0	
19.	Louisiana	LA	N						0	
20.	Maine	ME	N						0	
21.	Maryland	MD	N						0	
22.	Massachusetts	MA	N						0	
23.	Michigan	MI	N						0	
24.	Minnesota	MN	N						0	
25.	Mississippi	MS	N						0	
26.	Missouri	MO	N						0	
27.	Montana	MT	N						0	
28.	Nebraska	NE	N						0	
29.	Nevada	NV	N						0	
30.	New Hampshire	NH	N						0	
31.	New Jersey	NJ	N						0	
32.	New Mexico	NM	N						0	
33.	New York	NY	N						0	
34.	North Carolina	NC	N						0	
35.	North Dakota	ND	N						0	
36.	Ohio	OH	L	3,224,266,082	1,260,002,804	(49,919)	(13,941,015)		4,470,277,952	
37.	Oklahoma	OK	N						0	
38.	Oregon	OR	N						0	
39.	Pennsylvania	PA	N						0	
40.	Rhode Island	RI	N						0	
41.	South Carolina	SC	N						0	
42.	South Dakota	SD	N						0	
43.	Tennessee	TN	N						0	
44.	Texas	TX	N						0	
45.	Utah	UT	N						0	
46.	Vermont	VT	N						0	
47.	Virginia	VA	N						0	
48.	Washington	WA	N						0	
49.	West Virginia	WV	N						0	
50.	Wisconsin	WI	N						0	
51.	Wyoming	WY	N						0	
52.	American Samoa	AS	N						0	
53.	Guam	GU	N						0	
54.	Puerto Rico	PR	N						0	
55.	U.S. Virgin Islands	VI	N						0	
56.	Northern Mariana Islands	MP	N						0	
57.	Canada	CN	N						0	
58.	Aggregate other alien	OT	XXX0	0	0	0	0	0	0	0
59.	Subtotal	XXX	3,224,266,082	1,303,424,620	(49,919)	(13,941,015)	0	0	4,513,699,768	0
60.	Reporting entity contributions for Employee Benefit Plans	XXX							0	
61.	Total (Direct Business)	(a) 2	3,224,266,082	1,303,424,620	(49,919)	(13,941,015)	0	0	4,513,699,768	0
DETAILS OF WRITE-INS										
5801.	.....	XXX								
5802.	.....	XXX								
5803.	.....	XXX								
5898.	Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899.	Totals (Lines 5801 through 5803 plus 5898)(Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

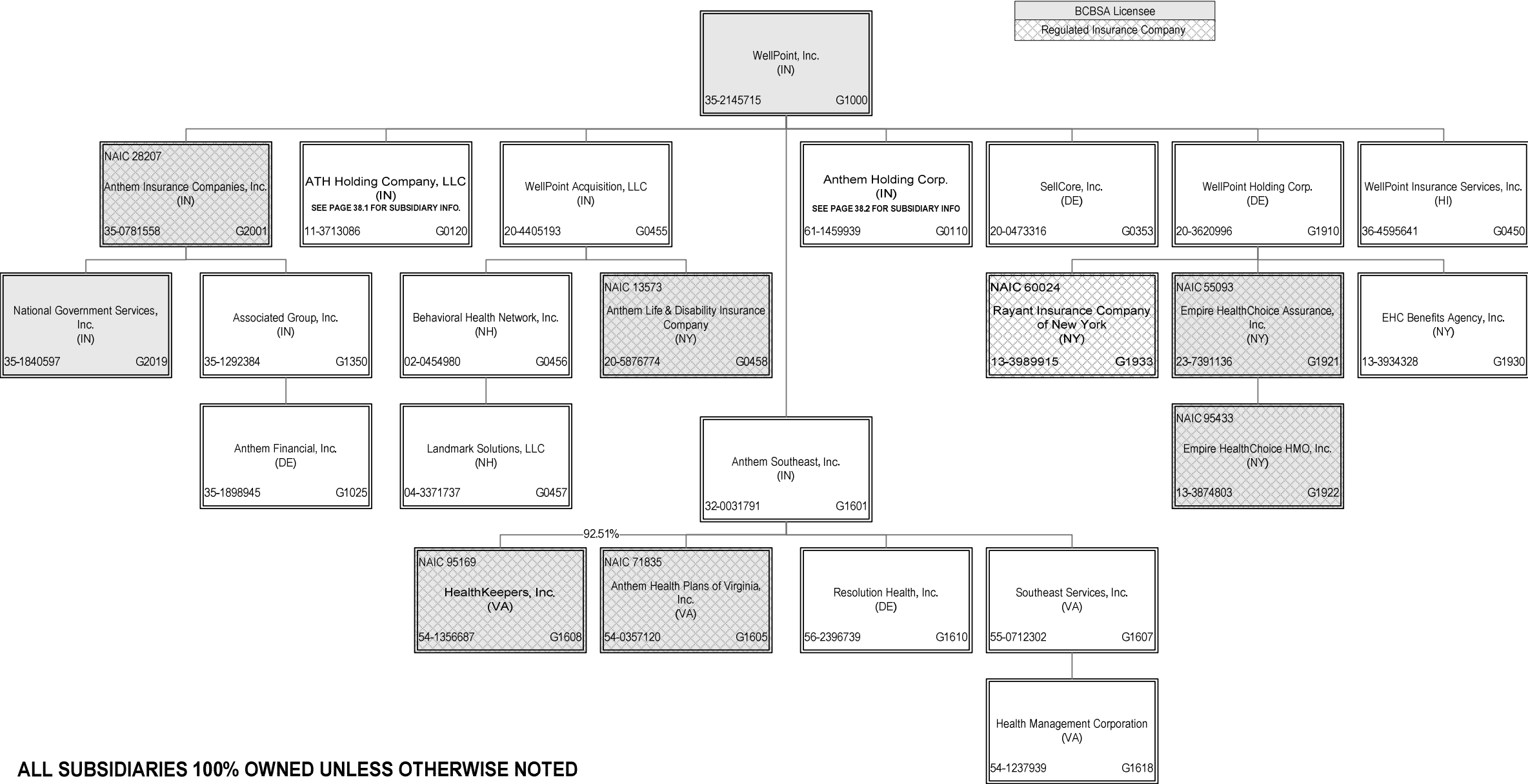
Explanation of basis of allocation by states, premiums by state, etc.

Allocate based on the situs of the contract.

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

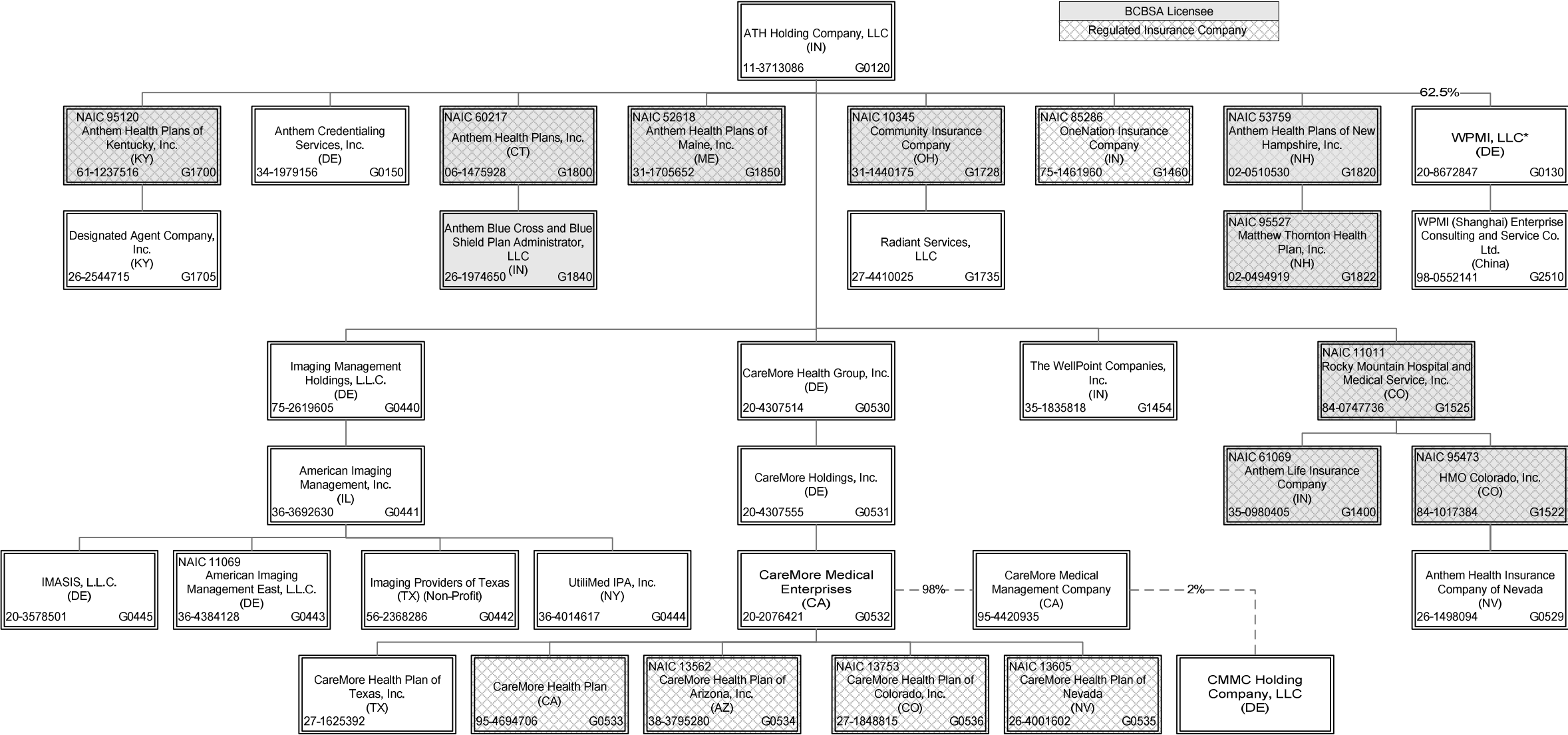
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY
PART 1 – ORGANIZATIONAL CHART

38



ALL SUBSIDIARIES 100% OWNED UNLESS OTHERWISE NOTED

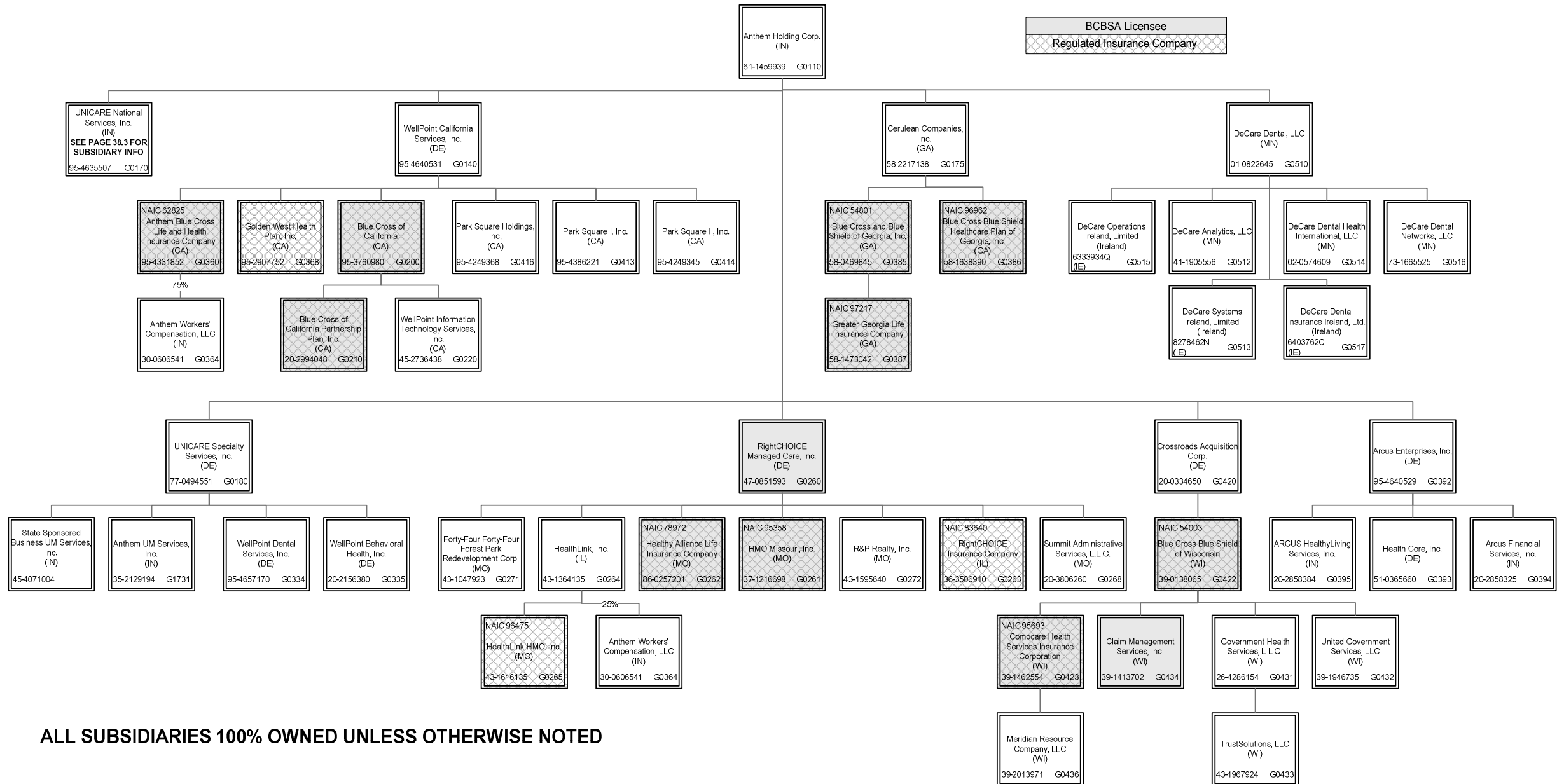
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY
PART 1 – ORGANIZATIONAL CHART



ALL SUBSIDIARIES 100% OWNED UNLESS OTHERWISE NOTED

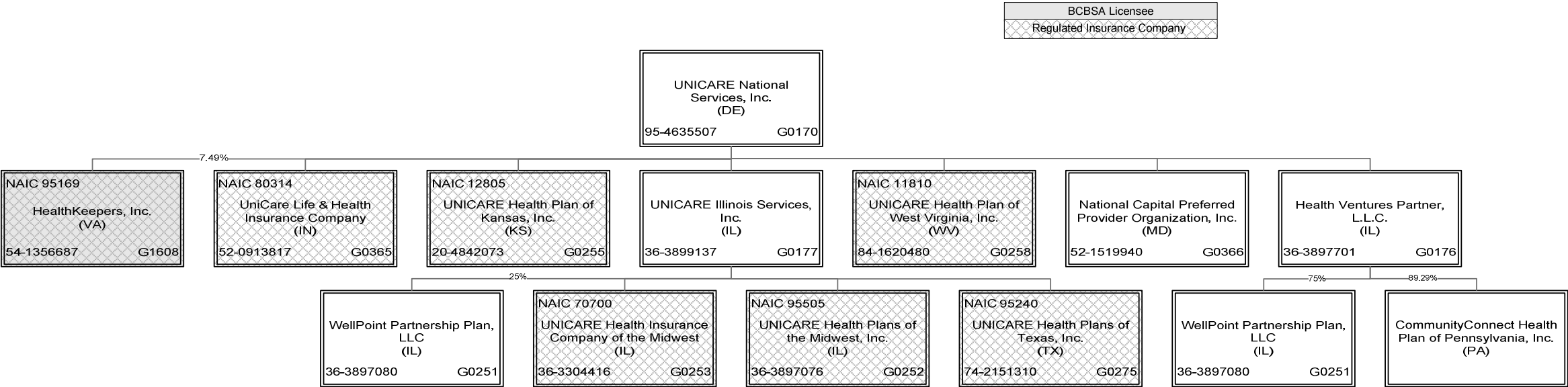
*37.5% of WPMI, LLC is owned by unaffiliated investors

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



ALL SUBSIDIARIES 100% OWNED UNLESS OTHERWISE NOTED

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



ALL SUBSIDIARIES 100% OWNED UNLESS OTHERWISE NOTED

*10.71% of CommunityConnect Health Plan of Pennsylvania, Inc. is owned by unaffiliated investors

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Community Insurance Company

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Exhibit of Net Investment Income Line 9

	1	2
	Collected During Year	Earned During Year
0904. Securities lending accrual .....	.....	.....33,626
0997. Summary of remaining write-ins for Line 9 from overflow page	0	33,626

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