



HEALTH ANNUAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2016  
OF THE CONDITION AND AFFAIRS OF THE  
Community Insurance Company

NAIC Group Code 0671 0671 NAIC Company Code 10345 Employer's ID Number 31-1440175  
(Current) (Prior)  
Organized under the Laws of Ohio, State of Domicile or Port of Entry OH  
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, Mason , OH, US 45040-9498  
(Street and Number) (City or Town, State, Country and Zip Code)  
Main Administrative Office 4361 Irwin Simpson Road  
(Street and Number)  
Mason , OH, US 45040-9498 513-872-8100  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)  
Mail Address N17 W24340 Riverwood Drive, Waukesha , WI, US 53188  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)  
Primary Location of Books and Records N17 W24340 Riverwood Drive  
(Street and Number)  
Waukesha , WI, US 53188 262-523-3683  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)  
Internet Website Address www.anthem.com  
Statutory Statement Contact Jill M. Waddell, 262-523-3683  
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OFFICERS

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

OTHER

Eric (Rick) Kenneth Noble, Assistant Treasurer Denise Marie Meridith, Valuation Actuary Kristin Kim Cherie Howard #, Assistant Secretary

DIRECTORS OR TRUSTEES

Carter Allen Beck Ronald William Penczek # Erin Patricia Hoeflinger  
Catherine Irene Kelaghan Kathleen Susan Kiefer

State of Ohio SS:  
County of Warren

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 2nd day of February 2017  
Shellea Adams

- 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 .....



SHELLIA G. ADAMS  
Notary Public, State of Ohio  
My Commission Expires  
April 1, 2021

ANNUAL STATEMENT FOR THE YEAR 2016 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, 182, 778, 105		1, 182, 778, 105	1, 130, 911, 801
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	162, 195		162, 195	0
2.2 Common stocks .....	292, 032, 467		292, 032, 467	250, 218, 151
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ .....0 encumbrances) .....	10, 660, 364		10, 660, 364	12, 439, 300
4.2 Properties held for the production of income (less \$ .....0 encumbrances) .....			0	0
4.3 Properties held for sale (less \$ .....0 encumbrances) .....	134, 395		134, 395	0
5. Cash (\$ .....(314, 358, 530) , Schedule E - Part 1), cash equivalents (\$ ..... , Schedule E - Part 2) and short-term investments (\$ .....65, 182, 035 , Schedule DA) .....	(249, 176, 495)		(249, 176, 495)	(138, 504, 389)
6. Contract loans, (including \$ ..... premium notes) .....			0	0
7. Derivatives (Schedule DB) .....			0	0
8. Other invested assets (Schedule BA) .....	57, 932, 217		57, 932, 217	47, 738, 113
9. Receivables for securities .....	5, 228, 410		5, 228, 410	6, 542, 098
10. Securities lending reinvested collateral assets (Schedule DL) .....	112, 545, 331		112, 545, 331	140, 667, 893
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	1, 412, 296, 989	0	1, 412, 296, 989	1, 450, 012, 967
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	10, 156, 136	12, 933	10, 143, 203	10, 608, 549
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	34, 760, 350	2, 832, 564	31, 927, 786	19, 089, 703
15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$ .....125, 491, 035 earned but unbilled premiums) .....	125, 491, 035		125, 491, 035	115, 606, 873
15.3 Accrued retrospective premiums (\$ .....7, 558, 707 ) and contracts subject to redetermination (\$ .....68, 151, 240 ) .....	75, 709, 947		75, 709, 947	47, 978, 618
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	14, 857, 210		14, 857, 210	15, 187, 021
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 .....	326, 497, 063	44, 334, 255	282, 162, 808	210, 943, 668
18.1 Current federal and foreign income tax recoverable and interest thereon .....	8, 787, 508		8, 787, 508	0
18.2 Net deferred tax asset .....	58, 980, 719		58, 980, 719	61, 074, 330
19. Guaranty funds receivable or on deposit .....	10, 255, 434		10, 255, 434	288, 865
20. Electronic data processing equipment and software .....	298		298	298
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	2, 923, 499	2, 923, 499	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....	67, 404, 206		67, 404, 206	124, 339, 858
24. Health care (\$ .....33, 951, 372 ) and other amounts receivable .....	87, 148, 998	53, 197, 626	33, 951, 372	29, 305, 274
25. Aggregate write-ins for other than invested assets .....	12, 519, 268	5, 806, 822	6, 712, 446	6, 952, 072
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	2, 247, 788, 660	109, 107, 699	2, 138, 680, 961	2, 091, 388, 096
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27)	2, 247, 788, 660	109, 107, 699	2, 138, 680, 961	2, 091, 388, 096
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. Bluecard receivables .....	6, 478, 550		6, 478, 550	6, 609, 547
2502. Other miscellaneous accounts receivable .....	6, 040, 718	5, 806, 822	233, 896	342, 525
2503. ....				
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)	12, 519, 268	5, 806, 822	6, 712, 446	6, 952, 072

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$ .....2,143,807 reinsurance ceded) .....	496,156,946	13,157,150	509,314,096	513,192,647
2. Accrued medical incentive pool and bonus amounts .....	25,980,377		25,980,377	11,308,578
3. Unpaid claims adjustment expenses .....	16,368,119		16,368,119	17,675,483
4. Aggregate health policy reserves, including the liability of \$ .....4,549,731 for medical loss ratio rebate per the Public Health Service Act .....	38,669,606		38,669,606	49,910,676
5. Aggregate life policy reserves .....			0	0
6. Property/casualty unearned premium reserves .....			0	0
7. Aggregate health claim reserves .....	101,830		101,830	102,688
8. Premiums received in advance .....	59,389,062		59,389,062	54,712,251
9. General expenses due or accrued .....	50,947,048		50,947,048	52,864,047
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses)) .....			0	1,162,656
10.2 Net deferred tax liability .....			0	0
11. Ceded reinsurance premiums payable .....			0	0
12. Amounts withheld or retained for the account of others .....	1,577,467		1,577,467	1,794,168
13. Remittances and items not allocated .....	18,799,991		18,799,991	32,492,015
14. Borrowed money (including \$ .....150,000,000 current) and interest thereon \$ .....5,500 (including \$ .....5,500 current) .....	150,005,500		150,005,500	150,178,333
15. Amounts due to parent, subsidiaries and affiliates .....	160,576,442		160,576,442	147,330,302
16. Derivatives .....			0	0
17. Payable for securities .....	32,036,407		32,036,407	20,146,393
18. Payable for securities lending .....	112,545,335		112,545,335	140,667,893
19. Funds held under reinsurance treaties (with \$ ..... authorized reinsurers, \$ .....0 unauthorized reinsurers and \$ .....0 certified reinsurers) .....			0	0
20. Reinsurance in unauthorized and certified (\$ ..... ) companies .....			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates .....			0	0
22. Liability for amounts held under uninsured plans .....	107,328,610		107,328,610	104,563,567
23. Aggregate write-ins for other liabilities (including \$ .....27,768,838 current) .....	47,268,815	0	47,268,815	39,147,081
24. Total liabilities (Lines 1 to 23) .....	1,317,751,555	13,157,150	1,330,908,705	1,337,248,778
25. Aggregate write-ins for special surplus funds .....	XXX	XXX	4,955,197	89,471,519
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	
30. Aggregate write-ins for other than special surplus funds .....	XXX	XXX	0	0
31. Unassigned funds (surplus) .....	XXX	XXX	606,281,229	468,131,969
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	807,772,256	754,139,318
34. Total liabilities, capital and surplus (Lines 24 and 33) .....	XXX	XXX	2,138,680,961	2,091,388,096
DETAILS OF WRITE-INS				
2301. Escheat liabilities .....	34,449,621		34,449,621	30,941,954
2302. Performance guarantee .....	4,465,893		4,465,893	1,953,251
2303. Other accrued expenses - non trade .....	8,353,301		8,353,301	6,251,876
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above) .....	47,268,815	0	47,268,815	39,147,081
2501. Estimated ACA insurer fee .....	XXX	XXX		84,012,403
2502. Deferred gain on sale-leaseback transaction .....	XXX	XXX	4,955,197	5,459,116
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	4,955,197	89,471,519
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	21,880,782	22,435,066
2. Net premium income ( including \$ ..... non-health premium income) .....	XXX	5,279,629,583	5,271,222,286
3. Change in unearned premium reserves and reserve for rate credits .....	XXX	17,419,342	(16,521,076)
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX	0	
5. Risk revenue .....	XXX	0	
6. Aggregate write-ins for other health care related revenues .....	XXX	0	0
7. Aggregate write-ins for other non-health revenues .....	XXX	0	700,000
8. Total revenues (Lines 2 to 7) .....	XXX	5,297,048,925	5,255,401,210
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		2,810,145,695	3,150,109,207
10. Other professional services .....		419,963,155	369,012,411
11. Outside referrals .....	83,970,400	163,469,232	
12. Emergency room and out-of-area .....	11,151,234	296,815,258	119,445,679
13. Prescription drugs .....		686,941,841	702,356,390
14. Aggregate write-ins for other hospital and medical .....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts .....		53,850,087	26,743,918
16. Subtotal (Lines 9 to 15) .....	95,121,634	4,431,185,268	4,367,667,605
<b>Less:</b>			
17. Net reinsurance recoveries .....		16,392,014	20,159,900
18. Total hospital and medical (Lines 16 minus 17) .....	95,121,634	4,414,793,254	4,347,507,705
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$ .....46,328,634 cost containment expenses .....		102,243,429	129,868,302
21. General administrative expenses .....		328,819,684	390,664,518
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only) .....		(2,238,805)	(3,283,503)
23. Total underwriting deductions (Lines 18 through 22) .....	95,121,634	4,843,617,562	4,864,757,022
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	453,431,363	390,644,188
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		47,902,913	49,579,902
26. Net realized capital gains (losses) less capital gains tax of \$ .....9,581,656 .....		17,073,113	1,848,973
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	64,976,026	51,428,875
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ .....2,690,993 )] .....		(2,690,993)	(127,624)
29. Aggregate write-ins for other income or expenses .....	0	1,764,633	990,751
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	517,481,029	442,936,190
31. Federal and foreign income taxes incurred .....	XXX	198,364,667	176,669,810
32. Net income (loss) (Lines 30 minus 31) .....	XXX	319,116,362	266,266,380
<b>DETAILS OF WRITE-INS</b>			
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. Gain on premium tax credit .....	XXX		700,000
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	0	700,000
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 .....		1,764,633	990,751
2902. ....			
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	1,764,633	990,751



STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	754,139,318	812,152,476
34. Net income or (loss) from Line 32 .....	319,116,362	266,266,380
35. Change in valuation basis of aggregate policy and claim reserves .....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....7,718,870 .....	14,335,044	(29,251,640)
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....	5,625,259	6,673,519
39. Change in nonadmitted assets .....	(18,739,809)	(24,002,374)
40. Change in unauthorized and certified reinsurance .....	0	0
41. Change in treasury stock .....	0	0
42. Change in surplus notes .....	0	0
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in .....	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in .....	0	0
45.2 Transferred to capital (Stock Dividend) .....		
45.3 Transferred from capital .....		
46. Dividends to stockholders .....	(266,200,000)	(276,800,000)
47. Aggregate write-ins for gains or (losses) in surplus .....	(503,918)	(899,044)
48. Net change in capital and surplus (Lines 34 to 47) .....	53,632,938	(58,013,159)
49. Capital and surplus end of reporting period (Line 33 plus 48)	807,772,256	754,139,318
DETAILS OF WRITE-INS		
4701. Amortization of deferred gain on sale-leaseback transaction .....	(503,918)	(899,044)
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)	(503,918)	(899,044)

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance .....	5,241,111,858	5,263,503,572
2. Net investment income .....	57,228,573	56,474,129
3. Miscellaneous income .....	0	700,000
4. Total (Lines 1 through 3) .....	5,298,340,431	5,320,677,701
5. Benefit and loss related payments .....	4,403,671,053	4,337,356,319
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7. Commissions, expenses paid and aggregate write-ins for deductions .....	524,291,524	514,257,633
8. Dividends paid to policyholders .....		
9. Federal and foreign income taxes paid (recovered) net of \$ .....9,581,656 tax on capital gains (losses) .....	217,896,487	196,436,879
10. Total (Lines 5 through 9) .....	5,145,859,064	5,048,050,831
11. Net cash from operations (Line 4 minus Line 10) .....	152,481,367	272,626,870
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	752,960,014	875,264,872
12.2 Stocks .....	125,752,647	159,090,118
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	5,581,656	10,859,756
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0
12.7 Miscellaneous proceeds .....	41,326,264	33,540,136
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	925,620,581	1,078,754,882
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	801,772,745	899,196,865
13.2 Stocks .....	132,335,249	140,625,914
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	291,401	631,764
13.5 Other invested assets .....	11,582,646	15,594,428
13.6 Miscellaneous applications .....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	945,982,041	1,056,048,971
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) .....	(20,361,460)	22,705,911
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 .....	(172,833)	50,173,000
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	266,200,000	276,800,000
16.6 Other cash provided (applied) .....	23,580,820	78,405,643
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(242,792,013)	(148,221,357)
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) .....	(110,672,106)	147,111,424
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	(138,504,389)	(285,615,813)
19.2 End of year (Line 18 plus Line 19.1) .....	(249,176,495)	(138,504,389)

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

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ANNUAL STATEMENT FOR THE YEAR 2016 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 Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income .....	5,279,629,583	2,551,028,098	127,072,530	48,500,066	12,544,296	1,053,762,695	1,291,543,807	0	195,178,091	
2. Change in unearned premium reserves and reserve for rate credit .....	17,419,342	6,938,953	1,184,076	(87,919)	(489)	0	9,384,721	0	0	
3. Fee-for-service (net of \$ ..... medical expenses) .....	0									XXX
4. Risk revenue .....	0									XXX
5. Aggregate write-ins for other health care related revenues .....	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6) .....	5,297,048,925	2,557,967,051	128,256,606	48,412,147	12,543,807	1,053,762,695	1,300,928,528	0	195,178,091	0
8. Hospital/medical benefits .....	2,810,145,695	1,281,198,490	79,927,011	0	0	512,102,222	780,397,388	(2,652)	156,523,236	XXX
9. Other professional services .....	419,963,155	105,995,152	11,351,980	19,157,950	8,499,217	220,542,063	54,416,793	0	0	XXX
10. Outside referrals .....	163,469,232	44,737,796	0	15,379,548	213,461	8,568,488	94,569,939	0	0	XXX
11. Emergency room and out-of-area .....	296,815,258	215,272,082	3,242,072	0	0	30,723,046	47,578,058	0	0	XXX
12. Prescription drugs .....	686,941,841	417,796,934	(617,710)	(1,870)	0	190,953,383	78,331,284	(1,906)	481,726	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 .....	53,850,087	9,653,843	0	0	0	2,979,309	41,216,935	0	0	XXX
15. Subtotal (Lines 8 to 14) .....	4,431,185,268	2,074,654,297	93,903,353	34,535,628	8,712,678	965,868,511	1,096,510,397	(4,558)	157,004,962	XXX
16. Net reinsurance recoveries .....	16,392,014	16,392,014	0	0	0	0	0	0	0	XXX
17. Total medical and hospital (Lines 15 minus 16) .....	4,414,793,254	2,058,262,283	93,903,353	34,535,628	8,712,678	965,868,511	1,096,510,397	(4,558)	157,004,962	XXX
18. Non-health claims (net) .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ .....46,328,634 cost containment expenses .....	102,243,432	120,063,185	9,951,590	4,609,702	857,857	23,698,990	69,244,379	0	(126,182,271)	
20. General administrative expenses .....	328,819,685	189,871,019	12,225,444	6,464,624	1,262,324	46,571,715	106,691,142	0	(34,266,583)	
21. Increase in reserves for accident and health contracts .....	(2,238,805)	(1,964,714)	(274,091)	0	0	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) .....	4,843,617,566	2,366,231,773	115,806,296	45,609,954	10,832,859	1,036,139,216	1,272,445,918	(4,558)	(3,443,892)	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23) .....	453,431,359	191,735,278	12,450,310	2,802,193	1,710,948	17,623,479	28,482,610	4,558	198,621,983	0
DETAILS OF WRITE-INS .....										XXX
0501. ....										XXX
0502. ....										XXX
0503. ....										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) .....	0	0	0	0	0	0	0	0	0	XXX
0601. ....		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
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) .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. ....										XXX
1302. ....										XXX
1303. ....										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page .....	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above) .....	0	0	0	0	0	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE 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) .....	2,551,825,960		797,862	2,551,028,098
2. Medicare Supplement .....	127,072,530			127,072,530
3. Dental only .....	48,500,066			48,500,066
4. Vision only .....	12,544,296			12,544,296
5. Federal Employees Health Benefits Plan .....	1,053,762,695			1,053,762,695
6. Title XVIII - Medicare .....	1,291,543,807			1,291,543,807
7. Title XIX - Medicaid .....	0			0
8. Other health .....	195,178,091			195,178,091
9. Health subtotal (Lines 1 through 8) .....	5,280,427,445	0	797,862	5,279,629,583
10. Life .....	0			0
11. Property/casualty .....	0			0
12. Totals (Lines 9 to 11)	5,280,427,445	0	797,862	5,279,629,583

ANNUAL STATEMENT FOR THE YEAR 2016 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	4,381,414,686	2,061,435,117	92,783,635	33,983,302	8,828,653	953,048,227	1,078,124,804	(3,491)	153,214,439	
1.2 Reinsurance assumed	.0									
1.3 Reinsurance ceded	16,592,112	16,592,112								
1.4 Net	4,364,822,574	2,044,843,005	92,783,635	33,983,302	8,828,653	953,048,227	1,078,124,804	(3,491)	153,214,439	.0
2. Paid medical incentive pools and bonuses	39,178,289	8,583,078				2,430,917	28,164,294			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	511,457,904	232,761,340	13,262,060	2,419,749	542,152	121,540,513	118,592,974	2,372	22,336,744	.0
3.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded	2,143,807	2,143,807	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net	509,314,097	230,617,533	13,262,060	2,419,749	542,152	121,540,513	118,592,974	2,372	22,336,744	.0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	101,830	13	26,311			75,506				
4.2 Reinsurance assumed	.0									
4.3 Reinsurance ceded	.0									
4.4 Net	101,830	13	26,311	.0	.0	75,506	.0	.0	.0	.0
5. Accrued medical incentive pools and bonuses, current year	25,980,377	2,300,902				903,655	22,775,820			
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	515,536,552	229,195,764	12,142,903	1,867,423	658,126	111,698,358	141,424,316	3,440	18,546,222	.0
8.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.3 Reinsurance ceded	2,343,905	2,343,905	.0	.0	.0	.0	.0	.0	.0	.0
8.4 Net	513,192,647	226,851,859	12,142,903	1,867,423	658,126	111,698,358	141,424,316	3,440	18,546,222	.0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	102,688	251	25,749			76,688				
9.2 Reinsurance assumed	.0									
9.3 Reinsurance ceded	.0									
9.4 Net	102,688	251	25,749	.0	.0	76,688	.0	.0	.0	.0
10. Accrued medical incentive pools and bonuses, prior year	11,308,579	1,230,137				355,262	9,723,180			
11. Amounts recoverable from reinsurers December 31, prior year	.0									
12. Incurred Benefits:										
12.1 Direct	4,377,335,180	2,065,000,455	93,903,354	34,535,628	8,712,679	962,889,200	1,055,293,462	(4,559)	157,004,961	.0
12.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.3 Reinsurance ceded	16,392,014	16,392,014	.0	.0	.0	.0	.0	.0	.0	.0
12.4 Net	4,360,943,166	2,048,608,441	93,903,354	34,535,628	8,712,679	962,889,200	1,055,293,462	(4,559)	157,004,961	.0
13. Incurred medical incentive pools and bonuses	53,850,087	9,653,843	.0	.0	.0	2,979,310	41,216,934	.0	.0	.0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	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 .....	199,207,284	95,023,959	2,695,912	702,756	435,927	58,402,260	41,921,029	2,372	23,069	
1.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	
1.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	
1.4 Net .....	199,207,284	95,023,959	2,695,912	702,756	435,927	58,402,260	41,921,029	2,372	23,069	0
2. Incurred but Unreported:										
2.1 Direct .....	312,250,620	137,737,381	10,566,148	1,716,993	106,225	63,138,253	76,671,945	0	22,313,675	
2.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	
2.3 Reinsurance ceded .....	2,143,807	2,143,807	0	0	0	0	0	0	0	
2.4 Net .....	310,106,813	135,593,574	10,566,148	1,716,993	106,225	63,138,253	76,671,945	0	22,313,675	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 .....	511,457,904	232,761,340	13,262,060	2,419,749	542,152	121,540,513	118,592,974	2,372	22,336,744	0
4.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded .....	2,143,807	2,143,807	0	0	0	0	0	0	0	0
4.4 Net	509,314,097	230,617,533	13,262,060	2,419,749	542,152	121,540,513	118,592,974	2,372	22,336,744	0

ANNUAL STATEMENT FOR THE YEAR 2016 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) .....	193,875,934	1,899,863,694	5,527,815	225,089,731	199,403,749	226,852,110
2. Medicare Supplement .....	10,903,985	82,332,264	162,755	13,125,616	11,066,740	12,168,653
3. Dental Only .....	1,805,838	32,285,465	34,814	2,384,935	1,840,652	1,867,423
4. Vision Only .....	661,424	8,181,132	236	541,916	661,660	658,127
5. Federal Employees Health Benefits Plan .....	102,407,646	852,277,173	900,933	120,715,086	103,308,579	111,775,046
6. Title XVIII - Medicare .....	130,569,765	983,595,883	(740,425)	119,333,399	129,829,340	141,424,316
7. Title XIX - Medicaid .....	(3,491)	0	2,372	0	(1,119)	3,440
8. Other health .....	14,441,776	138,773,082	1,630,106	20,706,638	16,071,882	18,546,222
9. Health subtotal (Lines 1 to 8) .....	454,662,877	3,997,308,693	7,518,606	501,897,321	462,181,483	513,295,337
10. Healthcare receivables (a) .....	3,067,673	84,081,325	0	0	3,067,673	0
11. Other non-health .....	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts .....	6,263,518	32,914,771	4,740,084	21,240,293	11,003,602	11,308,578
13. Totals (Lines 9 - 10 + 11 + 12)	457,858,722	3,946,142,139	12,258,690	523,137,614	470,117,412	524,603,915

(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 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	209,291	211,569	210,289	210,279	210,279
2.	2012 .....	2,059,504	2,243,101	2,247,577	2,248,193	2,247,688
3.	2013 .....	XXX	2,007,743	2,191,660	2,196,137	2,194,937
4.	2014 .....	XXX	XXX	1,921,770	2,131,951	2,138,589
5.	2015 .....	XXX	XXX	XXX	1,824,108	2,011,941
6.	2016 .....	XXX	XXX	XXX	XXX	1,860,660

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

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	216,844	212,032	210,451	210,334	210,279
2.	2012 .....	2,282,699	2,250,576	2,248,980	2,248,272	2,247,885
3.	2013 .....	XXX	2,224,038	2,200,501	2,197,083	2,194,980
4.	2014 .....	XXX	XXX	2,162,881	2,139,600	2,139,117
5.	2015 .....	XXX	XXX	XXX	2,043,462	2,016,804
6.	2016 .....	XXX	XXX	XXX	XXX	2,087,949

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.	2012 .....	2,792,393	2,247,688	74,964	3.3	2,322,652	83.2	197	6	2,322,855	83.2
2.	2013 .....	2,759,124	2,194,937	80,900	3.7	2,275,837	82.5	43	1	2,275,881	82.5
3.	2014 .....	2,747,460	2,138,589	78,052	3.6	2,216,641	80.7	527	17	2,217,185	80.7
4.	2015 .....	2,540,636	2,011,941	90,786	4.5	2,102,727	82.8	4,862	153	2,107,742	83.0
5.	2016 .....	2,557,967	1,860,660	103,973	5.6	1,964,633	76.8	227,289	7,214	2,199,136	86.0



UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Medicare Supplement

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	11,282	11,471	11,489	11,494	11,494
2.	2012 .....	77,880	87,769	87,654	87,613	87,738
3.	2013 .....	XXX	78,593	88,768	88,749	88,734
4.	2014 .....	XXX	XXX	79,228	90,062	90,118
5.	2015 .....	XXX	XXX	XXX	79,394	90,103
6.	2016 .....	XXX	XXX	XXX	XXX	81,909

Section B - Incurred Health Claims - Medicare Supplement

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	11,436	11,555	11,491	11,615	11,494
2.	2012 .....	90,597	87,784	87,654	87,613	87,738
3.	2013 .....	XXX	89,560	88,775	88,749	88,734
4.	2014 .....	XXX	XXX	90,320	90,076	90,118
5.	2015 .....	XXX	XXX	XXX	91,429	90,265
6.	2016 .....	XXX	XXX	XXX	XXX	95,035

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

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payment	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2012 .....	117,864	87,738	4,998	5.7	92,736	78.7	0	0	92,736	78.7
2. 2013 .....	122,692	88,734	5,262	5.9	93,996	76.6	0	0	93,996	76.6
3. 2014 .....	121,221	90,118	4,110	4.6	94,228	77.7	0	0	94,228	77.7
4. 2015 .....	122,158	90,103	5,797	6.4	95,900	78.5	163	5	96,068	78.6
5. 2016 .....	128,257	81,909	8,482	10.4	90,391	70.5	13,126	427	103,944	81.0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Dental Only

Year in Which Losses Were Incurred						Cumulative Net Amounts Paid				
						1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	.....	.....	.....	.....	1,165	1,169	1,171	1,171	1,171
2.	2012	.....	.....	.....	.....	22,423	23,456	23,469	23,468	23,468
3.	2013	.....	.....	.....	.....	XXX	24,771	26,288	26,303	26,307
4.	2014	.....	.....	.....	.....	XXX	XXX	25,889	27,307	27,346
5.	2015	.....	.....	.....	.....	XXX	XXX	XXX	27,849	29,604
6.	2016	.....	.....	.....	.....	XXX	XXX	XXX	XXX	32,186

Section B - Incurred Health Claims - Dental Only

Year in Which Losses Were Incurred						Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
						1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	.....	.....	.....	.....	1,176	1,169	1,171	1,171	1,171
2.	2012	.....	.....	.....	.....	23,837	23,464	23,470	23,468	23,468
3.	2013	.....	.....	.....	.....	XXX	26,365	26,309	26,303	26,307
4.	2014	.....	.....	.....	.....	XXX	XXX	27,794	27,325	27,348
5.	2015	.....	.....	.....	.....	XXX	XXX	XXX	29,697	29,636
6.	2016	.....	.....	.....	.....	XXX	XXX	XXX	XXX	34,571

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.	2012	36,528	23,468	642	2.7	24,110	66.0	0	0	24,110	66.0
2.	2013	39,365	26,307	2,198	8.4	28,505	72.4	0	0	28,505	72.4
3.	2014	44,031	27,346	2,231	8.2	29,577	67.2	2	0	29,579	67.2
4.	2015	44,418	29,604	2,821	9.5	32,425	73.0	33	1	32,459	73.1
5.	2016	48,412	32,186	4,040	12.6	36,226	74.8	2,385	69	38,680	79.9

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Vision Only

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	284	284	284	284	284
2.	2012 .....	4,981	5,242	5,242	5,242	5,242
3.	2013 .....	XXX	4,838	5,209	5,209	5,209
4.	2014 .....	XXX	XXX	9,313	9,912	9,912
5.	2015 .....	XXX	XXX	XXX	8,770	9,429
6.	2016 .....	XXX	XXX	XXX	XXX	8,169

Section B - Incurred Health Claims - Vision Only

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	284	284	284	284	284
2.	2012 .....	5,245	5,242	5,242	5,242	5,242
3.	2013 .....	XXX	5,128	5,209	5,209	5,209
4.	2014 .....	XXX	XXX	9,779	9,913	9,912
5.	2015 .....	XXX	XXX	XXX	9,428	9,429
6.	2016 .....	XXX	XXX	XXX	XXX	8,711

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

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payment	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2012 .....	7,868	5,242	340	6.5	5,582	70.9	0	0	5,582	70.9
2. 2013 .....	8,874	5,209	453	8.7	5,662	63.8	0	0	5,662	63.8
3. 2014 .....	15,657	9,912	546	5.5	10,458	66.8	0	0	10,458	66.8
4. 2015 .....	13,392	9,429	662	7.0	10,091	75.4	0	0	10,091	75.4
5. 2016 .....	12,544	8,169	751	9.2	8,920	71.1	542	15	9,477	75.6

UNDERWRITING AND INVESTMENT EXHIBIT

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

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

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	0	(1)	(1)	(1)	(1)
2.	2012 .....	710,199	797,360	798,364	798,112	798,058
3.	2013 .....	XXX	753,163	847,491	848,067	847,944
4.	2014 .....	XXX	XXX	782,069	891,702	891,980
5.	2015 .....	XXX	XXX	XXX	828,503	930,819
6.	2016 .....	XXX	XXX	XXX	XXX	853,062

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

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	0	(1)	(1)	1	(1)
2.	2012 .....	808,685	799,411	798,530	798,112	798,059
3.	2013 .....	XXX	858,674	848,677	848,083	847,944
4.	2014 .....	XXX	XXX	885,843	892,114	891,980
5.	2015 .....	XXX	XXX	XXX	940,203	931,753
6.	2016 .....	XXX	XXX	XXX	XXX	974,647

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. 2012 .....	853,095	798,058	8,065	1.0	806,123	94.5	1	0	806,124	94.5
2. 2013 .....	896,059	847,944	11,351	1.3	859,295	95.9	0	0	859,295	95.9
3. 2014 .....	944,793	891,980	13,255	1.5	905,235	95.8	1	0	905,236	95.8
4. 2015 .....	1,030,141	930,819	17,899	1.9	948,718	92.1	934	29	949,681	92.2
5. 2016 .....	1,053,763	853,062	20,278	2.4	873,340	82.9	121,585	3,923	998,848	94.8

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	122,664	127,383	127,142	127,050	127,050
2.	2012 .....	1,022,147	1,131,179	1,132,813	1,131,890	1,132,737
3.	2013 .....	XXX	887,508	979,677	978,458	976,920
4.	2014 .....	XXX	XXX	986,406	1,096,716	1,097,651
5.	2015 .....	XXX	XXX	XXX	983,262	1,117,924
6.	2016 .....	XXX	XXX	XXX	XXX	971,383

Section B - Incurred Health Claims - Title XVIII

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	128,832	127,402	127,144	127,930	127,050
2.	2012 .....	1,148,634	1,134,361	1,132,814	1,131,890	1,132,737
3.	2013 .....	XXX	998,599	984,312	978,465	976,912
4.	2014 .....	XXX	XXX	1,112,391	1,099,908	1,096,510
5.	2015 .....	XXX	XXX	XXX	1,130,329	1,122,937
6.	2016 .....	XXX	XXX	XXX	XXX	1,108,888

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

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payment	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2012 .....	1,314,246	1,132,737	25,321	2.2	1,158,058	88.1	0	0	1,158,058	88.1
2. 2013 .....	1,146,441	976,920	33,451	3.4	1,010,371	88.1	(8)	0	1,010,363	88.1
3. 2014 .....	1,278,799	1,097,651	37,217	3.4	1,134,868	88.7	(1,141)	(36)	1,133,691	88.7
4. 2015 .....	1,328,626	1,117,924	54,538	4.9	1,172,462	88.2	5,013	13	1,177,488	88.6
5. 2016 .....	1,300,929	971,383	59,945	6.2	1,031,328	79.3	137,504	3,806	1,172,638	90.1

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Title XIX

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	(19)	(48)	(82)	(81)	(81)
2.	2012 .....					(3)
3.	2013 .....	XXX				0
4.	2014 .....	XXX	XXX			0
5.	2015 .....	XXX	XXX	XXX		0
6.	2016 .....	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 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	(15)	(44)	(78)	(78)	(81)
2.	2012 .....					(1)
3.	2013 .....	XXX				0
4.	2014 .....	XXX	XXX			0
5.	2015 .....	XXX	XXX	XXX		0
6.	2016 .....	XXX	XXX	XXX	XXX	0

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. 2012 .....		(3)	0	0.0	(3)	0.0	2	0	(1)	0.0
2. 2013 .....		0	0	0.0	0	0.0	0	0	0	0.0
3. 2014 .....		0	0	0.0	0	0.0	0	0	0	0.0
4. 2015 .....		0	0	0.0	0	0.0	0	0	0	0.0
5. 2016 .....		0	0	0.0	0	0.0	0	0	0	0.0

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 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	3,953	3,954	3,954	3,954	3,954
2.	2012 .....	87,535	95,001	95,001	95,001	95,001
3.	2013 .....	XXX	107,230	119,063	119,069	119,069
4.	2014 .....	XXX	XXX	108,886	121,550	121,561
5.	2015 .....	XXX	XXX	XXX	134,526	148,957
6.	2016 .....	XXX	XXX	XXX	XXX	138,773

Section B - Incurred Health Claims - Other

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	3,953	3,954	3,954	3,954	3,954
2.	2012 .....	93,259	95,001	95,001	95,001	95,001
3.	2013 .....	XXX	117,134	120,196	119,069	119,069
4.	2014 .....	XXX	XXX	129,268	121,850	121,561
5.	2015 .....	XXX	XXX	XXX	152,772	150,587
6.	2016 .....	XXX	XXX	XXX	XXX	159,479

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. 2012 .....	107,545	95,001	395	0.4	95,396	88.7	0	0	95,396	88.7
2. 2013 .....	129,603	119,069	359	0.3	119,428	92.1	0	0	119,428	92.1
3. 2014 .....	157,260	121,561	134	0.1	121,695	77.4	0	0	121,695	77.4
4. 2015 .....	175,329	148,957	838	0.6	149,795	85.4	1,630	53	151,478	86.4
5. 2016 .....	195,178	138,773	1,054	0.8	139,827	71.6	20,707	673	161,207	82.6

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	348,620	355,781	354,246	354,150	354,150
2.	2012 .....	3,984,669	4,383,108	4,390,120	4,389,519	4,389,929
3.	2013 .....	XXX	3,863,846	4,258,156	4,261,992	4,259,120
4.	2014 .....	XXX	XXX	3,913,561	4,369,200	4,377,157
5.	2015 .....	XXX	XXX	XXX	3,886,412	4,338,777
6.	2016 .....	XXX	XXX	XXX	XXX	3,946,142

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	362,510	356,351	354,416	355,211	354,150
2.	2012 .....	4,452,956	4,395,839	4,391,691	4,389,598	4,390,129
3.	2013 .....	XXX	4,319,498	4,273,979	4,262,961	4,259,155
4.	2014 .....	XXX	XXX	4,418,276	4,380,786	4,376,546
5.	2015 .....	XXX	XXX	XXX	4,397,320	4,351,411
6.	2016 .....	XXX	XXX	XXX	XXX	4,469,280

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

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payment	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2012 .....	5,229,539	4,389,929	114,725	2.6	4,504,654	86.1	200	6	4,504,860	86.1
2. 2013 .....	5,102,158	4,259,120	133,974	3.1	4,393,094	86.1	35	1	4,393,130	86.1
3. 2014 .....	5,309,221	4,377,157	135,545	3.1	4,512,702	85.0	(611)	(19)	4,512,072	85.0
4. 2015 .....	5,254,700	4,338,777	173,341	4.0	4,512,118	85.9	12,635	254	4,525,007	86.1
5. 2016 .....	5,297,050	3,946,142	198,523	5.0	4,144,665	78.2	523,138	16,127	4,683,930	88.4



UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....	633,585	0	129,613	497,679	6,292	0	0		
2. Additional policy reserves (a) .....	24,106,748	6,925,985	17,180,763	0	0	0	0		
3. Reserve for future contingent benefits .....	0								
4. Reserve for rate credits or experience rating refunds (including \$ ..... ) for investment income .....	8,179,741	4,549,732	1,029,843	0	0	0	2,600,167		
5. Aggregate write-ins for other policy reserves .....	5,749,533	5,637,807	0	0	0	0	111,726	0	0
6. Totals (gross) .....	38,669,606	17,113,523	18,340,219	497,679	6,292	0	2,711,892	0	0
7. Reinsurance ceded .....	0	0	0	0	0	0	0		
8. Totals (Net)(Page 3, Line 4) .....	38,669,606	17,113,523	18,340,219	497,679	6,292	0	2,711,892	0	0
9. Present value of amounts not yet due on claims .....	0								
10. Reserve for future contingent benefits .....	101,830	13	26,311	0	0	75,506	0		
11. Aggregate write-ins for other claim reserves .....	0	0	0	0	0	0	0	0	0
12. Totals (gross) .....	101,830	13	26,311	0	0	75,506	0	0	0
13. Reinsurance ceded .....	0								
14. Totals (Net)(Page 3, Line 7) .....	101,830	13	26,311	0	0	75,506	0	0	0
DETAILS OF WRITE-INS									
0501. Policy reserves subject to redetermination .....	5,749,533	5,637,807	0	0	0	0	111,726		
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) .....	5,749,533	5,637,807	0	0	0	0	111,726	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 \$ .....4,069,923 premium deficiency reserve.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT**

	Claim Adjustment Expenses		3	4	5
	1	2			
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ .....3,498,070 for occupancy of own building) .....	5,952,475	5,513,971	1,505,961	4,169	12,976,576
2. Salary, wages and other benefits .....	113,939,904	75,031,348	143,541,397	397,403	332,910,052
3. Commissions (less \$ ..... ceded plus \$ ..... assumed) .....			130,496,114		130,496,114
4. Legal fees and expenses .....	7,385	2,238	4,752,475	13,158	4,775,256
5. Certifications and accreditation fees .....					0
6. Auditing, actuarial and other consulting services ....	23,345,785	4,508,555	37,689,725	104,346	65,648,411
7. Traveling expenses .....	841,267	206,654	3,119,481	8,636	4,176,038
8. Marketing and advertising .....	851,287	12,504	19,310,395	53,462	20,227,648
9. Postage, express and telephone .....	3,364,224	4,082,082	10,538,370	29,176	18,013,852
10. Printing and office supplies .....	417,078	103,322	739,286	2,047	1,261,733
11. Occupancy, depreciation and amortization .....					0
12. Equipment .....	153,783	64,865	1,562,372	4,326	1,785,346
13. Cost or depreciation of EDP equipment and software .....	24,358,259	2,765,322	11,362,570	31,458	38,517,609
14. Outsourced services including EDP, claims, and other services .....	31,612,492	39,035,708	32,165,669	89,053	102,902,922
15. Boards, bureaus and association fees .....	100,950	4,153	1,849,566	5,121	1,959,790
16. Insurance, except on real estate .....			1,975,368	5,469	1,980,837
17. Collection and bank service charges .....		36,116	1,727,505	4,783	1,768,404
18. Group service and administration fees .....	14,600,977	20,593,678	10,931,299	30,264	46,156,218
19. Reimbursements by uninsured plans .....	(180,655,187)	(107,963,980)	(233,826,086)		(522,445,253)
20. Reimbursements from fiscal intermediaries .....					0
21. Real estate expenses .....	193,556	23,859	4,426,714	12,256	4,656,385
22. Real estate taxes .....			685,472		685,472
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....	1,559	0	229,749		231,308
23.2 State premium taxes .....			15,532,673		15,532,673
23.3 Regulatory authority licenses and fees .....	29,715	5,815	531,867		567,397
23.4 Payroll taxes .....	7,069,956	4,762,402	9,079,852		20,912,210
23.5 Other (excluding federal income and real estate taxes) .....			115,629,387		115,629,387
24. Investment expenses not included elsewhere .....				3,391,361	3,391,361
25. Aggregate write-ins for expenses .....	143,169	7,126,183	3,262,503	9,032	10,540,887
26. Total expenses incurred (Lines 1 to 25) .....	46,328,634	55,914,795	328,819,684	4,195,520	(a) .....435,258,633
27. Less expenses unpaid December 31, current year ..		16,368,119	50,947,048		67,315,167
28. Add expenses unpaid December 31, prior year .....	9,597,787	8,077,696	52,864,047		70,539,530
29. Amounts receivable relating to uninsured plans, prior year .....			245,490,117		245,490,117
30. Amounts receivable relating to uninsured plans, current year .....			326,497,063		326,497,063
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	55,926,421	47,624,372	411,743,629	4,195,520	519,489,942
<b>DETAILS OF WRITE-INS</b>					
2501. Other expense .....	143,169	7,126,183	3,262,503	9,032	10,540,887
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) .....	143,169	7,126,183	3,262,503	9,032	10,540,887

(a) Includes management fees of \$ .....693,515,896 to affiliates and \$ ..... to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds .....	(a) .....1,362,379	.....1,257,669
1.1	Bonds exempt from U.S. tax .....	(a) .....	.....
1.2	Other bonds (unaffiliated) .....	(a) .....38,944,620	.....38,598,781
1.3	Bonds of affiliates .....	(a) .....	.....
2.1	Preferred stocks (unaffiliated) .....	(b) .....	.....
2.11	Preferred stocks of affiliates .....	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....7,328,740	.....7,324,101
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans .....	(c) .....	.....
4.	Real estate .....	(d) .....3,943,393	.....3,943,393
5	Contract Loans .....	.....	.....
6	Cash, cash equivalents and short-term investments .....	(e) .....296,320	.....290,503
7	Derivative instruments .....	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....1,047,051	.....1,055,569
10.	Total gross investment income .....	52,922,503	52,470,016
11.	Investment expenses .....		(g) .....4,195,520
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g) .....0
13.	Interest expense .....		(h) .....371,583
14.	Depreciation on real estate and other invested assets .....		(i) .....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....4,567,103
17.	Net investment income (Line 10 minus Line 16)		47,902,913
DETAILS OF WRITE-INS			
0901.	Miscellaneous Income .....	.....39,745	.....39,671
0902.	Securities Lending .....	.....1,007,306	.....1,015,898
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	1,047,051	1,055,569
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 \$ .....548,074 accrual of discount less \$ .....7,656,960 amortization of premium and less \$ .....2,269,209 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 \$ ..... for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.
- (e) Includes \$ .....25,499 accrual of discount less \$ .....0 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 .....	1,063,225	0	1,063,225	0	0
1.1	Bonds exempt from U.S. tax .....	.....	.....	0	.....	.....
1.2	Other bonds (unaffiliated) .....	680,243	(4,205,607)	(3,525,364)	12,624,572	0
1.3	Bonds of affiliates .....	0	0	0	0	0
2.1	Preferred stocks (unaffiliated) .....	0	0	0	(47,408)	0
2.11	Preferred stocks of affiliates .....	0	0	0	0	0
2.2	Common stocks (unaffiliated) .....	36,254,489	(6,096,811)	30,157,678	5,284,331	(667)
2.21	Common stocks of affiliates .....	0	0	0	0	0
3.	Mortgage loans .....	.....	0	0	0	0
4.	Real estate .....	.....	(1,038,877)	(1,038,877)	.....	0
5.	Contract loans .....	.....	.....	0	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	0	.....	.....
7.	Derivative instruments .....	.....	.....	0	.....	.....
8.	Other invested assets .....	0	0	0	4,193,114	0
9.	Aggregate write-ins for capital gains (losses) .....	(1,893)	0	(1,893)	(695)	0
10.	Total capital gains (losses)	37,996,064	(11,341,295)	26,654,769	22,053,914	(667)
DETAILS OF WRITE-INS						
0901.	Foreign exchange settlement loss .....	(1,893)	.....	(1,893)	(695)	0
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)	(1,893)	0	(1,893)	(695)	0

ANNUAL STATEMENT FOR THE YEAR 2016 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
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			0
2.2 Common stocks .....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale .....			0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA) .....			0
6. Contract loans .....			0
7. Derivatives (Schedule DB) .....			0
8. Other invested assets (Schedule BA) .....			0
9. Receivables for securities .....			0
10. Securities lending reinvested collateral assets (Schedule DL) .....			0
11. Aggregate write-ins for invested assets .....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	0	0	0
13. Title plants (for Title insurers only) .....			0
14. Investment income due and accrued .....	12,933		(12,933)
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	2,832,564	1,674,525	(1,158,039)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination .....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....			0
16.2 Funds held by or deposited with reinsured companies .....			0
16.3 Other amounts receivable under reinsurance contracts .....			0
17. Amounts receivable relating to uninsured plans .....	44,334,255	34,546,449	(9,787,806)
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0
18.2 Net deferred tax asset .....			0
19. Guaranty funds receivable or on deposit .....			0
20. Electronic data processing equipment and software .....			0
21. Furniture and equipment, including health care delivery assets .....	2,923,499	3,605,841	682,342
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0
23. Receivable from parent, subsidiaries and affiliates .....			0
24. Health care and other amounts receivable .....	53,197,626	49,460,663	(3,736,963)
25. Aggregate write-ins for other than invested assets .....	5,806,822	1,080,412	(4,726,410)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	109,107,699	90,367,890	(18,739,809)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0
28. Total (Lines 26 and 27) .....	109,107,699	90,367,890	(18,739,809)
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) .....	0	0	0
2501. Other miscellaneous accounts receivable .....	5,806,822	1,080,412	(4,726,410)
2502. ....			
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) .....	5,806,822	1,080,412	(4,726,410)

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 .....	130,319	141,890	141,405	142,112	142,364	1,699,852
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....	1,354,138	1,300,547	1,319,336	1,328,289	1,337,440	15,820,285
4. Point of Service .....						
5. Indemnity Only .....	54,372	55,869	55,485	55,316	55,073	667,857
6. Aggregate write-ins for other lines of business.....	315,308	314,302	298,349	301,145	306,337	3,692,788
7. Total	1,854,137	1,812,608	1,814,575	1,826,862	1,841,214	21,880,782
DETAILS OF WRITE-INS						
0601. Consumer Driven Health Plan .....	315,308	314,302	298,349	301,145	306,337	3,692,788
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)	315,308	314,302	298,349	301,145	306,337	3,692,788

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Going Concern

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 the NAIC *Accounting Practices and Procedures Manual* (“NAIC SAP”), subject to any deviations prescribed or permitted by the Ohio Insurance Department (the “Department”).

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

	SSAP #	F/S Page	F/S Line #	2016	2015
<b><u>Net Income</u></b>					
(1) Community Insurance Company state basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ 319,116,362	\$266,266,380
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:				—	—
(3) State Permitted Practices that increase/(decrease) NAIC SAP:				—	—
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	\$ 319,116,362	\$266,266,380
<b><u>Surplus</u></b>					
(5) Community Insurance Company state basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 807,772,256	\$754,139,318
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:				—	—
(7) State Permitted Practices that increase/(decrease) NAIC SAP:				—	—
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	\$ 807,772,256	\$754,139,318

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. Premiums written are reported net of excess loss reinsurance ceded and experience rating refunds. 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 reinsurance. 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.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company  
NOTES TO FINANCIAL STATEMENTS

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 amortized cost or fair value as determined by various third-party pricing sources.
- (3) Common stocks of unaffiliated companies are stated at fair value based upon security ratings prescribed by various third-party pricing sources.
- (4) Redeemable and perpetual preferred stocks of unaffiliated companies of highest, high or medium quality are stated at cost or amortized cost. All other preferred stocks are reported at lower of cost, amortized cost or fair value based upon the NAIC's designation.
- (5) The Company has no mortgage loans - real estate.
- (6) Loan-backed securities are stated at amortized cost. Prepayment assumptions for loan-backed securities and structured securities were obtained from broker-dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and 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 no investments in subsidiaries, controlled and affiliated companies.
- (8) The Company has ownership interests in unaffiliated joint ventures and limited liability companies. 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, 2016. The Company reports the net change in the equity as a change in net unrealized capital gains and losses.
- (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 policy holders 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.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company  
NOTES TO FINANCIAL STATEMENTS

- (16) Premium under the Federal Employee Program (“FEP”) is earned when chargeable benefit costs, allowable expenses and retentions are incurred. Deferred premiums are recorded to offset the FEP liabilities for incurred claims but not reported and claims adjustment expenses that are due from the Office of Personnel Management (“OPM”), when the claims are ultimately paid.

**D. Going Concern**

Not applicable.

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

There were no accounting changes or corrections of errors during the years ended December 31, 2016 and 2015.

**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.

**4. Discontinued Operations**

The Company had no operations that were discontinued during 2016 or 2015.

**5. Investments**

**A. Mortgage Loans, including Mezzanine Real Estate Loans**

The Company did not have investments in mortgage loans at December 31, 2016 or 2015.

**B. Debt Restructuring**

The Company did not have invested assets that were restructured debt at December 31, 2016 or 2015.

**C. Reverse Mortgages**

The Company did not have investments in reverse mortgages at December 31, 2016 or 2015.

**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 years ended December 31, 2016 and 2015.



ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

- (3) The Company did not recognize other-than-temporary impairments on its loan-backed securities at December 31, 2016 and 2015.
- (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, 2016 and 2015.
- (5) The Company had no impaired loan-backed securities at December 31, 2016 and 2015.

E. Repurchase Agreements and/or Securities Lending Transactions

- (1) The Company did not enter into repurchase agreements at December 31, 2016 or 2015.
- (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 or securities, and if cash is received the cash collateral is thereafter invested according to guidelines of the Company’s Investment Policy.

(3) Collateral Received

a. Aggregate amount collateral received		
1. Repurchase agreement - Not applicable.		
		<b><u>Fair Value</u></b>
2. Securities Lending		
(a) Open	\$	112,247,432
(b) 30 days or less		—
(c) 31 to 60 days		—
(d) 61 to 90 days		—
(e) Greater than 90 days		—
(f) Sub-total		<u>112,247,432</u>
(g) Securities received		<u>445,593</u>
(h) Total collateral received	\$	<u><u>112,693,025</u></u>
3. Dollar repurchase agreement - Not applicable.		
b. The fair value of that collateral and of the portion of that collateral that it has sold or repledged	\$	<u><u>112,693,025</u></u>
c. The Company receives cash collateral in an amount in excess of fair value of the securities lent. The Company reinvests the cash collateral according to guidelines of the Company's Investment Policy.		

- (4) Not applicable.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

(5) Collateral Reinvestment

a. Aggregate amount collateral reinvested

1. Repurchase agreement - Not applicable.

2. Securities Lending	<u>Amortized Cost</u>	<u>Fair Value</u>
(a) Open	\$ 1,300,000	\$ 1,300,000
(b) 30 days or less	5,724,071	5,735,879
(c) 31 to 60 days	7,900,036	7,904,275
(d) 61 to 90 days	9,500,551	9,508,179
(e) 91 to 120 days	10,400,288	10,410,691
(f) 121 to 180 days	15,980,000	15,988,762
(g) 181 to 365 days	18,429,233	18,450,921
(h) 1 to 2 years	20,348,400	20,380,248
(i) 2 to 3 years	12,897,163	12,908,930
(j) Greater than 3 years	9,620,000	9,659,547
(k) Sub-total	112,099,742	112,247,432
(l) Securities received	445,593	445,593
(m) Total collateral reinvested	<u>\$ 112,545,335</u>	<u>\$ 112,693,025</u>

3. Dollar repurchase agreement - Not applicable.

b. Not applicable.

(6) Not applicable.

(7) Not applicable.

**F. Real Estate**

(1) On December 31, 2016, the Company wrote the property located in Youngstown, Ohio down to fair market value of \$134,395 and recognized an impairment loss of \$1,038,877. The impairment is recognized in net realized capital gains (losses) on the statement of revenues. The Company did not recognize any impairment losses on its investment in real estate at December 31, 2015.

(2)

a. On December 31, 2016, the Company classified the property located in Youngstown, Ohio as held for sale with the intent to dispose of the property in 2017.

b. The Company wrote down the Youngstown property to fair market value as associated with this intended disposal. The Company recognized an impairment loss of \$1,038,877 at December 31, 2016.

(3) Not applicable.

(4) The Company did not engage in retail land sales operations during 2016 or 2015.

(5) Not applicable.

**G. Investments in Low-Income Housing Tax Credits**

The Company did not invest in properties generating low-income housing tax credits during 2016 or 2015.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

H. Restricted Assets

(1) Restricted assets (including pledged)

		1	2	3	4	5	6	7
Restricted Asset Category		Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Admitted Restricted (1 minus 4)	Gross Admitted and Nonadmitted Restricted to Total Assets (a)	Admitted Restricted to Total Admitted Assets (b)
a.	Subject to contractual obligation for which liability is not shown	\$ —	\$ —	\$ —	\$ —	\$ —	—%	—%
b.	Collateral held under security lending agreements	112,545,335	140,667,893	(28,122,558)	—	112,545,335	5.0%	5.3%
c.	Subject to repurchase agreements	—	—	—	—	—	—%	—%
d.	Subject to reverse repurchase agreements	—	—	—	—	—	—%	—%
e.	Subject to dollar repurchase agreements	—	—	—	—	—	—%	—%
f.	Subject to dollar reverse repurchase agreements	—	—	—	—	—	—%	—%
g.	Placed under option contracts	—	—	—	—	—	—%	—%
h.	Letter stock or securities restricted as to sale-excluding FHLB capital stock	—	—	—	—	—	—%	—%
i.	FHLB capital stock	6,631,400	6,538,800	92,600	—	6,631,400	0.3%	0.3%
j.	On deposit with states	477,496	485,505	(8,009)	—	477,496	—%	—%
k.	On deposit with other regulatory bodies	—	—	—	—	—	—%	—%
l.	Pledged as collateral to FHLB (including assets backing funding agreements)	162,242,897	159,658,411	2,584,486	—	162,242,897	7.2%	7.6%
m.	Pledged as collateral not captured in other categories	—	—	—	—	—	—%	—%
n.	Other restricted assets	—	—	—	—	—	—%	—%
o.	Total Restricted Assets	\$ 281,897,128	\$ 307,350,609	\$ (25,453,481)	\$ —	\$ 281,897,128	12.5%	13.2%

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

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

(2) Not applicable.

(3) Not applicable.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

	1	2	3	4
Collateral Assets	Book/Adjusted Carrying Value (BACV)	Fair Value	% of BACV to Total Assets (Admitted and Nonadmitted*)	% of BACV to Total Admitted Assets **
a. Cash	\$ —	\$ —	—%	—%
b. Schedule D, Part 1	—	—	—	—
c. Schedule D, Part 2 Section 1	—	—	—	—
d. Schedule D, Part 2 Section 2	—	—	—	—
e. Schedule B	—	—	—	—
f. Schedule A	—	—	—	—
g. Schedule BA, Part 1	—	—	—	—
h. Schedule DL, Part 1	112,545,335	112,693,025	5.0%	5.3%
i. Other	—	—	—	—
j. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	\$ 112,545,335	\$ 112,693,025	5.0%	5.3%

\* Column 1 divided by Asset Page, Line 26 (Column 1)

\*\* Column 1 divided by Asset Page, Line 26 (Column 3)

	<u>1</u>	<u>2</u>
	<u>Amount</u>	<u>% of Liability to Total Liabilities *</u>
k. Recognized Obligation to Return Collateral Asset	\$ 112,545,335	8.5%

\* Column 1 divided by Liability Page, Line 24 (Column 3)

I. Working Capital Finance Investments

Not applicable.

J. Offsetting and Netting of Assets and Liabilities

The Company did not have any offsetting or netting of assets and liabilities at December 31, 2016 and 2015.

K. Structured Notes

The Company did not have any structured notes at December 31, 2016 and 2015.

L. 5\* Securities

The Company has no 5\* Securities as of December 31, 2016 and 2015.

6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Company has no investments in joint ventures, partnerships or limited liability companies that exceeded 10% of its admitted assets at December 31, 2016 or 2015.

B. The Company did not recognize any impairment write downs for its investments in joint ventures, partnerships, or limited liability companies during 2016 or 2015.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

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, 2016, \$12,933 was nonadmitted in accrued investment interest income. At December 31, 2015 there was no nonadmitted accrued investment interest income.

8. Derivative Instruments

The Company has no derivative instruments.

9. Income Taxes

- A. The components of net deferred tax assets (liabilities):

(1) The components of net deferred tax assets (liabilities) at December 31 are as follows:

				12/31/2016		
				(1)	(2)	(3)
				Ordinary	Capital	(Col 1+2) Total
(a)	Gross Deferred Tax Assets		\$	84,360,808	\$ 4,527	\$ 84,365,335
(b)	Statutory Valuation Allowance Adjustments			—	—	—
(c)	Adjusted Gross Deferred Tax Assets (1a - 1b)			84,360,808	4,527	84,365,335
(d)	Deferred Tax Assets Nonadmitted			—	—	—
(e)	Subtotal Net Admitted Deferred Tax Asset (1c - 1d)			84,360,808	4,527	84,365,335
(f)	Deferred Tax Liabilities			73,499	25,311,117	25,384,616
(g)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)		\$	84,287,309	\$ (25,306,590)	\$ 58,980,719

				12/31/2015		
				(4)	(5)	(6)
				Ordinary	Capital	(Col 4+5) Total
(a)	Gross Deferred Tax Assets	\$	79,366,251	\$	—	\$ 79,366,251
(b)	Statutory Valuation Allowance Adjustments		—		—	—
(c)	Adjusted Gross Deferred Tax Assets (1a - 1b)		79,366,251		—	79,366,251
(d)	Deferred Tax Assets Nonadmitted		—		—	—
(e)	Subtotal Net Admitted Deferred Tax Asset (1c - 1d)		79,366,251		—	79,366,251
(f)	Deferred Tax Liabilities		77,967		18,213,954	18,291,921
(g)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$	79,288,284	\$	(18,213,954)	\$ 61,074,330

		Change		
		(7)	(8)	(9)
		(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a)	Gross Deferred Tax Assets	\$ 4,994,557	\$ 4,527	\$ 4,999,084
(b)	Statutory Valuation Allowance Adjustments	—	—	—
(c)	Adjusted Gross Deferred Tax Assets (1a - 1b)	4,994,557	4,527	4,999,084
(d)	Deferred Tax Assets Nonadmitted	—	—	—
(e)	Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	4,994,557	4,527	4,999,084
(f)	Deferred Tax Liabilities	(4,468)	7,097,163	7,092,695
(g)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 4,999,025	\$ (7,092,636)	\$ (2,093,611)

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

(2) The amount of admitted adjusted gross deferred tax assets under each component of SSAP No. 101, *Income Taxes* ("SSAP No. 101") as of December 31 is as follows:

12/31/2016		
(1)	(2)	(3)
Ordinary	Capital	(Col 1+2) Total

Admission Calculation Components SSAP No. 101

(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks.	\$ 74,662,793	\$ 4,527	\$ 74,667,320
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	2,128,709	—	2,128,709
1. Adjusted Gross Deferred Tax Assets Expected To Be Realized Following the Balance Sheet Date.	2,128,709	—	2,128,709
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	112,318,686
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Asscts From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	7,569,306	—	7,569,306
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 84,360,808	\$ 4,527	\$ 84,365,335

12/31/2015		
(4)	(5)	(6)
Ordinary	Capital	(Col 4+5) Total

Admission Calculation Components SSAP No. 101

(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks.	\$ 66,867,173	\$ —	\$ 66,867,173
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	2,451,285	—	2,451,285
1. Adjusted Gross Deferred Tax Assets Expected To Be Realized Following the Balance Sheet Date.	2,451,285	—	2,451,285
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	103,959,703
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	10,047,793	—	10,047,793
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 79,366,251	\$ —	\$ 79,366,251

Change		
(7)	(8)	(9)
(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total

Admission Calculation Components SSAP No. 101

(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks.	\$ 7,795,620	\$ 4,527	\$ 7,800,147
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	(322,576)	—	(322,576)
1. Adjusted Gross Deferred Tax Assets Expected To Be Realized Following the Balance Sheet Date.	(322,576)	—	(322,576)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	8,358,983
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	(2,478,487)	—	(2,478,487)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 4,994,557	\$ 4,527	\$ 4,999,084

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

(3)		2016	2015
(a)	Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	402%	390%
(b)	Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	\$ 748,791,239	\$ 693,064,690

(4)	12/31/2016		12/31/2015		Change	
	(1)	(2)	(3)	(4)	(5)	(6)
	Ordinary	Capital	Ordinary	Capital	(Col 1-3) Ordinary	(Col 2-4) Capital

Impact of Tax-Planning Strategies

(a)	Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.						
1.	Adjusted Gross DTAs Amount From Note 9A1 (c)	\$ 84,360,808	\$ 4,527	\$ 79,366,251	\$ —	\$ 4,994,557	\$ 4,527
2.	Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	—%	—%	—%	—%	—%	—%
3.	Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	\$ 84,360,808	\$ 4,527	\$ 79,366,251	\$ —	\$ 4,994,557	\$ 4,527
4.	Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	—%	—%	—%	—%	—%	—%
(b)	Does the Company's tax-planning strategies include the use of reinsurance?	Yes		No		X	

B. The Company has no unrecognized deferred tax liabilities at December 31, 2016 and 2015.

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

(1)	Current Income Tax	(1)	(2)	(3)
		12/31/2016	12/31/2015	(Col 1-2) Change
(a)	Federal	\$ 198,364,667	\$ 176,669,810	\$ 21,694,857
(b)	Foreign	—	—	—
(c)	Subtotal	198,364,667	176,669,810	21,694,857
(d)	Federal income tax expense on net capital gains	9,581,656	7,818,637	1,763,019
(e)	Utilization of capital loss carry-forwards	—	—	—
(f)	Other	—	—	—
(g)	Federal and foreign income taxes incurred	\$ 207,946,323	\$ 184,488,447	\$ 23,457,876

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

	(1)	(2)	(3)
	12/31/2016	12/31/2015	(Col 1-2) Change
(2) Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 1,628,133	\$ 1,700,844	\$ (72,711)
(2) Unearned premium reserve	4,138,993	3,829,858	309,135
(3) Policyholder reserves	7,935,947	11,162,399	(3,226,452)
(4) Investments	—	—	—
(5) Deferred acquisition costs	5,496,018	5,772,587	(276,569)
(6) Policyholder dividends accrual	—	—	—
(7) Fixed assets	340,558	424,529	(83,971)
(8) Compensation and benefits accrual	1,991,052	2,717,207	(726,155)
(9) Pension accrual	—	—	—
(10) Receivables - nonadmitted	37,846,606	32,350,516	5,496,090
(11) Net operating loss carry-forward	—	—	—
(12) Tax credit carry-forward	—	—	—
(13) Other (including items <5% of total ordinary tax assets)	2,530,864	2,030,702	500,162
(14) Accrued future expenses	7,824,748	6,343,853	1,480,895
(15) Amortization	3,317,555	4,832,822	(1,515,267)
(16) Premium deficiency reserves	1,424,473	—	1,424,473
(17) Prepaid expenses	1,395,928	211,284	1,184,644
(18) State tax liability	8,489,933	7,989,650	500,283
(99) Subtotal	84,360,808	79,366,251	4,994,557
(b) Statutory valuation allowance adjustment	—	—	—
(c) Nonadmitted	—	—	—
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	84,360,808	79,366,251	4,994,557
(e) Capital:			
(1) Investments	—	—	—
(2) Net capital loss carry-forward	—	—	—
(3) Real estate	—	—	—
(4) Other (including items <5% of total capital tax assets)	—	—	—
(5) Bonds	4,527	—	4,527
(99) Subtotal	4,527	—	4,527
(f) Statutory valuation allowance adjustment	—	—	—
(g) Nonadmitted	—	—	—
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	4,527	—	4,527
(i) Admitted deferred tax assets (2d + 2h)	\$ 84,365,335	\$ 79,366,251	\$ 4,999,084



ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

	(1)	(2)	(3)
	12/31/2016	12/31/2015	(Col 1-2) Change
(3) Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$ —	\$ —	\$ —
(2) Fixed assets	—	—	—
(3) Deferred and uncollected premium	—	—	—
(4) Policyholder reserves	—	—	—
(5) Other (including items <5% of total ordinary tax liabilities)	—	—	—
(6) Coordination of benefits discount	28,338	32,806	(4,468)
(7) Building improvements	45,161	45,161	—
(99) Subtotal	73,499	77,967	(4,468)
(b) Capital:			
(1) Investments	24,376,352	15,539,921	8,836,431
(2) Real estate	—	—	—
(3) Other (including items <5% of total capital tax liabilities)	—	—	—
(4) Investment partnership income	934,765	2,674,033	(1,739,268)
(99) Subtotal	25,311,117	18,213,954	7,097,163
(c) Deferred tax liabilities (3a99 + 3b99)	25,384,616	18,291,921	7,092,695
(4) Net deferred tax assets/liabilities (2i - 3c)	\$ 58,980,719	\$ 61,074,330	\$ (2,093,611)

**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:

	2016	2015
Tax expense computed using federal statutory rate	\$ 184,471,939	\$ 157,764,189
ACA health insurer fee	28,866,041	31,951,055
Change in nonadmitted assets	(6,558,933)	(8,400,831)
Tax exempt income and dividend received deduction net of proration	(4,818,542)	(4,799,784)
Prior year true-up and adjustments	255,341	879,866
Interest (federal and state income tax)	—	(4,317)
Other, net	105,218	424,750
Total	\$ 202,321,064	\$ 177,814,928
Federal income taxes incurred	\$ 207,946,323	\$ 184,488,447
Change in net deferred income taxes	(5,625,259)	(6,673,519)
Total statutory income taxes	\$ 202,321,064	\$ 177,814,928

**E. Operating loss carryforwards:**

- (1) The Company has no operating loss carryforwards and no tax credit carryforwards as of December 31, 2016 or 2015.
- (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:

	Ordinary	Capital	Total
2016	\$ 197,254,665	\$ 9,581,656	\$ 206,836,321
2015	174,690,621	7,818,637	182,509,258
2014	N/A	4,927,291	4,927,291

- (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, 2016 and 2015.

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**F.** The following companies will be included in the consolidated federal income tax return with their parent Anthem, Inc. as of December 31, 2016 and either are current members of the consolidated tax sharing agreement or are in the process of being added to the consolidated tax sharing agreement. Allocation of federal income taxes with affiliates subject to the tax sharing agreement is based upon separate income tax return calculations with credit for net losses that can be used on a consolidated basis. Pursuant to this agreement, the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes. Intercompany income tax balances are settled based on the Internal Revenue Service due dates.

American Imaging Management, Inc.	DeCare Dental Health International, LLC
AMERIGROUP Community Care of New Mexico, Inc.	DeCare Dental Networks, LLC
AMERIGROUP Corporation	DeCare Dental, LLC
AMERIGROUP District of Columbia, Inc.	Designated Agent Company, Inc.
AMERIGROUP Florida, Inc.	EHC Benefits Agency, Inc.
Amerigroup Insurance Company	Empire HealthChoice Assurance, Inc.
AMERIGROUP Iowa, Inc.	Empire HealthChoice HMO, Inc.
Amerigroup Kansas, Inc.	Federal Government Solutions, LLC (fka
AMERIGROUP Maryland, Inc.	Government Health Services, LLC)
AMERIGROUP Mississippi Inc.	Forty-Four Forty-Four Forest Park Redevelopment Corp
AMERIGROUP Nevada, Inc.	Golden West Health Plan, Inc.
AMERIGROUP New Jersey, Inc.	Greater Georgia Life Insurance Company
AMERIGROUP Ohio, Inc.	Health Core, Inc.
AMERIGROUP Oklahoma, Inc.	Health Management Corporation
Amerigroup Services, Inc.	HealthKeepers, Inc.
AMERIGROUP Tennessee, Inc.	HealthLink HMO, Inc.
AMERIGROUP Texas, Inc.	HealthLink, Inc.
AMERIGROUP Washington, Inc.	HealthPlus HP, LLC
AMGP Georgia Managed Care Company, Inc.	Healthy Alliance Life Insurance Company
Anthem Blue Cross Life and Health Insurance Company	HMO Colorado, Inc.
Anthem Financial, Inc.	HMO Missouri, Inc.
Anthem Health Insurance Company of Nevada	Imaging Management Holdings, LLC
Anthem Health Plans of Kentucky, Inc.	Imaging Providers of Texas
Anthem Health Plans of Maine, Inc.	Living Complete Technologies, Inc. (fka
Anthem Health Plans of New Hampshire, Inc.	Tidgewell Associates, Inc.)
Anthem Health Plans of Virginia, Inc.	Matthew Thornton Health Plan, Inc.
Anthem Health Plans, Inc.	National Government Services, Inc.
Anthem Holding Corp.	Park Square Holdings, Inc.
Anthem Insurance Companies, Inc.	Park Square I, Inc.
Anthem Kentucky Managed Care Plan, Inc.	Park Square II, Inc.
Anthem Life & Disability Insurance Company	PHP Holdings, Inc.
Anthem Southeast, Inc.	R&P Realty, Inc.
Anthem UM Services, Inc.	Resolution Health, Inc.
Anthem, Inc.	RightCHOICE Managed Care, Inc.
Arcus Enterprises, Inc.	Rocky Mountain Hospital and Medical Service, Inc.
ARCUS HealthyLiving Services, Inc.	SellCore, Inc.
Associated Group, Inc.	Simply Healthcare Holdings, Inc.
Better Health, Inc.	Simply Healthcare Plans, Inc.
Blue Cross and Blue Shield of Georgia, Inc.	Southeast Services, Inc.
Blue Cross Blue Shield Healthcare Plan of Georgia, Inc.	State Sponsored Business UM Services, Inc.
Blue Cross Blue Shield of Wisconsin	The Anthem Companies of California, Inc.
Blue Cross of California	The Anthem Companies, Inc.
Blue Cross of California Partnership Plan, Inc.	TrustSolutions, LLC
CareMore Health Group, Inc.	UNICARE Health Plan of West Virginia, Inc.
CareMore Health Plan	UNICARE Health Plans of Texas, Inc.
CareMore Health Plan of Arizona, Inc.	UNICARE Illinois Services, Inc.
CareMore Health Plan of Georgia, Inc.	UNICARE Life & Health Insurance Company
CareMore Health Plan of Nevada	UNICARE National Services, Inc.

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CareMore Health Plan of Texas, Inc.	UNICARE Specialty Services, Inc.
CareMore Health System	UtiliMed IPA, Inc.
CareMore Holdings, Inc.	WellPoint Behavioral Health, Inc.
Cerulean Companies, Inc.	WellPoint California Services, Inc.
Claim Management Services, Inc.	WellPoint Dental Services, Inc.
Community Care Health Plan of Louisiana, Inc. (fka AMERIGROUP Louisiana, Inc.)	WellPoint Health Solutions, Inc.
Community Insurance Company	WellPoint Holding Corporation
Compcare Health Services Insurance Corporation	WellPoint Information Technology Services, Inc.
Crossroads Acquisition Corp	WellPoint Insurance Services, Inc.
DeCare Analytics, LLC	WellPoint Military Care Corporation

G. Not applicable.

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 Anthem, Inc. (“Anthem”), a publicly traded company.

On July 24, 2015, the Company’s ultimate parent company, Anthem, and Cigna Corporation (“Cigna”) entered into an Agreement and Plan of Merger dated as of July 23, 2015, by and among Anthem, Cigna and Anthem Merger Sub Corp., a Delaware corporation and a direct wholly-owned subsidiary of Anthem, pursuant to which Anthem will acquire all outstanding shares of Cigna, or the Acquisition. On July 21, 2016, the U.S. Department of Justice, or DOJ, along with certain state attorneys general, filed a civil antitrust lawsuit in the U.S. District Court for the District of Columbia seeking to block the Acquisition. On January 18, 2017, Anthem provided notice to Cigna that Anthem had elected to extend the termination date under the Merger Agreement from January 31, 2017 until April 30, 2017. Following the conclusion of the trial, the Court ruled in favor of the DOJ, on February 8, 2017, and Anthem promptly filed notice that Anthem would appeal the Court’s ruling. On February 14, 2017, Cigna purported to terminate the Merger Agreement and commenced litigation against Anthem in the Delaware Court of Chancery, or Delaware Court, seeking damages and a declaratory judgment that its purported termination of the Merger Agreement was lawful, among other claims. Anthem believes Cigna’s allegations are without merit. Also on February 14, 2017, Anthem initiated its own litigation against Cigna in the Delaware Court seeking a temporary restraining order to enjoin Cigna from terminating the Merger Agreement, specific performance compelling Cigna to comply with the Merger Agreement and damages. On February 15, 2017, the Delaware Court granted Anthem’s motion for a temporary restraining order and issued an order enjoining Cigna from terminating the Merger Agreement. The temporary restraining order became effective immediately and will remain in place pending any further order from the Delaware Court. Anthem intends to vigorously defend the Acquisition in both the Circuit Court and the Delaware Court and remains committed to completing the Acquisition as soon as practicable.

B. Significant Transactions for Each Period

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

The Board of Directors of the Company declared an extraordinary dividend in the amount of \$101,733,620 on November 16, 2016. The Department approved this dividend on December 5, 2016. The Company paid the dividend to its parent company, ATH Holding, on December 14, 2016.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company  
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The Board of Directors of the Company declared an ordinary dividend in the amount of \$4,466,380 on November 16, 2016. The Company paid the dividend to its parent company, ATH Holding, on December 14, 2016.

The Board of Directors of the Company declared an ordinary dividend in the amount of \$160,000,000 on June 7, 2016. The Company paid the dividend to its parent company, ATH Holding, on June 23, 2016.

The Board of Directors of the Company declared an ordinary dividend in the amount of \$101,800,000 on December 15, 2015. The Company paid the dividend to its parent company, ATH Holding, on December 30, 2015.

The Board of Directors of the Company declared an ordinary dividend in the amount of \$175,000,000 on June 8, 2015. The Company paid the dividend to its parent company, ATH Holding, on June 22, 2015.

**C. Intercompany Management and Service Arrangements**

There were no changes to the intercompany management and service arrangements, and there were no additional arrangements entered into during 2016 or 2015. The amounts of transactions under such agreements are presented in Schedule Y, Part 2.

**D. Amounts Due to or from Related Parties**

At December 31, 2016 and 2015, the Company reported \$67,404,206 and \$124,339,858 due from affiliates and \$160,576,442 and \$147,330,302 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 Contracts 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. Costs include expenses such as salaries, employee benefits, communications, advertising, consulting services, rent, utilities, billing, accounting, underwriting, and product development, which support the Company's operations. These costs are allocated based on various utilization statistics.

The Company is party to a cash concentration agreement with its affiliated companies. Under this agreement, any of the Company's affiliates may be designated as a cash manager to handle the collection and/or payment of funds on behalf of the Company. Conversely, the Company may be designated as a cash manager to handle the collection and/or payment of funds on behalf of its affiliates. Cash services covered under this agreement include the collection of premiums and other revenue, the collection of benefit and administrative expense reimbursements, the payment of policy benefits, payroll expense, general and administrative expense, and accounts payable disbursements.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company  
NOTES TO FINANCIAL STATEMENTS

**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 Anthem, Inc.

**H. Amount Deducted for Investment in Upstream Company**

The Company and its subsidiary do not own shares of upstream intermediate entities or Anthem.

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

The Company does not have investments in affiliates greater than 10% of admitted assets.

**J. Write-down for Impairments of Investments in Subsidiaries, Controlled or Affiliated ("SCA") 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.

**M. All SCA Investments**

The Company has no SCA Investments.

**N. Investment in Insurance SCAs**

The Company does not have investments in Insurance SCAs.

**11. Debt**

**A. Capital Notes**

The Company had no capital notes outstanding at December 31, 2016 and 2015.

**B. FHLB (Federal Home Loan Bank) Agreements**

(1) The Company is a member of the Federal Home Loan Bank of Cincinnati ("FHLBC"). Through its membership, the Company has conducted business activity (borrowings) with the FHLBC. It is part of the Company's strategy to utilize these funds as working capital. The Company has determined the actual maximum borrowing capacity as \$150,000,000. The Company calculated this amount in accordance with current FHLBC capital stock.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

(2) FHLB Capital Stock

a. Aggregate Totals

1. Current year

	Total
(a) Membership stock - Class A	\$ —
(b) Membership stock - Class B	2,509,666
(c) Activity stock	4,121,734
(d) Excess stock	—
(e) Aggregate total (a+b+c+d)	\$ 6,631,400
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 150,000,000

2. Prior year-end

	Total
(a) Membership stock - Class A	\$ —
(b) Membership stock - Class B	2,417,120
(c) Activity stock	4,121,680
(d) Excess stock	—
(e) Aggregate total (a+b+c+d)	\$ 6,538,800
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 150,000,000

11B(2)a1(f) should be equal to or greater than 11B(4)a1(d)

11B(2)a2(f) should be equal to or greater than 11B(4)a2(d)

b. Membership Stock (Class A and B) Eligible and Not Eligible for Redemption

Membership Stock	1 Current Year Total (2+3+4+5+6)	2 Not Eligible for Redemption	Eligible for Redemption			
			3 Less Than 6 Months	4 6 Months to Less Than 1 Year	5 1 to Less Than 3 Years	6 3 to 5 Years

1. Class A     \$ —     \$ —     \$ —     \$ —     \$ —     \$ —

2. Class B     \$ 2,509,666     \$ 2,509,666     \$ —     \$ —     \$ —     \$ —

11B(2)b1 Current Year Total (Column 1) should equal 11B(2)a1(a) Total (Column 1)

11B(2)b2 Current Year Total (Column 1) should equal 11B(2)a1(b) Total (Column 1)

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

(3) Collateral Pledged to FHLB

a. Amount pledged as of reporting date

	1	2	3
	Fair Value	Carrying Value	Aggregate Total Borrowing
1. Current Year Total Collateral Pledged	\$ 162,635,586	\$ 162,242,897	\$ 150,000,000
2. Prior Year-end Total Collateral Pledged	\$ 161,781,382	\$ 159,658,411	\$ 150,000,000
11B(3)a1 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b1 (Columns 1, 2 and 3 respectively)			
11B(3)a2 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b2 (Columns 1, 2 and 3 respectively)			

b. Maximum amount pledged during reporting period

	1	2	3
	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
1. Current Year Total Maximum Collateral Pledged	\$ 164,562,182	\$ 162,242,897	\$ 150,000,000
2. Prior Year-end Total Maximum Collateral Pledged	\$ 161,781,382	\$ 160,018,770	\$ 150,000,000

(4) Borrowing from FHLB

a. Amount as of the reporting date

	Total	Funding Agreements Reserves Established
1. Current year		
(a) Debt	\$ 150,000,000	XXX
(b) Funding agreements	—	—
(c) Other	—	XXX
(d) Aggregate total (a+b+c)	\$ 150,000,000	\$ —
2. Prior year-end		
(a) Debt	\$ 150,000,000	XXX
(b) Funding agreements	—	—
(c) Other	—	XXX
(d) Aggregate total (a+b+c)	\$ 150,000,000	\$ —

b. Maximum amount during reporting period (current year)

	Total
1. Debt	\$ 150,000,000
2. Funding agreements	—
3. Other	—
4. Aggregate total (Lines 1+2+3)	\$ 150,000,000

c. FHLB - Prepayment obligations

	Does the Company have prepayment obligations under the following arrangements (YES/NO)?
1. Debt	No
2. Funding agreements	No
3. Other	No

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

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

A. Defined Benefit Plan

Not applicable - See Note 12G.

B. Not applicable - See Note 12G.

C. Not applicable - See Note 12G.

D. Not applicable - See Note 12G.

E. Defined Contribution Plans

Not applicable - See Note 12G.

F. Multiemployer Plans

The Company does not participate in a multiemployer plan.

G. Consolidated/Holding Company Plans

The Company participates in the Anthem Cash Balance Pension Plan, a frozen non-contributory defined benefit pension plan sponsored by ATH Holding, covering most employees of Anthem and its subsidiaries. ATH Holding allocates a share of the total accumulated costs of the plan to the Company based on the number of allocated employees. 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. The Company has no legal obligation for benefits under this plan.

The Company participates in a deferred compensation plan sponsored by Anthem which covers certain employees. The deferred amounts are payable according to the terms and subject to the conditions of said deferred compensation agreements. Anthem 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. The Company has no legal obligation for benefits under this plan.

The Company participates in the Anthem 401(k) Retirement Savings Plan, a defined contribution 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. The Company has no legal obligation for benefits under this plan.

During 2016 and 2015, the Company was allocated the following costs or (credits) for these retirement benefits:

	2016	2015
Defined benefit pension plan	\$ (2,507,425)	\$ (2,473,741)
Postretirement medical benefit plan	380,677	105,094
Deferred compensation plan	216,558	226,355
Defined contribution plan	7,465,034	7,599,072



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**H. Post Employment Benefits and Compensated Absences**

Not applicable.

**I. 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, 2016, 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 2017**

Within the limitations of (3) above, the Company may pay \$319,116,362 in dividends during 2017 without prior approval.

**(6) Unassigned Surplus Restrictions**

Unassigned surplus funds are not restricted at December 31, 2016.

**(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, 2016.

**(9) Changes in Special Surplus Funds**

The change in balances of special surplus funds from the prior year are due to changes in the amounts segregated for the estimated Affordable Care Act ("ACA") health insurer fee as well as the deferred gain on the Company's sale-leaseback transaction. The annual fee under section 9010 of the ACA has been suspended for 2017, therefore no surplus has been segregated as of December 31, 2016.

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**(10) Changes in Unassigned Funds**

The portion of unassigned funds represented by cumulative unrealized gains and losses was \$60,966,190 at December 31, 2016.

**(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 a quasi-reorganization during the past 10 years.

**14. Liabilities, Contingencies and Assessments**

**A. Contingent Commitments**

- (1) The Company has a commitment to contribute an additional \$30,546,741 related to the Company's investments in joint ventures, limited partnerships and limited liability companies.
- (2) Not applicable.
- (3) Not applicable.

**B. Assessments**

- (1) The Company is subject to guaranty fund and other assessments by the state(s) 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 \$1,107,124 for guaranty fund assessments as of December 31, 2016 and 2015. 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.

- (2) The State of Ohio issued a guaranty fund assessment in 2016. The Company paid the assessment and recorded a premium tax credit of \$9,966,568 as of December 31, 2016. The Company held \$288,865 in guaranty fund assessment premium tax credits as of December 31, 2015.

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a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$	288,865
b. Decreases current year:		
Policy surcharges collected		—
Policy surcharges charged off		—
Premium tax offset applied		—
c. Increases current year:		
Policy surcharges collected		—
Policy surcharges charged off		—
Premium tax offset recognized		9,966,568
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$	10,255,433

C. Gain Contingencies

The Company has no gain contingencies at December 31, 2016.

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

Not applicable.

E. Joint and Several Liabilities

Not applicable.

F. All Other Contingencies

The National Organization of Life & Health Insurance Guaranty Associations, or NOLHGA, is a voluntary organization consisting of the state life and health insurance guaranty associations located throughout the U.S. Such associations, working together with NOLHGA, provide a safety net for their state’s policyholders, ensuring that they continue to receive coverage, subject to state maximum limits, even if their insurer is declared insolvent. In 2009, the Pennsylvania Insurance Commissioner placed Penn Treaty Network America Insurance Company and its subsidiary American Network Insurance Company, or collectively Penn Treaty, in rehabilitation, an intermediate action before insolvency. After failing to develop a viable rehabilitation plan, the Pennsylvania Insurance Commissioner filed a petition to convert the rehabilitation to a liquidation, with the liquidation expected to commence following the coordination of certain scheduling matters. When Penn Treaty is placed in liquidation, we and other insurers will be obligated to pay a portion of their policyholder claims through state guaranty association assessments in future periods. At December 31, 2016, we estimate our portion of the assessments for the Penn Treaty insolvency will approximate \$14,800,000 to \$17,000,000. In accordance with NAIC SAP guidance, the ultimate amount of the assessments will be recognized as an expense in the period in which a court ordered liquidation is entered. Payment of the assessments will be largely recovered through premium tax credits over future years.

Anthem and some of its subsidiaries, including the Company, currently is a defendant in eleven putative class actions relating to out-of-network (“OON”) reimbursements that were consolidated into a single multi-district lawsuit called *In re WellPoint, Inc.* (now known as Anthem, Inc.) *Out-of-Network “UCR” Rates Litigation* that is pending in the United States District Court for the Central District of California. The lawsuits were filed in 2009. The plaintiffs include current and former members on behalf of a putative class of members who received OON services for which the defendants paid less than

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billed charges, the American Medical Association, four state medical associations, OON physicians, OON non-physician providers, the American Podiatric Association, the California Chiropractic Association and the California Psychological Association, on behalf of putative classes of OON physicians and all OON non-physician health care providers. The plaintiffs have filed several amended complaints alleging that the defendants violated the Racketeer Influenced and Corrupt Organizations Act (“RICO”), the Sherman Antitrust Act, ERISA, federal regulations, and state law by using an OON reimbursement database called Ingenix and by using non-Ingenix OON reimbursement methodologies. The most recent pleading filed by the plaintiffs is a Fourth Amended Complaint to which Anthem filed a motion to dismiss most, but not all, of the claims. In July 2013, the court issued an order granting, in part and denying in part, Anthem’s motion. The court held that the state and federal anti-trust claims, along with the RICO claims, should be dismissed in their entirety with prejudice. The court further found that the ERISA claims, to the extent they involved non-Ingenix methodologies and along with those that involved alleged non-disclosures, should be dismissed with prejudice. The court also dismissed most of the plaintiffs’ state law claims with prejudice. The only claims that remain after the court’s decision are a) an ERISA benefits claim relating to claims priced based on Ingenix, b) a breach of contract claim on behalf of one subscriber plaintiff, c) a breach of implied covenant claim on behalf of one subscriber plaintiff, and d) one subscriber plaintiff’s claim under the California Unfair Competition Law. The plaintiffs filed a motion for reconsideration of the motion to dismiss order, which the court granted in part and denied in part. The court ruled that the plaintiffs adequately allege that one Georgia provider plaintiff is deemed to have exhausted administrative remedies regarding non-Ingenix methodologies based on the facts alleged regarding that plaintiff; therefore, those claims are back in the case. Fact discovery is complete. The plaintiffs filed a motion for class certification in November 2013 seeking six different classes, which was denied in its entirety in late 2014. The California subscriber plaintiffs filed a motion for leave to file a renewed motion for class certification with more narrowly defined proposed classes, which the court denied. In late 2015, all but two of the individually named subscribers and all of the providers and medical associations dismissed their claims with prejudice. Anthem and one of the subscriber plaintiffs filed motions for summary judgment in March 2016. In July 2016, the court denied plaintiffs’ motion and granted our motion for summary judgment on all remaining claims. One of the plaintiff’s filed a motion for reconsideration, which was denied. Then the plaintiff filed an appeal of the court’s denial of the motion for reconsideration, which is currently pending. The Court entered final judgment in the case in the Company’s favor. Anthem intends to vigorously defend these suits; however, their ultimate outcome cannot be presently determined.

Anthem and some of its subsidiaries, including the Company, are a defendant in multiple lawsuits that were initially filed in 2012 against the Blue Cross and Blue Shield Association (BCBSA) as well as Blue Cross and/or Blue Shield licensees across the country. The cases were consolidated into a single multi-district lawsuit called *In re Blue Cross Blue Shield Antitrust Litigation* that is pending in the United States District Court for the Northern District of Alabama. Generally, the suits allege that the BCBSA and the Blue plans have engaged in a conspiracy to horizontally allocate geographic markets through license agreements, best efforts rules (which limit the percentage of non-Blue revenue of each plan), restrictions on acquisitions and other arrangements in violation of the Sherman Antitrust Act and related state laws. The cases were brought by two putative nationwide classes of plaintiffs, health plan subscribers and providers. Subscriber and provider plaintiffs each filed consolidated amended complaints on July 1, 2013. The consolidated amended subscriber complaint was also brought on behalf of putative state classes of health plan subscribers in Alabama, Arkansas, California, Florida, Hawaii, Illinois, Louisiana, Michigan, Mississippi, Missouri, New Hampshire, North Carolina, Pennsylvania, Rhode Island, South Carolina, Tennessee, and Texas. Defendants filed motions to dismiss in September 2013. In June 2014, the Court denied the majority of the motions, ruling that plaintiffs had alleged sufficient facts at this stage of the litigation to avoid dismissal of their claims. Following the subsequent filing of amended complaints by each of the subscriber and provider plaintiffs, Anthem filed its answer and asserted its affirmative defenses in December 2014. No date has been set

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for either the pretrial conference or trials in these actions. Since January 2016, subscribers have filed additional actions asserting damage claims in Indiana, Kansas, Kansas City, Minnesota, Montana, Nebraska, North Dakota, Oklahoma, South Dakota, Vermont, and Virginia, all of which have been or will be consolidated into the multi-district lawsuit. In November 2016, subscriber plaintiffs and provider plaintiffs, respectively, filed new amended complaints adding new named plaintiffs and new factual allegations. The Company intends to vigorously defend these suits; however, their ultimate outcome cannot be presently determined.

In March 2016, Anthem filed a lawsuit against its vendor for pharmacy benefit management (“PBM”) services, captioned *Anthem, Inc. v. Express Scripts, Inc.*, in the U.S. District Court for the Southern District of New York. The lawsuit seeks to recover damages for pharmacy pricing that is higher than competitive benchmark pricing, damages related to operational breaches and seeks various declarations under the PBM agreement between the parties. Anthem’s suit asserts that Express Scripts, Inc.’s (“Express Scripts”) current pricing exceeds the competitive benchmark pricing required by the PBM agreement over the remaining term of the PBM agreement and through the post-termination transition period. Further, Anthem believes that Express Scripts’ excessive pricing has caused Anthem to lose existing customers and prevented the Company from gaining new business. In addition to the amounts associated with competitive benchmark pricing, Anthem is seeking damages associated with operational breaches incurred to date, together with a declaratory judgment that Express Scripts: (1) breached its obligation to negotiate in good faith and to agree in writing to new pricing terms; (2) is required to provide competitive benchmark pricing to Anthem through the term of the PBM agreement; (3) has breached the PBM agreement, and that Anthem can terminate the PBM agreement either due to Express Scripts’ breaches or because Anthem has determined that Express Scripts’ performance with respect to the delegated Medicare Part D functions has been unsatisfactory; and (4) is required under the PBM agreement to provide post-termination services, at competitive benchmark pricing, for one year following any termination. In April 2016, Express Scripts filed an answer to the lawsuit disputing Anthem’s contractual claims and alleging various defenses and counterclaims. Express Scripts contends that Anthem breached the PBM agreement by failing to negotiate proposed new pricing terms in good faith and that Anthem breached the implied covenant of good faith and fair dealing by disregarding the terms of the transaction. In addition, Express Scripts is seeking declaratory judgments: (1) regarding the timing of the periodic pricing review under the PBM agreement; (2) that it has no obligation to ensure that Anthem receives any specific level of pricing, that Anthem has no contractual right to any change in pricing under the PBM agreement and that its sole obligation is to negotiate proposed pricing terms in good faith; and (3) that Anthem does not have the right to terminate the PBM agreement. In the alternative, Express Scripts claims that Anthem has been unjustly enriched by its payment of \$4.675 billion at the time of the PBM agreement. Anthem believes that Express Scripts’ defenses and counterclaims are without merit. Anthem filed a motion to dismiss Express Script’s counterclaims, which is pending. Anthem intends to vigorously pursue these claims and defend against any counterclaims; however, the ultimate outcome cannot be presently determined.

Anthem and Express Scripts were also named as defendants in a purported class action lawsuit filed in June 2016 in the Southern District of New York by three members of ERISA plans alleging ERISA violations captioned *Karen Burnett, Brendan Farrell, and Robert Shullich, individually and on behalf of all others similarly situated vs. Express Scripts, Inc. and Anthem, Inc.* The lawsuit was then consolidated with a similar lawsuit that was previously filed against Express Scripts. A first amended consolidated complaint was filed in the consolidated lawsuit, which is captioned *In Re Express Scripts/Anthem ERISA Litigation*. The first amended consolidated complaint was filed by six individual plaintiffs against Anthem and Express Scripts on behalf of all persons who are participants in or beneficiaries of any ERISA or non-ERISA health care plan from December 1, 2009 to the present in which Anthem provided prescription drug benefits through a PBM agreement with Express Scripts and who paid a percentage bases on co-insurance payment in the course of using that prescription drug benefit. As to the ERISA members, the plaintiffs allege that Anthem breached its duties under ERISA(i) by failing

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to adequately monitor Express Scripts' pricing under the PBM agreement and (ii) by trading off the best interests of Anthem insureds for its own pecuniary interest by allegedly agreeing to higher pricing in the PBM agreement in exchange for the \$4.675 billion purchase price for Anthem's NextRX PBM business. As to the non-ERISA members, the plaintiffs assert that Anthem breached the implied covenant of good faith and fair dealing implied in the health plans under which the non-ERISA members are covered by (i) negotiating and entering into the PBM agreement with Express Scripts that was detrimental to the interests of the such non-ERISA members, (ii) failing to adequately monitor the activities of Express Scripts, including failing to timely monitor and correct the prices charged by Express Scripts for prescription medications, and (iii) acting in Anthem's self-interests instead of the interests of the non-ERISA members when it accepted the \$4.675 billion purchase price for NextRx. Plaintiffs seek to hold Anthem and Express Scripts jointly and severally liable and to recover all losses suffered by the proposed class, equitable relief, disgorgement of alleged ill-gotten gains, injunctive relief, attorney's fees and costs and interest. Anthem filed a motion to dismiss all of the claims brought against Anthem, which is pending. Express Scripts filed a motion to transfer the case to a federal court in Missouri and Anthem intends to oppose this transfer. Anthem intends to vigorously defend this suit; however, its ultimate outcome cannot be presently determined.

In February 2015, Anthem reported that it was the target of a sophisticated external cyber-attack. The attackers gained unauthorized access to certain of Anthem's information technology systems and obtained personal information related to many individuals and employees, such as names, birthdays, health care identification/social security numbers, street addresses, email addresses, phone numbers and employment information, including income data. To date, there is no evidence that credit card or medical information, such as claims, test results or diagnostic codes, were targeted, accessed or obtained, although no assurance can be given that Anthem will not identify additional information that was accessed or obtained.

Upon discovery of the cyber-attack, Anthem took immediate action to remediate the security vulnerability and retained a cybersecurity firm to evaluate its systems and identify solutions based on the evolving landscape. Anthem is providing credit monitoring and identity protection services to those who have been affected by this cyber-attack. Anthem has continued to implement security enhancements since this incident. Anthem has incurred expenses subsequent to the cyber-attack to investigate and remediate this matter and expects to continue to incur expenses of this nature in the foreseeable future. Anthem will recognize these expenses in the periods in which they are incurred.

Actions have been filed in various federal and state courts and other claims have been or may be asserted against Anthem on behalf of current or former members, current or former employees, other individuals, shareholders or others seeking damages or other related relief, allegedly arising out of the cyber-attack. Federal and state agencies, including state insurance regulators, state attorneys general, the Health and Human Services Office of Civil Rights and the Federal Bureau of Investigation, are investigating events related to the cyber-attack, including how it occurred, its consequences and Anthem's responses. The NAIC's multistate targeted market conduct and financial exam was concluded in December 2016. As part of the resolution, the NAIC asked and Anthem has agreed to provide a customized credit protection program functionally equivalent to a credit freeze for minors who were under the age of 18 on January 27, 2015. No fines or penalties were issued. Although Anthem is cooperating in these investigations, Anthem may be subject to fines or other obligations, which may have an adverse effect on how Anthem operates its business and on its results of operations. With respect to the civil actions, a motion to transfer was filed with the Judicial Panel on Multidistrict Litigation in February 2015 and was subsequently heard by the Panel in May 2015. In June 2015, the Panel entered its order transferring the consolidated matter to the U.S. District Court for the Northern District of California. The U.S. District Court entered its case management order in September 2015. Anthem filed a motion to dismiss ten of the counts that are before the U.S. District Court. In February 2016, the court issued an

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order granting in part and denying in part our motion, dismissing three counts with prejudice, four counts without prejudice and allowing three counts to proceed. Plaintiffs filed a second amended complaint in March 2016, and Anthem subsequently filed a second motion to dismiss. In May 2016, the court issued an order granting in part and denying in part our motion, dismissing one count with prejudice, dismissing certain counts asserted by specific named plaintiffs with or without prejudice depending on their individualized facts, and allowing the remaining counts to proceed. In July 2016, plaintiffs filed a third amended complaint, which Anthem answered in August 2016. Fact discovery was completed in December 2016. There remain two state court cases that are presently proceeding outside of the Multidistrict Litigation.

Anthem has contingency plans and insurance coverage for certain expenses and potential liabilities of this nature. While a loss from these matters is reasonably possible, Anthem cannot reasonably estimate a range of possible losses because the investigation into the matter is ongoing, the proceedings remain in the early stages, alleged damages have not been specified, there is uncertainty as to the likelihood of a class or classes being certified or the ultimate size of any class if certified, and there are significant factual and legal issues to be resolved.

The Company is 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 investigations, audits, reviews and administrative proceedings. These investigations, audits and reviews and administrative proceedings include routine and special investigations by state insurance departments, state attorneys general, the U.S. Attorney General and Federal Agencies. Such investigations, audits, reviews and administrative proceedings could result in the imposition of civil or criminal fines, penalties, other sanctions and additional rules, regulations or other restrictions on The Company’s business operations. The Company believes that any liability that may result from any one of these actions, or in the aggregate, could have a material adverse effect on the Company’s financial position or results of operations.

At December 31, 2016 and 2015, the Company reported admitted assets of \$515,291,576 and \$393,618,862, respectively, in premium receivables due from policyholders and agents and receivables due from uninsured plans. Based upon Company experience, any uncollectible receivables are not expected to exceed \$47,166,819 that was nonadmitted at December 31, 2016; 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.

15. Leases

A. Lessee Operating Lease

- (1) The Company leases office space, office equipment, EDP equipment, and software under various noncancelable operating leases. Related lease expense for 2016 and 2015 was \$3,751,599 and \$3,921,202, respectively.
- (2) At January 1, 2017, the minimum aggregate rental commitments are as follows:

	Year Ending December 31	Operating Leases
1.	2017	\$ 5,824,642
2.	2018	5,793,902
3.	2019	3,600,669
4.	2020	3,149,102
5.	2021	2,822,732
6.	Total	<u>\$ 21,191,047</u>

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(3)

- a. During 2014, the Company entered into a sale-leaseback transaction with an unaffiliated entity to lease the Mason, Ohio building for 12 years.
- b. Not applicable.

**B. Lessor Leases**

(1) The Company has not entered into any operating leases.

(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, 2016, 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, 2016 and 2015.

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

- (1) 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, 2016 the fair value of securities loaned was \$109,857,766, and the carrying value of securities loaned was \$108,554,144.

(2) - (7) Not applicable.

**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, 2016 and 2015, 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 ("ASO") Plans**

Not applicable.



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**B. Administrative Services Contract ("ASC") Plans**

The gain from operations from ASC uninsured plans and the uninsured portion of partially insured plans during 2016 was:

	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical cost incurred	\$ 9,707,572,134	\$ —	\$ 9,707,572,134
b. Gross administrative fees accrued	522,445,253	—	522,445,253
c. Other income or expenses (including interest paid to or received from plans)	—	—	—
d. Gross expenses incurred (claims and administrative)	10,066,664,675	—	10,066,664,675
e. Total gain or (loss) from operations	\$ 163,352,712	\$ —	\$ 163,352,712

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

- (1) The Company does not record revenue explicitly attributable to the cost share and reinsurance components of administered Medicare products.
- (2) As of December 31, 2016 and 2015, the Company recorded a receivable from the Centers for Medicare and Medicaid of \$4,465,208 and \$2,607,382, respectively, related to the cost share and reinsurance components of administered Medicare products, and a receivable from ASC customers of \$277,697,598 and \$208,336,286, respectively. The Company did not record a receivable from the U.S. Department of Health and Human Services related to the cost share and reinsurance components of administered commercial ACA products.
- (3) As no revenue is recorded in connection with the cost share and reinsurance components of the Company’s reinsurance contracts, the Company has recorded no allowances and reserves for the adjustment of recorded revenues and receivables.
- (4) The Company has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

**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, 2016 and 2015.

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20. Fair Value Measurements

A.

(1) Fair Value Measurements at Reporting Date:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Perpetual preferred stock				
Industrial and misc	\$ —	\$ —	\$ 140,924	\$ 140,924
Total perpetual preferred stocks	\$ —	\$ —	\$ 140,924	\$ 140,924
Bonds				
Industrial and misc	\$ —	\$ 62,074,451	\$ —	\$ 62,074,451
Total bonds	\$ —	\$ 62,074,451	\$ —	\$ 62,074,451
Common stock				
Industrial and misc	\$ 285,100,617	\$ —	\$ 6,931,850	\$ 292,032,467
Total common stocks	\$ 285,100,617	\$ —	\$ 6,931,850	\$ 292,032,467
Total assets at fair value	\$ 285,100,617	\$ 62,074,451	\$ 7,072,774	\$ 354,247,842

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

Description	Beginning Balance at 01/01/2016	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2016
a. Assets										
Common Stock										
Industrial and misc	\$6,551,215	—	—	95,054	(356,077)	777,546	—	(135,888)	—	\$ 6,931,850
Preferred Stock										
Industrial and misc	\$ —	—	—	—	(47,408)	188,332	—	—	—	\$ 140,924
Total assets	\$6,551,215	—	—	95,054	(403,485)	965,878	—	(135,888)	—	\$ 7,072,774

(3) The Company's policy is to recognize transfers between Levels, if any, as of the beginning of the reporting period.

(4) 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 1 or Level 2 inputs, for the determination of fair value to facilitate fair value measurements and disclosures. United States government securities represent Level 1 securities, while Level 2 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 1 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 2. The Company has certain equity securities, including private equity securities, for which the fair value is estimated based on each security's current condition and the future cash flow projections. Such securities are designated Level 3. The fair values of these private equity securities are generally based on either broker quotes or discounted cash flow projections using assumptions for inputs such as the weighted-average cost of

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capital, long-term revenue growth rates and earnings before interest, taxes, depreciation and amortization, or revenue multiples that are not observable in the markets.

Certain financial assets are measured at fair value using Level 3 inputs, such as certain non-investment grade bonds and loan-backed securities or investments that are impaired during the year and recorded at fair value.

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

B. Fair Value Measurements Under Other Accounting Pronouncements

Not applicable at December 31, 2016 and 2015.

C. Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 1,198,218,038	\$ 1,182,778,105	\$ 32,461,878	\$ 1,165,756,160	\$ —	\$ —
Perpetual preferred stock	503,502	162,195	—	—	503,502	—
Common stock	292,032,467	292,032,467	285,100,617	—	6,931,850	—
Short-term investments	65,182,035	65,182,035	65,182,035	—	—	—
Securities lending collateral asset	112,693,025	112,545,331	54,258,710	58,434,315	—	—

D. Not Practicable to Estimate Fair Value

There are no financial instruments that were not practicable to estimate fair value.

21. Other Items

A. Unusual or Infrequent Items

Not applicable at December 31, 2016 and 2015.

B. Troubled Debt Restructuring: Debtors

Not applicable at December 31, 2016 and 2015.

C. Other Disclosures

Assets in the amount of \$477,496 and \$484,505 at December 31, 2016 and 2015, respectively, were on deposit with government authorities or trustees as required by law.

The Company participates in the Federal Employee Health Benefits Program (“FEHBP”) with other Blue Cross Blue Shield Plans. This program includes a fully-insured experience-rated contract, commonly known as the FEP, between the OPM and BCBSA, which acts as an agent for the participating Blue Cross Blue Shield plans. In addition, each participating plan, including the Company, executes a contract with BCBSA which obligates each participating plan to underwrite FEP benefits in its service area.

FEP premium is earned when chargeable benefit costs, allowable expenses or retentions are incurred. Deferred premiums are recorded to offset the FEP liabilities for incurred claims but not reported and claims adjustment expenses that are due from the OPM, when the claims are ultimately paid. Premium rates are developed by BCBSA and negotiated with OPM annually. These rates determine the funds that will be available to the participating Blue Cross Blue Shield plans to provide insurance to Federal employees that enroll with the Blue Cross Blue Shield FEP. The excess of gross premiums for the life of the program over the charges for the life of the program on an accrual basis is accounted for as a rate stabilization

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reserve (commonly referred to as the special reserve), as required by the contract between OPM and BCBSA. Each year, OPM also allocates a portion of the premiums to a contingency reserve, which may be utilized by the participating plans in the event that annual premiums paid to the insurance carrier are insufficient or the rate stabilization reserve falls below certain levels prescribed by OPM. Premiums paid to the carrier and available to each participating Blue Cross Blue Shield plan, including the special reserve and the contingency reserve, are held at the U.S. Treasury, including amounts unused from prior periods. Any premiums that remain in the rate stabilization reserve upon termination of the BCBSA contract after the claims run-out and reimbursement of allowable administrative expenses would be returned to OPM for the benefit of the FEHBP. The FEP contract renews automatically each year unless written notice of termination is given by either party.

In accordance with the FEP contract, premium funds that exceed daily operating needs are held on behalf of the Company in letter of credit accounts at the U.S. Treasury to provide funding for claims, administrative expenses, and other charges to the contract. The Company, along with other Blue Cross Blue Shield plans who participate in the FEHBP contract, have an unrestricted right to draw funds being held in the U.S. Treasury, other than those allocated to the contingency reserve, for any valid claim or expense. If the balance of the special reserve is exhausted or falls below certain prescribed levels, OPM will transfer funds from the contingency reserve to the special reserve to the extent that funds are available in the contingency reserve. Amounts incurred in excess of the total reserves held at the U.S. Treasury for the FEP would not be reimbursed to the Company.

At December 31, 2016, the gross premiums for the life of the program did not exceed the gross charges for the life of the program, therefore a rate stabilization reserve was not required for the Company at December 31, 2016 and December 31, 2015.

FEP represented approximately 60.4% and 68.9% of premiums receivable as of December 31, 2016 and 2015, respectively. FEP represented approximately 20.0% and 19.5% of net premiums written for the years ended December 31, 2016 and 2015, respectively.

**D. Business Interruption Insurance Recoveries**

The Company has reported no recoveries for business interruption for the years ended December 31, 2016 and 2015.

**E. State Transferable and Non-Transferable Tax Credits**

The Company did not have state transferable tax credits at December 31, 2016 and 2015.

**F. Subprime Mortgage-Related Risk Exposure**

- (1) The Company's investment strategy of providing safety and preservation of capital, sufficient liquidity to meet cash flow requirements and the attainment of a competitive after-tax investment return is supported by a well diversified portfolio consisting of many different types of investments. The portion of the Company's investment portfolio with subprime mortgage-related risk exposure is relatively small in comparison to the overall investment portfolio, and consists mainly of investment grade securities with no exposure to collateralized debt obligations. All mortgage related investments are monitored closely as part of the quarterly investment review performed by the Anthem Investment Impairment Review Committee.
- (2) The Company did not carry investments in subprime mortgage loans in its portfolio at December 31, 2016 or 2015.
- (3) The Company did not have subprime mortgage-related risk exposure at December 31, 2016 or 2015.

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(4) The Company did not underwrite Mortgage Guaranty or Financial Guaranty insurance coverage at December 31, 2016 or 2015.

G. Retained Assets

The Company does not have retained assets at December 31, 2016 and 2015.

H. Insurance-Linked Securities Contracts

Not applicable.

22. Events Subsequent

The Company is subject to an annual fee under section 9010 of the ACA. A health insurance company’s portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. The annual fee under section 9010 of the ACA has been suspended for 2017 and will resume for 2018 and beyond.

	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?	YES	
B. ACA fee assessment payable for the upcoming year	\$ —	\$ 84,012,403
C. ACA fee assessment paid	\$ 82,474,403	\$ 91,288,729
D. Premium written subject to ACA 9010 assessment	\$ 4,977,291,420	\$ 4,965,144,966
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	\$ 807,772,256	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus Line 22B above).	\$ 807,772,256	
G. Authorized Control Level (Five-Year Historical Line 15)	\$ 186,323,758	
H. Would reporting the ACA assessment as of December 31, 2016 have triggered an RBC action level (YES/NO)?	NO	

On January 30, 2017, the Company’s borrowing of \$150,000,000 from the Federal Home Loan Bank of Cincinnati matured and was paid in full. On January 30, 2017, the Company borrowed \$150,000,000 from the Federal Home Loan Bank of Cincinnati. The advance has a fixed interest rate of 0.68% and will mature on March 1, 2017.

Subsequent events have been considered through February 23, 2017 for the statutory statement issued on February 24, 2017. There were no other events occurring subsequent to December 31, 2016 requiring recognition or disclosure.

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

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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)

If yes, give full details.

- (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)

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.

\$17,001,017

- (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, give full details.

**B. Uncollectible Reinsurance**

The Company has no uncollectible reinsurance at December 31, 2016 and 2015.

**C. Commutation of Ceded Reinsurance**

The Company has not commuted ceded reinsurance during 2016 and 2015.

**D. Certified Reinsurer Rating Downgraded or Status Subject Revocation**

The Company has no downgraded certified reinsurer ratings or status subject to revocations during 2016 and 2015.

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24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. The Company sells accident and health policies 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 as an adjustment to earned premium.
- C. The amount of net premiums written by the Company at December 31, 2016 and 2015 that were subject to retrospective rating features was \$5,023,407,140 and \$5,037,960,698, respectively, which represented 95.1% and 95.6%, respectively, of the total net premiums written.
- 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 that 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 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:

	1	2	3	4	5
	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Year Reporting:					
(1) Medical loss ratio rebates incurred	\$ 9,428,631	\$ —	\$ —	\$ —	\$ 9,428,631
(2) Medical loss ratio rebates paid	1,021,940	—	—	—	1,021,940
(3) Medical loss ratio rebates unpaid	8,406,691	—	—	—	8,406,691
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	—
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	—
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$ 8,406,691
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred	\$ 3,372,589	\$ —	\$ —	\$ —	\$ 3,372,589
(8) Medical loss ratio rebates paid	7,229,548	—	—	—	7,229,548
(9) Medical loss ratio rebates unpaid	4,549,731	—	—	—	4,549,731
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	—
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	—
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$ 4,549,731

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

(1)	Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)?	Yes
(2)	Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year	
a.	Permanent ACA Risk Adjustment Program	
	Assets	
	1. Premium adjustments receivable due to ACA Risk Adjustment	\$ 39,071,032
	Liabilities	
	2. Risk adjustment user fees payable for ACA Risk Adjustment	\$ 108,175
	3. Premium adjustments payable due to ACA Risk Adjustment	\$ —
	Operations (Revenue & Expense)	
	4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$ 53,856,438
	5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)	\$ 105,407
b.	Transitional ACA Reinsurance Program	
	Assets	
	1. Amounts recoverable for claims paid due to ACA Reinsurance	\$ 14,857,210
	2. Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)	\$ 2,143,807
	3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	\$ —
	Liabilities	
	4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	\$ 3,413,548
	5. Ceded reinsurance premiums payable due to ACA Reinsurance	\$ —
	6. Liability for amounts held under uninsured plans contributions for ACA Reinsurance	\$ —
	Operations (Revenue & Expense)	
	7. Ceded reinsurance premiums due to ACA Reinsurance	\$ 797,861
	8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$ 16,392,014
	9. ACA Reinsurance contributions - not reported as ceded premium	\$ 16,269,879
c.	Temporary ACA Risk Corridors Program	
	Assets	
	1. Accrued retrospective premium due to ACA Risk Corridors	\$ —
	Liabilities	
	2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	\$ —
	Operations (Revenue & Expense)	
	3. Effect of ACA Risk Corridors on net premium income (paid/received)	\$ (4,248,822)
	4. Effect of ACA Risk Corridors on change in reserves for rate credits	\$ —

Line items where the amount is zero is due to no balance and/or no activity as of the reporting date.



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

		Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date							
						Prior Year Accrued Less Payments (Col 1-3)	Prior Year Accrued Less Payments (Col 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1-3+7)	Cumulative Balance from Prior Years (Col 2-4+8)						
		1	2	3	4								5	6	7	8	9	10
		Receivable	(Payable)	Receivable	(Payable)								Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable
a. Permanent ACA Risk Adjustment Program																		
1.	Premium adjustments receivable	\$ 19,757,630	\$ —	\$ 34,740,436	\$ —	\$(14,982,806)	\$ —	\$ 14,982,806	\$ —	A	\$ —	\$ —	—					
2.	Premium adjustments (payable)	\$ —	\$ —	\$ —	\$ 197,398	\$ —	\$(197,398)	\$ —	\$ 197,398	B	\$ —	\$ —	—					
3.	Subtotal ACA Permanent Risk Adjustment Program	\$ 19,757,630	\$ —	\$ 34,740,436	\$ 197,398	\$(14,982,806)	\$(197,398)	\$ 14,982,806	\$ 197,398		\$ —	\$ —	—					
b. Transitional ACA Reinsurance Program																		
1.	Amounts recoverable for claims paid	\$ 15,187,021	\$ —	\$ 16,921,923	\$ —	\$(1,734,902)	\$ —	\$ 3,816,706	\$ —	C	\$ 2,081,804	\$ —	—					
2.	Amounts recoverable for claims unpaid (contra liability)	\$ 2,343,905	\$ —	\$ —	\$ —	\$ 2,343,905	\$ —	\$(2,343,905)	\$ —	D	\$ —	\$ —	—					
3.	Amounts receivable relating to uninsured plans	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	E	\$ —	\$ —	—					
4.	Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	\$ —	\$ 7,327,202	\$ —	\$ 7,327,202	\$ —	\$ —	\$ —	\$ —	F	\$ —	\$ —	—					
5.	Ceded reinsurance premiums payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	G	\$ —	\$ —	—					
6.	Liability for amounts held under uninsured plans	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	H	\$ —	\$ —	—					
7.	Subtotal ACA Transitional Reinsurance Program	\$ 17,530,926	\$ 7,327,202	\$ 16,921,923	\$ 7,327,202	\$ 609,003	\$ —	\$ 1,472,801	\$ —		\$ 2,081,804	\$ —	—					
c. Temporary ACA Risk Corridors Program																		
1.	Accrued retrospective premium	\$ —	\$ —	\$ 649	\$ —	\$(649)	\$ —	\$ 649	\$ —	I	\$ —	\$ —	—					
2.	Reserve for rate credits or policy experience rating refunds	\$ —	\$ —	\$ —	\$ 4,249,437	\$ —	\$(4,249,437)	\$ —	\$ 4,249,437	J	\$ —	\$ —	—					
3.	Subtotal ACA Risk Corridors Program	\$ —	\$ —	\$ 649	\$ 4,249,437	\$(649)	\$(4,249,437)	\$ 649	\$ 4,249,437		\$ —	\$ —	—					
d.	Total for ACA Risk Sharing Provisions	\$ 37,288,556	\$ 7,327,202	\$ 51,663,008	\$ 11,774,037	\$(14,374,452)	\$(4,446,835)	\$ 16,456,256	\$ 4,446,835		\$ 2,081,804	\$ —	—					

Explanations of Adjustments

- A Adjustments were made to reflect the ending balance as reported in the Centers for Medicare & Medicaid Services "Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers for the 2015 Benefit Year." and/or "Amendment to the Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers for the 2015 Benefit Year."
- B Adjustments were made to reflect the ending balance as reported in the Centers for Medicare & Medicaid Services "Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers for the 2015 Benefit Year." and/or "Amendment to the Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers for the 2015 Benefit Year."
- C Adjustments were made to reflect the ending balance as reported in the Centers for Medicare & Medicaid Services "Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers for the 2015 Benefit Year." and/or "Amendment to the Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers for the 2015 Benefit Year."
- D Adjustments were made to reflect the ending balance as reported in the Centers for Medicare & Medicaid Services "Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers for the 2015 Benefit Year." and/or "Amendment to the Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers for the 2015 Benefit Year."
- E Not applicable.
- F Not applicable.
- G Not applicable.
- H Not applicable.
- I Adjustments are based upon experience to date, the impact, if any, of other risk-sharing programs and the provisions of the Risk Corridor program.
- J Adjustments are based upon experience to date, the impact, if any, of other risk-sharing programs and the provisions of the Risk Corridor program.

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

Risk Corridors Program Year	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Ref	Receivable
a. 2014											
1. Accrued retrospective premium	\$ —	\$ —	\$ 649	\$ —	\$ (649)	\$ —	\$ 649	\$ —	A	\$ —	\$ —
2. Reserve for rate credits for policy experience rating refunds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	B	\$ —	\$ —
b. 2015											
1. Accrued retrospective premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	C	\$ —	\$ —
2. Reserve for rate credits for policy experience rating refunds	\$ —	\$ —	\$ —	\$4,249,437	\$ —	\$ (4,249,437)	\$ —	\$4,249,437	D	\$ —	\$ —
c. 2016											
1. Accrued retrospective premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	E	\$ —	\$ —
2. Reserve for rate credits for policy experience rating refunds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	F	\$ —	\$ —
d. Total for Risk Corridors	\$ —	\$ —	\$ 649	\$4,249,437	\$ (649)	\$ (4,249,437)	\$ 649	\$4,249,437		\$ —	\$ —

Explanations of adjustments

- A Adjustments are based upon experience to date, the impact, if any, of other risk-sharing programs and the provisions of the Risk Corridors program.
- B Not applicable.
- C Not applicable.
- D Adjustments are based upon experience to date, the impact, if any, of other risk-sharing programs and the provisions of the Risk Corridors program.
- E Not applicable.
- F Not applicable.

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

(5) ACA Risk Corridors Receivable as of Reporting Date.

Risk Corridors Program Year	1	2	3	4	5	6
	Estimated Amount to be Filed or Final Amount Filed with CMS	Non-Accrued Amounts for Impairment or Other Reasons	Amounts received from CMS	Asset Balance (Gross of Non-admissions) (1 - 2 - 3)	Non-admitted Amount	Net Admitted Asset (4 - 5)
a. 2014	\$ 16,037	\$ 13,651	\$ 2,386	\$ —	\$ —	\$ —
b. 2015	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
c. 2016	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
d. Total (a + b + c)	\$ 16,037	\$ 13,651	\$ 2,386	\$ —	\$ —	\$ —

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

24E(5)d (Columns 6) should equal 24E(2)c1

25. Change in Incurred Claims and Claim Adjustment Expenses

The estimated cost of claims and claim adjustment expense attributable to insured events of prior years decreased by \$39,410,674 during 2016. This is approximately 7.3% of unpaid claims and claim adjustment expenses of \$542,279,396 as of December 31, 2015. 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 2016. Recent claim development trends are also taken into account in evaluating the overall adequacy of unpaid claims and unpaid claim adjustment expense.

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26. Intercompany Pooling Arrangements

Not applicable at December 31, 2016 and 2015.

27. Structured Settlements

Not applicable at December 31, 2016 and 2015.

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2016	\$ 55,995,234	\$ 29,610,333	\$ —	\$ —	\$ —
9/30/2016	51,841,648	52,402,773	5,017	—	—
6/30/2016	48,276,672	50,086,126	38,909	44,268,698	—
3/31/2016	46,889,968	48,633,976	2,379,568	37,936,626	5,002,956
12/31/2015	46,696,364	50,002,493	2,423,968	44,698,833	2,866,238
9/30/2015	42,885,762	47,806,875	2,270,037	43,485,656	1,975,911
6/30/2015	40,773,086	43,773,519	1,924,784	34,760,265	6,059,565
3/31/2015	37,529,046	38,757,075	1,428,599	33,350,302	3,069,586
12/31/2014	35,711,976	35,373,677	1,606,370	31,640,951	2,691,494
9/30/2014	33,008,170	33,837,964	1,481,138	30,768,787	1,548,360
6/30/2014	30,928,017	33,002,237	1,411,801	28,729,554	2,653,066
3/31/2014	30,343,431	31,191,344	1,266,517	27,712,776	2,140,253

B. Risk Sharing Receivables

Not applicable at December 31, 2016 and 2015.

29. Participating Policies

Not applicable at December 31, 2016 and 2015.

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	\$ 4,069,923
2. Date of the most recent evaluation of this liability	December 31, 2016
3. Was anticipated investment income utilized in the calculation?	Yes No X

The Company had no liabilities related to premium deficiency reserves as of December 31, 2015.

31. Anticipated Salvage and Subrogation

The Company took into account estimated anticipated subrogation and other recoveries in its determination of the liability for unpaid claims and reduced the liability by \$7,598,000 and \$10,501,000 at December 31, 2016 and 2015, respectively.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES  
GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? .....  
If yes, complete Schedule Y, Parts 1, 1A and 2

Yes [ X ] No [ ]

1.2

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

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

1.3

State Regulating? .....

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 [ X ]

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. ....

12/31/2013

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....

12/31/2013

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....

05/21/2015

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 [ X ]

3.6

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

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

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? .....  
4.12 renewals? .....

Yes [ ] No [ X ]  
Yes [ ] No [ X ]

4.2

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

Yes [ ] No [ X ]  
Yes [ ] No [ X ]

5.1

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

Yes [ ] No [ X ]

5.2

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

1	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 [ X ]

6.2

If yes, give full information: .....

7.1

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

Yes [ ] No [ X ]

7.2

If yes,  
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 2016 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 below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	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 18A of the Model Regulation, or substantially similar state law or regulation?

Yes [ ] No [ X ]
- 10.4

If the response to 10.3 is yes, provide information related to this exemption:
- 10.5

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

Yes [ X ] No [ ] N/A [ ]
- 10.6

If the response to 10.5 is no or n/a, please explain
11.

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

Denise Meridith (employee), FSA, MAAA, RVP & Actuary III, 1831 Chestnut Street, St. Louis, MO 63103
- 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).

The Anthem Standards of Ethical Business Conduct applies to all associates, management, officers and directors of Anthem. In June 2016 the code of conduct was revised for the following: a) updated Gift policy (offering) to address new Finance policy prohibiting offering gift cards, unless an approved wellness program; b) added a new section on Telephone Consumer Protection Act: c) added a new section on Non-discrimination under the Affordable Care Act (ACA) since we had a section on non-discrimination for government business. In July 2016 the code of conduct was revised for minor administrative changes regarding definitions of confidential information pertaining to associates' information as well as the certification at the end of the code.
- 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).

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

GENERAL INTERROGATORIES

- 15.1

Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes [ ] No [ X ]
- 15.2

If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

16.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [ X ] No [ ]
17.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [ X ] No [ ]
18.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person?

Yes [ X ] No [ ]

FINANCIAL

19.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes [ ] No [ X ]
- 20.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers

\$

20.12 To stockholders not officers

\$

20.13 Trustees, supreme or grand (Fraternal Only)

\$
- 20.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers

\$

20.22 To stockholders not officers

\$

20.23 Trustees, supreme or grand (Fraternal Only)

\$
- 21.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes [ ] No [ X ]
- 21.2

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

21.21 Rented from others

\$

21.22 Borrowed from others

\$

21.23 Leased from others

\$

21.24 Other

\$
- 22.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [ ] No [ X ]
- 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 [ X ] No [ ]
- 23.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$0

INVESTMENT

- 24.01

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)

Yes [ X ] No [ ]
- 24.02

If no, give full and complete information relating thereto
- 24.03

For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided) Please see Notes 5E, 5H and 17B.
- 24.04

Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes [ X ] No [ ] N/A [ ]
- 24.05

If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$112,545,335
- 24.06

If answer to 24.04 is no, report amount of collateral for other programs.

\$
- 24.07

Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes [ X ] No [ ] N/A [ ]
- 24.08

Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes [ X ] No [ ] N/A [ ]
- 24.09

Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending?

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

GENERAL INTERROGATORIES

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

24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$	112,693,023
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$	112,545,331
24.103	Total payable for securities lending reported on the liability page.	\$	112,545,335

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes ☒ No ☐

25.2	If yes, state the amount thereof at December 31 of the current year:	25.21 Subject to repurchase agreements	\$	
		25.22 Subject to reverse repurchase agreements	\$	
		25.23 Subject to dollar repurchase agreements	\$	
		25.24 Subject to reverse dollar repurchase agreements	\$	
		25.25 Placed under option agreements	\$	
		25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$	
		25.27 FHLB Capital Stock	\$	6,631,400
		25.28 On deposit with states	\$	477,496
		25.29 On deposit with other regulatory bodies	\$	
		25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$	
		25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$	162,242,897
		25.32 Other	\$	

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes ☐ No ☒

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes ☐ No ☐ N/A ☒  
If no, attach a description with this statement.

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
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 ☒

28.04 If yes, give full and complete information relating thereto:

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

GENERAL INTERROGATORIES

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

1 Name of Firm or Individual	2 Affiliation
BlackRock Financial Management .....	U.....
Ares Capital Management LLC .....	U.....
Deutsche Asset Management .....	U.....
McDonnell Investment Management, LLC .....	U.....
Bain Capital Credit, LP .....	U.....
.....	.....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets?..... Yes [ X ] No [ ]

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

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
107105 .....	BlackRock Financial Management .....	.....	Securities Exchange Commission .....	NO.....
131619 .....	Ares Capital Management LLC .....	.....	Securities Exchange Commission .....	NO.....
105006 .....	Deutsche Asset Management .....	.....	Securities Exchange Commission .....	NO.....
113878 .....	McDonnell Investment Management, LLC .....	.....	Securities Exchange Commission .....	NO.....
134852 .....	Bain Capital Credit, LP .....	.....	Securities Exchange Commission .....	NO.....
.....	.....	.....	.....	.....

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

29.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	1,247,960,139	1,263,400,102	15,439,963
30.2 Preferred stocks .....	162,195	503,503	341,308
30.3 Totals	1,248,122,334	1,263,903,605	15,781,271

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 Investment Analysis Office been followed? ..... Yes [ X ] No [ ]

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



ANNUAL STATEMENT FOR THE YEAR 2016 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? .....\$ .....1,196,879

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 .....	1,196,879
.....	.....

34.1 Amount of payments for legal expenses, if any? .....\$ .....4,436,133

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
Nelson Mullins Riley and Scarborough, LLP .....	1,293,687
.....	.....

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? .....\$ .....229,531

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
Ice Miller Whiteboard .....	67,500
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 2016 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.

\$ 128,256,605

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.

\$ 93,903,353

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$ 23,025,141

1.62

Total incurred claims

\$ 16,087,576

1.63

Number of covered lives

12,003

All years prior to most current three years:

1.64

Total premium earned

\$ 61,758,688

1.65

Total incurred claims

\$ 45,284,656

1.66

Number of covered lives

24,197

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$ 0

1.72

Total incurred claims

\$ 0

1.73

Number of covered lives

0

All years prior to most current three years:

1.74

Total premium earned

\$ 43,472,775

1.75

Total incurred claims

\$ 32,531,121

1.76

Number of covered lives

16,876

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

5,279,629,583

5,271,222,286

2.2

Premium Denominator

5,279,629,583

5,271,222,286

2.3

Premium Ratio (2.1/2.2)

1.000

1.000

2.4

Reserve Numerator

574,065,909

574,514,589

2.5

Reserve Denominator

574,065,909

574,514,589

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:  
Anthem 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:  
If the Company becomes insolvent, Anthem, Inc. has agreed to the full extent of its assets, to assume all contractual and financial obligations of the Company. The Company's provider contracts include insolvency provisions, continuity of care provisions, and hold harmless language. Benefit certificates include continuation lantuage allowing subscribers and dependents to continue under certain circumstances. .

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

68,003

8.2

Number of providers at end of reporting year

71,966

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

\$ 61,876,898

9.22

Business with rate guarantees over 36 months

\$ 2,030,558

28

ANNUAL STATEMENT FOR THE YEAR 2016 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

\$ 25,980,377

10.22

Amount actually paid for year bonuses

\$ 39,178,289

10.23

Maximum amount payable withholds

\$

10.24

Amount actually paid for year withholds

\$

11.1

Is the reporting entity organized as:

11.12

A Medical Group/Staff Model,

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 Statutory Minimum Capital and Surplus Requirements?

Yes [ X ] No [ ]

11.3

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

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.

\$

14.1

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

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

14.2

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

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

15.

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

15.1

Direct Premium Written

\$

15.2

Total Incurred Claims

\$

15.3

Number of Covered Lives

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

FIVE-YEAR HISTORICAL DATA

	1 2016	2 2015	3 2014	4 2013	5 2012
<b>Balance Sheet</b> (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28) .....	2,138,680,961	2,091,388,096	2,014,267,869	1,887,439,223	1,988,697,450
2. Total liabilities (Page 3, Line 24) .....	1,330,908,705	1,337,248,778	1,202,115,393	1,109,056,437	1,233,878,958
3. Statutory minimum capital and surplus requirement .....	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
4. Total capital and surplus (Page 3, Line 33) .....	807,772,256	754,139,318	812,152,476	778,382,786	754,818,492
<b>Income Statement</b> (Page 4)					
5. Total revenues (Line 8) .....	5,297,048,925	5,255,401,210	5,309,220,422	5,102,158,886	5,229,538,922
6. Total medical and hospital expenses (Line 18) .....	4,414,793,254	4,347,507,705	4,366,679,675	4,256,225,696	4,412,907,954
7. Claims adjustment expenses (Line 20) .....	102,243,429	129,868,302	111,950,331	110,638,552	91,327,645
8. Total administrative expenses (Line 21) .....	328,819,684	390,664,518	433,286,971	293,599,781	288,278,639
9. Net underwriting gain (loss) (Line 24) .....	453,431,363	390,644,188	392,877,479	459,352,599	441,036,852
10. Net investment gain (loss) (Line 27) .....	64,976,026	51,428,875	64,085,296	99,576,301	87,653,254
11. Total other income (Lines 28 plus 29) .....	(926,360)	863,127	1,882,668	2,341,378	5,111,122
12. Net income or (loss) (Line 32) .....	319,116,362	266,266,380	276,872,294	392,474,723	380,133,924
<b>Cash Flow</b> (Page 6)					
13. Net cash from operations (Line 11) .....	152,481,367	272,626,870	280,415,320	278,791,260	324,298,261
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital .....	807,772,256	754,139,318	812,152,476	778,382,786	754,818,492
15. Authorized control level risk-based capital .....	186,323,758	177,912,459	179,324,836	171,874,867	174,669,499
<b>Enrollment</b> (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7) .....	1,841,214	1,854,137	1,974,741	1,899,391	1,875,569
17. Total members months (Column 6, Line 7) .....	21,880,782	22,435,066	24,051,555	22,723,313	22,536,688
<b>Operating Percentage</b> (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) .....	83.3	82.7	82.2	83.4	84.4
20. Cost containment expenses .....	0.9	1.3	1.2	1.3	0.9
21. Other claims adjustment expenses .....	1.1	1.1	0.9	0.9	0.9
22. Total underwriting deductions (Line 23) .....	91.4	92.6	92.6	91.0	91.6
23. Total underwriting gain (loss) (Line 24) .....	8.6	7.4	7.4	9.0	8.4
<b>Unpaid Claims Analysis</b> (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5) .....	470,117,412	472,471,730	417,353,240	418,905,629	362,513,257
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)] .....	524,603,915	522,284,518	468,951,454	482,177,132	402,560,518
<b>Investments In Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1) .....					
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10) .....	0	0	0	0	0
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....				1,030,882	1,031,177
32. Total of above Lines 26 to 31 .....	0	0	0	1,030,882	1,031,177
33. Total investment in parent included in Lines 26 to 31 above.					

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories										
			1	Direct Business Only						
				2	3	4	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7
States, etc.			Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX				
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		(41,660)					(41,660)
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	2,935,120,943	1,291,585,467		1,053,762,695			5,280,469,105
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	CAN	N							.0
58.	Aggregate other alien	OT	XXX	.0	.0	.0	.0	.0	.0	.0
59.	Subtotal		XXX	2,935,120,943	1,291,543,807	.0	1,053,762,695	.0	5,280,427,445	.0
60.	Reporting entity contributions for Employee Benefit Plans		XXX							.0
61.	Total (Direct Business)	(a)	2	2,935,120,943	1,291,543,807	0	1,053,762,695	0	5,280,427,445	0
DETAILS OF WRITE-INS										
58001.			XXX							
58002.			XXX							
58003.			XXX							
58998.	Summary of remaining write-ins for Line 58 from overflow page		XXX	.0	.0	.0	.0	.0	.0	.0
58999.	Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)		XXX	0	0	0	0	0	0	0

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

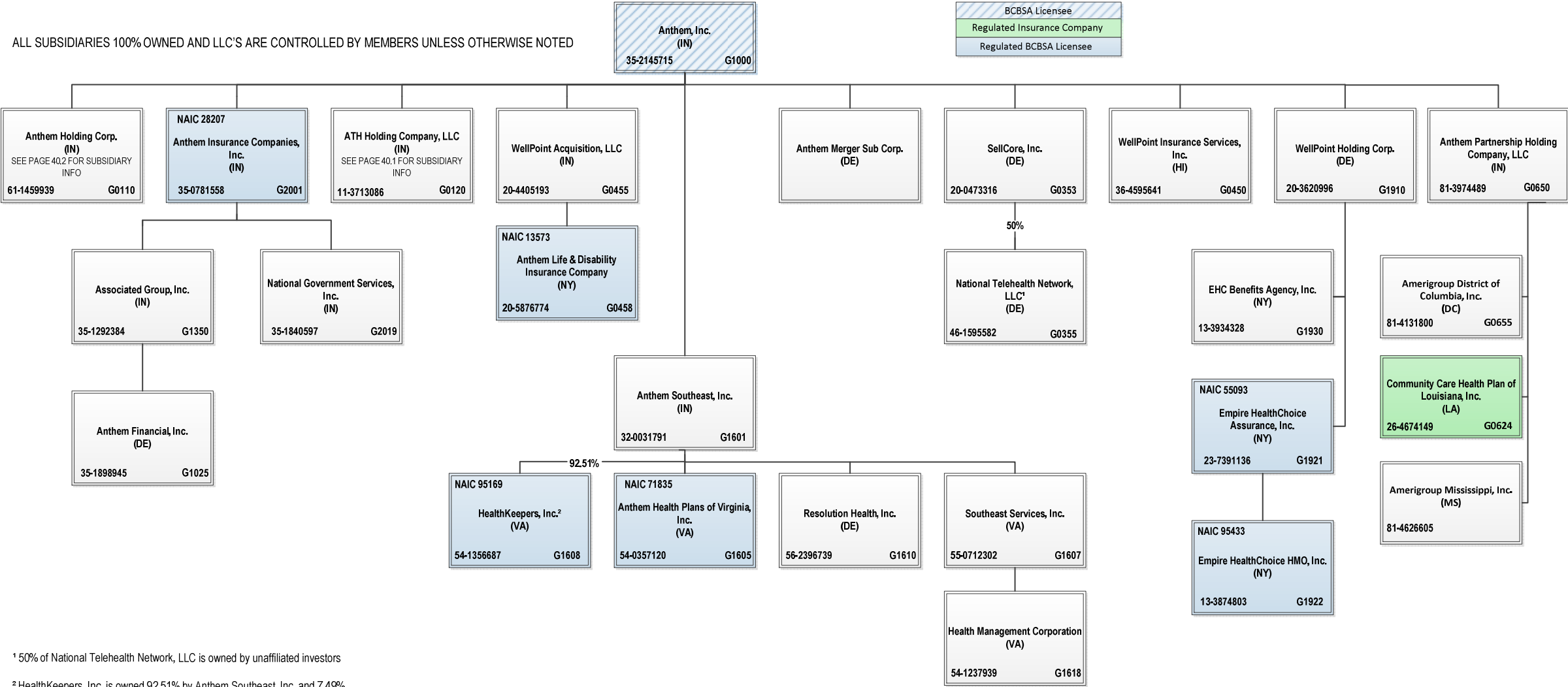
Explanation of basis of allocation by states, premiums by state, etc.

Allocated 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 GROUP  
PART 1 – ORGANIZATIONAL CHART

ALL SUBSIDIARIES 100% OWNED AND LLC'S ARE CONTROLLED BY MEMBERS UNLESS OTHERWISE NOTED



<sup>1</sup> 50% of National Telehealth Network, LLC is owned by unaffiliated investors

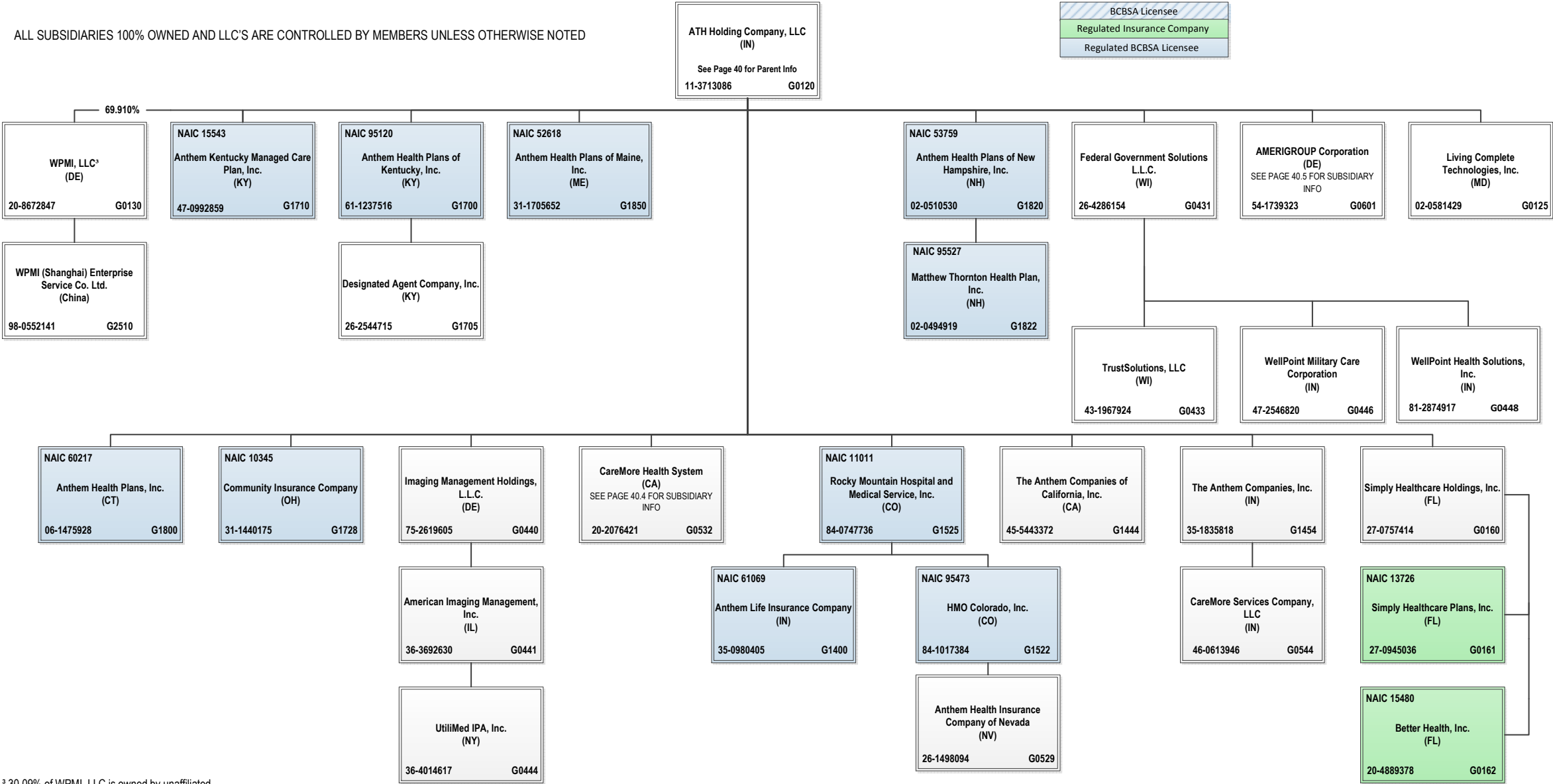
<sup>2</sup> HealthKeepers, Inc. is owned 92.51% by Anthem Southeast, Inc. and 7.49% by UNICARE National Services, Inc.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

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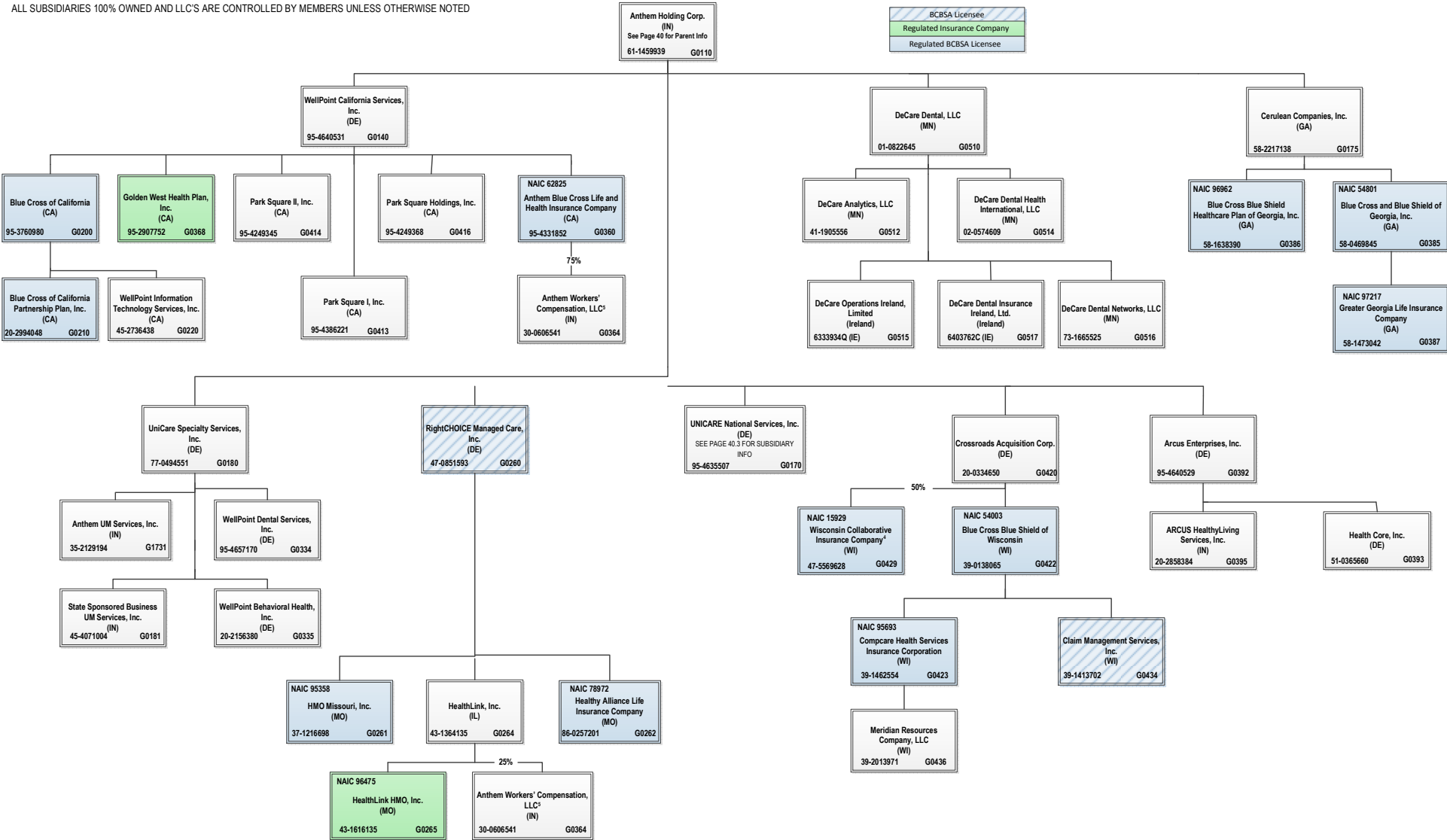
<sup>3</sup> 30.09% of WPMI, LLC is owned by unaffiliated investors

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Community Insurance Company

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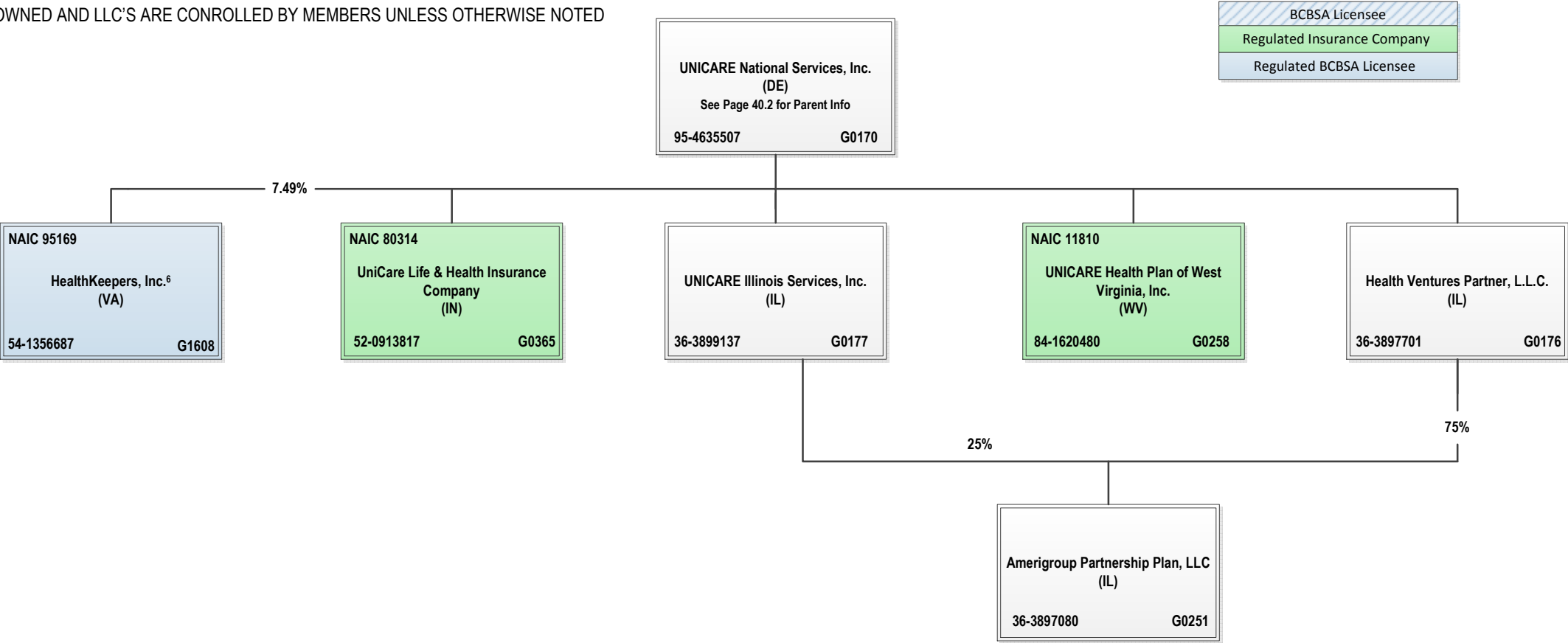
<sup>4</sup> 50% of WCIC is owned by an unaffiliated investor.

<sup>5</sup> Anthem Workers' Compensation LLC is owned 75% by Anthem Blue Cross Life and Health Insurance Company and 25% by HealthLink, Inc.



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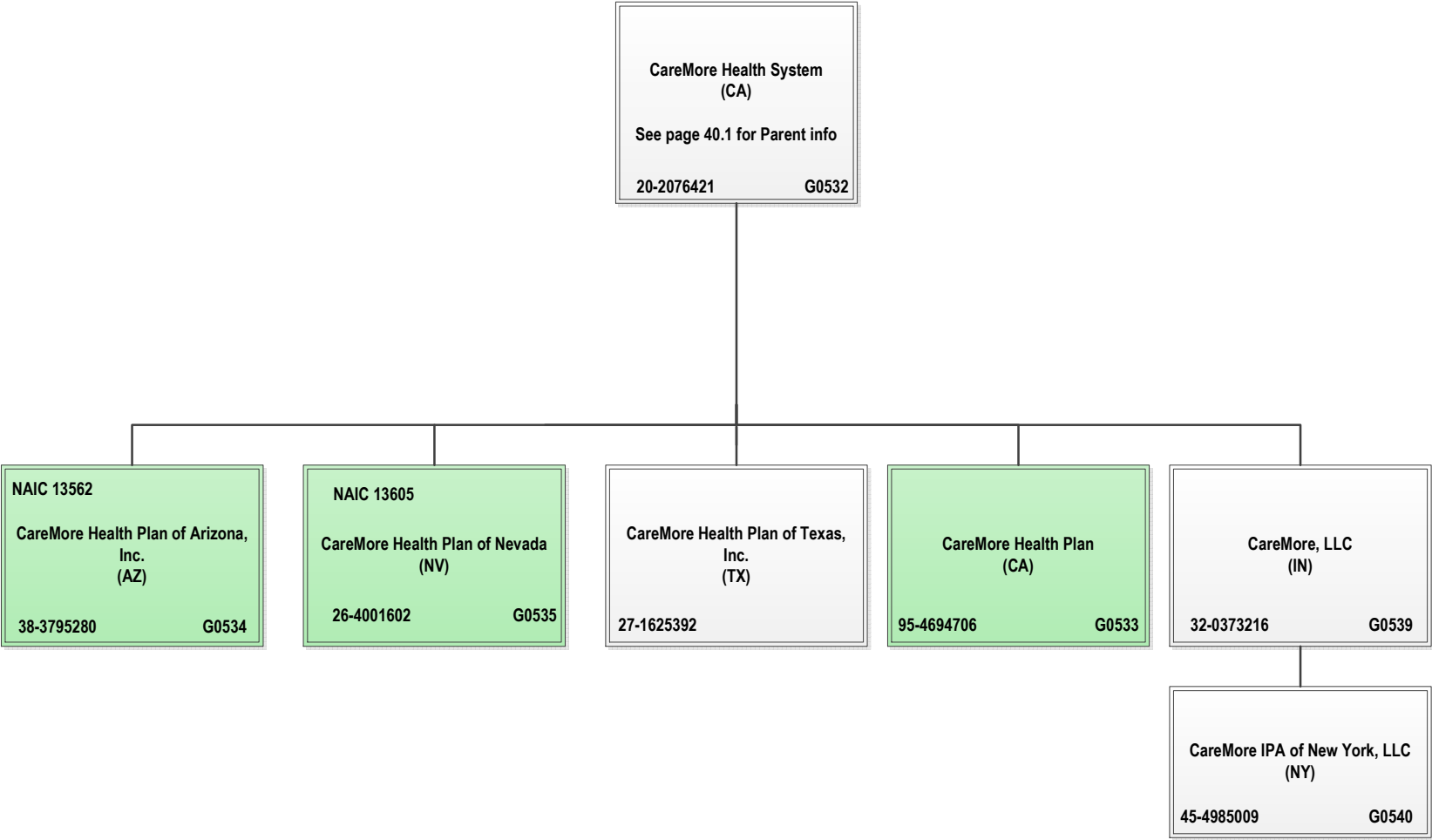


<sup>6</sup> HealthKeepers, Inc. is owned 92.51% by Anthem Southeast, Inc. and 7.49% by UNICARE National Services, Inc.

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

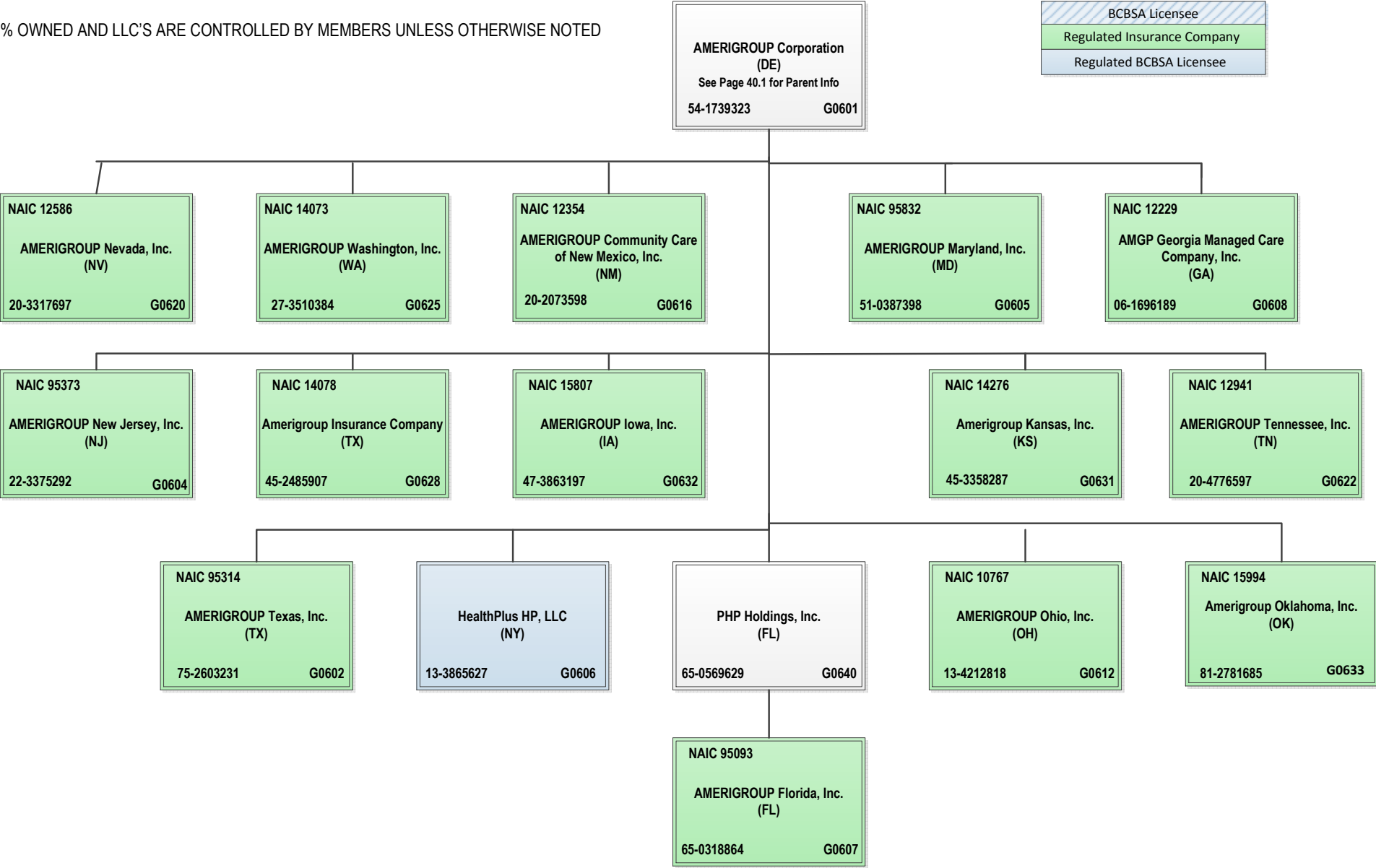
ALL SUBSIDIARIES 100% OWNED AND LLC'S ARE CONTROLLED BY MEMBERS UNLESS OTHERWISE NOTED

BCBSA Licensee
Regulated Insurance Company
Regulated BCBSA Licensee



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

ALL SUBSIDIARIES 100% OWNED AND LLC'S ARE CONTROLLED BY MEMBERS UNLESS OTHERWISE NOTED



**OVERFLOW PAGE FOR WRITE-INS**

**NONE**

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