



## HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2017

OF THE CONDITION AND AFFAIRS OF THE

## Community Insurance Company

NAIC Group Code	0671 (Current)	0671 (Prior)	NAIC Company Code	10345	Employer's ID Number	31-1440175
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	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 (Street and Number)		Mason, OH, US 45040-9498 (City or Town, State, Country and Zip Code)			
Main Administrative Office	4361 Irwin Simpson Road (Street and Number)		Mason, OH, US 45040-9498 (City or Town, State, Country and Zip Code)			
			513-872-8100 (Area Code) (Telephone Number)			
Mail Address	N17 W24340 Riverwood Drive (Street and Number or P.O. Box)		Waukesha, WI, US 53188 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	N17 W24340 Riverwood Drive (Street and Number)		262-523-3683 (Area Code) (Telephone Number)			
Internet Website Address	www.anthem.com					
Statutory Statement Contact	Jill M. Waddell (Name)		262-523-3683 (Area Code) (Telephone Number)			
	Jill.Waddell@anthem.com (E-mail Address)		262-523-4945 (FAX Number)			
<b>OFFICERS</b>						
President/Chairperson	Steven John Martenet #		Vice President/Treasurer	Robert David Kretschmer		
Vice President/Secretary	Kathleen Susan Kiefer		Assistant Secretary	Kristin Kim Cherie Howard		
<b>OTHER</b>						
Eric (Rick) Kenneth Noble, Assistant Treasurer	Denise Marie Meridith, Valuation Actuary					
<b>DIRECTORS OR TRUSTEES</b>						
Carter Allen Beck	Ronald William Penczek		Catherine Irene Kelaghan			
Kathleen Susan Kiefer	Steven John Martenet #					

State of Ohio  
County of Warren SS: \_\_\_\_\_

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

Steven John Martenet  
President/Chairperson

Kathleen Susan Kiefer  
Vice President/Secretary

Robert David Kretschmer  
Vice President/Treasurer

Subscribed and sworn to before me this  
10th day of February 2018  
Kristine A. Baumgartner

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 \_\_\_\_\_



KRISTINE A. BAUMGARTNER  
Notary Public, State of Ohio  
My Commission Expires  
September 3, 2019

ANNUAL STATEMENT FOR THE YEAR 2017 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) .....	1,249,974,122		1,249,974,122	1,182,778,105
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	227,480		227,480	162,195
2.2 Common stocks .....	177,855,662		177,855,662	292,032,467
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances) .....			0	10,660,364
4.2 Properties held for the production of income (less \$ <span style="padding-left: 2em;">encumbrances) .....</span>			0	0
4.3 Properties held for sale (less \$ encumbrances) .....			0	134,395
5. Cash (\$ .....(533,438,729) , Schedule E - Part 1), cash equivalents (\$ .....118,470,435 , Schedule E - Part 2) and short-term investments (\$ .....2,893,399 , Schedule DA) .....	(412,074,895)		(412,074,895)	(249,176,495)
6. Contract loans, (including \$ ..... premium notes) .....			0	0
7. Derivatives (Schedule DB) .....			0	0
8. Other invested assets (Schedule BA) .....	69,386,820		69,386,820	57,932,217
9. Receivables for securities .....	6,575,009		6,575,009	5,228,410
10. Securities lending reinvested collateral assets (Schedule DL) .....	7,628,010		7,628,010	112,545,331
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	1,099,572,208	0	1,099,572,208	1,412,296,989
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	8,802,387	.72,840	8,729,547	10,143,203
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	51,523,929	1,153,041	50,370,888	31,927,786
15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$ .....128,443,616 earned but unbilled premiums) .....	128,443,616		128,443,616	125,491,035
15.3 Accrued retrospective premiums (\$ .....2,035,043 ) and contracts subject to redetermination (\$ .....60,271,170 ) .....	62,306,213		62,306,213	75,709,947
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	2,717,590		2,717,590	14,857,210
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 .....	332,131,872	27,410,563	304,721,309	282,162,808
18.1 Current federal and foreign income tax recoverable and interest thereon .....	5,363,260		5,363,260	8,787,508
18.2 Net deferred tax asset .....	28,460,869		28,460,869	58,980,719
19. Guaranty funds receivable or on deposit .....	24,390,112		24,390,112	10,255,434
20. Electronic data processing equipment and software .....	298		298	298
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	11,600,657	11,600,657	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....	36,778,162		36,778,162	67,404,206
24. Health care (\$ .....27,085,466 ) and other amounts receivable .....	54,250,111	27,164,645	27,085,466	33,951,372
25. Aggregate write-ins for other than invested assets .....	225,584,548	14,140,263	211,444,285	6,712,446
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	2,071,925,832	81,542,009	1,990,383,823	2,138,680,961
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27) .....	2,071,925,832	81,542,009	1,990,383,823	2,138,680,961
<b>DETAILS OF WRITE-INS</b>				
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. Investment in corporate owned life insurance .....	175,000,000		175,000,000	0
2502. FEP assets held by agents .....	29,425,468		29,425,468	0
2503. Bluecard receivables .....	6,386,945		6,386,945	6,478,550
2598. Summary of remaining write-ins for Line 25 from overflow page .....	14,772,135	14,140,263	631,872	233,896
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	225,584,548	14,140,263	211,444,285	6,712,446

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	509,735,372	13,749,748	523,485,120	509,314,096
2. Accrued medical incentive pool and bonus amounts	18,249,608		18,249,608	25,980,377
3. Unpaid claims adjustment expenses	16,239,953		16,239,953	16,368,119
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Service Act	69,386,445		69,386,445	38,669,606
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves	102,052		102,052	101,830
8. Premiums received in advance	39,038,397		39,038,397	59,389,062
9. General expenses due or accrued	66,469,195		66,469,195	50,947,048
10.1 Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized capital gains (losses))			0	0
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	1,839,029		1,839,029	1,577,467
13. Remittances and items not allocated	39,773,009		39,773,009	18,799,991
14. Borrowed money (including \$ 150,000,000 current) and interest thereon \$ 18,500 (including \$ 18,500 current)	150,018,500		150,018,500	150,005,500
15. Amounts due to parent, subsidiaries and affiliates			0	160,576,442
16. Derivatives			0	0
17. Payable for securities	27,378,223		27,378,223	32,036,407
18. Payable for securities lending	7,628,010		7,628,010	112,545,335
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	139,041,329		139,041,329	107,328,610
23. Aggregate write-ins for other liabilities (including \$ 36,312,372 current)	61,759,508	0	61,759,508	47,268,815
24. Total liabilities (Lines 1 to 23)	1,146,658,630	13,749,748	1,160,408,378	1,330,908,705
25. Aggregate write-ins for special surplus funds	XXX	XXX	119,243,159	4,955,197
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	514,196,456	606,281,229
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	829,975,445	807,772,256
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,990,383,823	2,138,680,961
<b>DETAILS OF WRITE-INS</b>				
2301. Escheat liabilities	42,850,101		42,850,101	34,449,621
2302. Other accrued expenses - non trade	11,548,725		11,548,725	8,353,301
2303. Performance guaranty	4,510,124		4,510,124	4,465,893
2398. Summary of remaining write-ins for Line 23 from overflow page	2,850,558	0	2,850,558	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	61,759,508	0	61,759,508	47,268,815
2501. Estimated ACA insurer fee	XXX	XXX	113,141,592	0
2502. Deferred gain on sale-leaseback transactions	XXX	XXX	6,101,567	4,955,197
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	119,243,159	4,955,197
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

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX.....	24,315,451	21,880,782
2. Net premium income ( including \$ ..... non-health premium income).....	XXX.....	5,747,354,334	5,279,629,583
3. Change in unearned premium reserves and reserve for rate credits .....	XXX.....	(33,114,952)	17,419,342
4. Fee-for-service (net of \$ ..... medical expenses).....	XXX.....	0	
5. Risk revenue .....	XXX.....	0	
6. Aggregate write-ins for other health care related revenues .....	XXX.....	0	0
7. Aggregate write-ins for other non-health revenues .....	XXX.....	0	0
8. Total revenues (Lines 2 to 7) .....	XXX.....	5,714,239,382	5,297,048,925
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		3,270,379,245	2,810,145,695
10. Other professional services .....		309,792,601	419,963,155
11. Outside referrals .....	88,957,069	139,677,423	163,469,232
12. Emergency room and out-of-area .....	18,585,521	307,850,803	296,815,258
13. Prescription drugs .....		763,029,208	686,941,841
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts .....		55,420,402	53,850,087
16. Subtotal (Lines 9 to 15) .....	107,542,590	4,846,149,682	4,431,185,268
<b>Less:</b>			
17. Net reinsurance recoveries .....		1,213,340	16,392,014
18. Total hospital and medical (Lines 16 minus 17) .....	107,542,590	4,844,936,342	4,414,793,254
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$ .....70,674,294 cost containment expenses .....		123,219,036	102,243,429
21. General administrative expenses .....		327,205,978	328,819,684
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only) .....		(4,655,867)	(2,238,805)
23. Total underwriting deductions (Lines 18 through 22).....	107,542,590	5,290,705,489	4,843,617,562
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX.....	423,533,893	453,431,363
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		47,691,922	47,902,913
26. Net realized capital gains (losses) less capital gains tax of \$ .....18,224,254 .....		31,961,866	17,073,113
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	79,653,788	64,976,026
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ .....342,321 )] .....		(342,321)	(2,690,993)
29. Aggregate write-ins for other income or expenses .....	0	1,709,803	1,764,633
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.....	504,555,163	517,481,029
31. Federal and foreign income taxes incurred .....	XXX.....	155,997,809	198,364,667
32. Net income (loss) (Lines 30 minus 31) .....	XXX.....	348,557,354	319,116,362
<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.....	XXX.....		
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	0
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 .....		1,709,803	1,764,633
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	1,709,803	1,764,633

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

	1 Current Year	2 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year.....	807,772,256	754,139,318
34. Net income or (loss) from Line 32 .....	348,557,354	319,116,362
35. Change in valuation basis of aggregate policy and claim reserves .....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....	(14,274,918)	8,828,544
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....	(44,794,768)	5,625,259
39. Change in nonadmitted assets .....	27,565,690	(18,739,809)
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 .....	(319,100,000)	(266,200,000)
47. Aggregate write-ins for gains or (losses) in surplus .....	1,146,370	(503,918)
48. Net change in capital and surplus (Lines 34 to 47) .....	22,203,190	53,632,938
49. Capital and surplus end of reporting period (Line 33 plus 48)	829,975,445	807,772,256
<b>DETAILS OF WRITE-INS</b>		
4701. Deferred gain on sale-leaseback activity .....	1,146,370	(503,918)
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)	1,146,370	(503,918)

**ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company**  
**CASH FLOW**

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	5,693,523,529	5,241,111,858
2. Net investment income .....	55,470,790	57,228,573
3. Miscellaneous income .....	0	0
4. Total (Lines 1 through 3) .....	5,748,994,319	5,298,340,431
5. Benefit and loss related payments .....	4,826,356,245	4,403,671,053
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7. Commissions, expenses paid and aggregate write-ins for deductions .....	421,503,821	524,291,524
8. Dividends paid to policyholders .....		
9. Federal and foreign income taxes paid (recovered) net of \$ 18,224,254 tax on capital gains (losses) .....	170,797,815	217,896,487
10. Total (Lines 5 through 9) .....	5,418,657,881	5,145,859,064
11. Net cash from operations (Line 4 minus Line 10) .....	330,336,438	152,481,367
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	820,056,850	752,960,014
12.2 Stocks .....	207,245,066	125,752,647
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	10,541,290	0
12.5 Other invested assets .....	10,745,147	5,581,656
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	3,589	0
12.7 Miscellaneous proceeds .....	104,917,321	41,326,264
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	1,153,509,263	925,620,581
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	887,780,417	801,772,745
13.2 Stocks .....	65,460,984	132,335,249
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	9,951	291,401
13.5 Other invested assets .....	10,986,780	11,582,646
13.6 Miscellaneous applications .....	6,004,783	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	970,242,915	945,982,041
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) .....	183,266,348	(20,361,460)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	0
16.3 Borrowed funds .....	13,000	(172,833)
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	319,100,000	266,200,000
16.6 Other cash provided (applied) .....	(357,414,187)	23,580,820
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(676,501,187)	(242,792,013)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(162,898,401)	(110,672,106)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	(249,176,495)	(138,504,389)
19.2 End of year (Line 18 plus Line 19.1) .....	(412,074,895)	(249,176,495)

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

--	--

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company  
**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 1 - PREMIUMS**

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical) .....	2,805,463,974			2,805,463,974
2. Medicare Supplement .....	129,607,149			129,607,149
3. Dental only .....	53,671,677			53,671,677
4. Vision only .....	23,402,324			23,402,324
5. Federal Employees Health Benefits Plan .....	1,117,903,739			1,117,903,739
6. Title XVIII - Medicare .....	1,422,080,544			1,422,080,544
7. Title XIX - Medicaid .....	1,500,000			1,500,000
8. Other health .....	193,724,927			193,724,927
9. Health subtotal (Lines 1 through 8) .....	5,747,354,334	0	0	5,747,354,334
10. Life .....	0			0
11. Property/casualty .....	0			0
12. Totals (Lines 9 to 11) .....	5,747,354,334	0	0	5,747,354,334

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 2 - CLAIMS INCURRED DURING THE YEAR**

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	4,778,701,841	2,280,372,168	95,353,132	38,801,105	16,232,820	1,021,686,729	1,181,143,885	477	145,111,525	
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	15,496,766	15,496,766	0	0	0	0	0	0	0	
1.4 Net	4,763,205,075	2,264,875,402	95,353,132	38,801,105	16,232,820	1,021,686,729	1,181,143,885	477	145,111,525	0
2. Paid medical incentive pools and bonuses	63,151,172	11,485,573	0	0	0	5,188,479	46,477,120	0	0	
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	523,485,120	260,067,401	9,488,683	2,662,223	1,272,487	124,520,154	105,836,384	1,875	19,635,913	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	
3.4 Net	523,485,120	260,067,401	9,488,683	2,662,223	1,272,487	124,520,154	105,836,384	1,875	19,635,913	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	102,052		26,412	0	0	75,640	0	0	0	
4.2 Reinsurance assumed	0		0	0	0	0	0	0	0	
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	
4.4 Net	102,052	0	26,412	0	0	75,640	0	0	0	
5. Accrued medical incentive pools and bonuses, current year	18,249,608	2,939,281	0	0	0	1,158,151	14,152,176	0	0	
6. Net healthcare receivables (a)	0									
7. Amounts recoverable from reinsurers December 31, current year	2,717,590	2,717,590	0	0	0	0	0	0	0	
8. Claim liability December 31, prior year from Part 2A:										
8.1 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
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	
8.3 Reinsurance ceded	2,143,807	2,143,807	0	0	0	0	0	0	0	
8.4 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
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	101,830	13	26,311			75,506				
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	101,830	13	26,311	0	0	75,506	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	25,980,377	2,300,902				903,655	22,775,820			
11. Amounts recoverable from reinsurers December 31, prior year	14,857,210	14,857,210								
12. Incurred Benefits:										
12.1 Direct	4,790,729,279	2,307,678,216	91,579,856	39,043,579	16,963,155	1,024,666,504	1,168,387,295	(20)	142,410,694	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	
12.3 Reinsurance ceded	1,213,339	1,213,339	0	0	0	0	0	0	0	
12.4 Net	4,789,515,940	2,306,464,877	91,579,856	39,043,579	16,963,155	1,024,666,504	1,168,387,295	(20)	142,410,694	0
13. Incurred medical incentive pools and bonuses	55,420,403	12,123,952	0	0	0	5,442,975	37,853,476	0	0	0

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

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

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

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	192,008,222	93,702,563	2,770,771	739,991	1,098,885	54,788,373	38,891,266	1,875	14,498	
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	192,008,222	93,702,563	2,770,771	739,991	1,098,885	54,788,373	38,891,266	1,875	14,498	0
2. Incurred but Unreported:										
2.1 Direct	331,476,898	166,364,838	6,717,912	1,922,232	173,602	69,731,781	66,945,118	0	19,621,415	
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	331,476,898	166,364,838	6,717,912	1,922,232	173,602	69,731,781	66,945,118	0	19,621,415	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	523,485,120	260,067,401	9,488,683	2,662,223	1,272,487	124,520,154	105,836,384	1,875	19,635,913	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	523,485,120	260,067,401	9,488,683	2,662,223	1,272,487	124,520,154	105,836,384	1,875	19,635,913	0

## ANNUAL STATEMENT FOR THE YEAR 2017 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 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	211,476,571	2,090,271,829	7,973,348	252,094,056	219,449,919	230,617,546
2. Medicare Supplement .....	10,380,657	85,540,256	26,923	9,488,172	10,407,580	13,288,371
3. Dental Only .....	2,136,815	36,806,499	44,816	2,617,406	2,181,631	2,419,749
4. Vision Only .....	529,388	15,736,893	296	1,272,191	529,684	542,152
5. Federal Employees Health Benefits Plan .....	110,800,184	911,280,644	1,322,406	123,273,386	112,122,590	121,616,019
6. Title XVIII - Medicare .....	104,252,896	1,105,269,932	(1,610,330)	107,446,714	102,642,566	118,592,974
7. Title XIX - Medicaid .....	477	0	1,875	0	2,352	2,372
8. Other health .....	16,061,145	129,050,621	2,945,099	16,690,813	19,006,244	22,336,744
9. Health subtotal (Lines 1 to 8) .....	455,638,133	4,373,956,674	10,704,433	512,882,738	466,342,566	509,415,927
10. Healthcare receivables (a) .....	833,889	53,416,222	0	0	833,889	0
11. Other non-health .....	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts .....	14,152,146	48,999,024	6,235,219	12,014,389	20,387,365	25,980,377
13. Totals (Lines 9 - 10 + 11 + 12)	468,956,390	4,369,539,476	16,939,652	524,897,127	485,896,042	535,396,304

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

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT**

## PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	185,875	189,071	189,677	189,172	189,172
2. 2013 .....	2,007,743	2,191,660	2,196,137	2,194,937	2,194,962
3. 2014 .....	XXX	1,921,770	2,131,951	2,138,589	2,138,737
4. 2015 .....	XXX	XXX	1,824,108	2,011,941	2,014,368
5. 2016 .....	XXX	XXX	XXX	1,860,660	2,070,371
6. 2017 .....	XXX	XXX	XXX	XXX	2,076,189

## Section B - Incurred Health Claims - Comprehensive (Hospital &amp; 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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	193,813	190,636	189,811	189,369	189,172
2. 2013 .....	2,224,038	2,200,501	2,197,083	2,194,980	2,195,083
3. 2014 .....	XXX	2,162,881	2,139,600	2,139,117	2,138,672
4. 2015 .....	XXX	XXX	2,043,462	2,016,804	2,015,552
5. 2016 .....	XXX	XXX	XXX	2,087,949	2,077,387
6. 2017 .....	XXX	XXX	XXX	XXX	2,330,940

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2013 .....	2,759,124	2,194,962	80,901	3.7	2,275,863	82.5	121	.4	2,275,988	82.5
2. 2014 .....	2,747,460	2,138,737	78,055	3.6	2,216,792	80.7	(66)	(2)	2,216,724	80.7
3. 2015 .....	2,540,636	2,014,368	90,835	4.5	2,105,203	82.9	1,184	37	2,106,424	82.9
4. 2016 .....	2,557,967	2,070,371	119,959	5.8	2,190,330	85.6	7,016	209	2,197,555	85.9
5. 2017 .....	2,808,654	2,076,189	101,246	4.9	2,177,435	77.5	254,751	7,815	2,440,001	86.9

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	10,078	9,981	9,945	10,070	10,070
2. 2013 .....	78,593	88,768	88,749	88,734	88,733
3. 2014 .....	XXX	79,228	90,062	90,118	90,123
4. 2015 .....	XXX	XXX	79,394	90,103	90,257
5. 2016 .....	XXX	XXX	XXX	81,909	92,127
6. 2017 .....	XXX	XXX	XXX	XXX	84,977

## 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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	10,177	9,983	10,066	10,070	10,070
2. 2013 .....	89,560	88,775	88,749	88,734	88,733
3. 2014 .....	XXX	90,320	90,076	90,118	90,123
4. 2015 .....	XXX	XXX	91,429	90,265	90,257
5. 2016 .....	XXX	XXX	XXX	95,035	92,154
6. 2017 .....	XXX	XXX	XXX	XXX	94,465

## 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. 2013 .....	122,692	88,733	5,262	5.9	93,995	76.6	0	0	93,995	76.6
2. 2014 .....	121,221	90,123	4,110	4.6	94,233	77.7	0	0	94,233	77.7
3. 2015 .....	122,158	90,257	5,804	6.4	96,061	78.6	0	0	96,061	78.6
4. 2016 .....	128,257	92,127	9,953	10.8	102,080	79.6	27	1	102,108	79.6
5. 2017 .....	129,262	84,977	8,837	10.4	93,814	72.6	9,488	295	103,597	80.1

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	1,037	1,052	1,051	1,051	1,051
2. 2013 .....	24,771	26,288	26,303	26,307	26,308
3. 2014 .....	XXX	25,889	27,307	27,346	27,352
4. 2015 .....	XXX	XXX	27,849	29,604	29,629
5. 2016 .....	XXX	XXX	XXX	32,186	34,285
6. 2017 .....	XXX	XXX	XXX	XXX	36,671

## 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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	1,045	1,053	1,051	1,051	1,051
2. 2013 .....	26,365	26,309	26,303	26,307	26,308
3. 2014 .....	XXX	27,794	27,325	27,348	27,352
4. 2015 .....	XXX	XXX	29,697	29,636	29,633
5. 2016 .....	XXX	XXX	XXX	34,571	34,326
6. 2017 .....	XXX	XXX	XXX	XXX	39,288

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims 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. 2013 .....	39,365	26,308	2,198	8.4	28,506	72.4	0	0	28,506	72.4
2. 2014 .....	44,031	27,352	2,231	8.2	29,583	67.2	0	0	29,583	67.2
3. 2015 .....	44,418	29,629	2,822	9.5	32,451	73.1	4	0	32,455	73.1
4. 2016 .....	48,412	34,285	4,667	13.6	38,952	80.5	41	1	38,994	80.5
5. 2017 .....	53,798	36,671	4,528	12.3	41,199	76.6	2,617	74	43,890	81.6

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	261	261	261	261	261
2. 2013 .....	4,838	5,209	5,209	5,209	5,209
3. 2014 .....	XXX	9,313	9,912	9,912	9,912
4. 2015 .....	XXX	XXX	8,770	9,429	9,430
5. 2016 .....	XXX	XXX	XXX	8,169	8,695
6. 2017 .....	XXX	XXX	XXX	XXX	15,706

## 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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	261	261	261	261	261
2. 2013 .....	5,128	5,209	5,209	5,209	5,209
3. 2014 .....	XXX	9,779	9,913	9,912	9,912
4. 2015 .....	XXX	XXX	9,428	9,429	9,430
5. 2016 .....	XXX	XXX	XXX	8,711	8,696
6. 2017 .....	XXX	XXX	XXX	XXX	16,978

## 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. 2013 .....	8,874	5,209	453	8.7	5,662	63.8	0	0	5,662	63.8
2. 2014 .....	15,657	9,912	546	5.5	10,458	66.8	0	0	10,458	66.8
3. 2015 .....	13,392	9,430	662	7.0	10,092	75.4	0	0	10,092	75.4
4. 2016 .....	12,544	8,695	887	10.2	9,582	76.4	0	0	9,582	76.4
5. 2017 .....	23,401	15,706	1,070	6.8	16,776	71.7	1,272	18	18,066	77.2

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	87,160	88,164	87,912	87,858	87,858
2. 2013 .....	753,163	847,491	848,067	847,944	847,854
3. 2014 .....	XXX	782,069	891,702	891,980	891,700
4. 2015 .....	XXX	XXX	828,503	930,819	931,449
5. 2016 .....	XXX	XXX	XXX	853,062	963,768
6. 2017 .....	XXX	XXX	XXX	XXX	915,909

**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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	89,211	88,330	87,914	87,859	87,858
2. 2013 .....	858,674	848,677	848,083	847,944	847,854
3. 2014 .....	XXX	885,843	892,114	891,980	891,700
4. 2015 .....	XXX	XXX	940,203	931,753	931,457
5. 2016 .....	XXX	XXX	XXX	974,647	965,149
6. 2017 .....	XXX	XXX	XXX	XXX	1,040,273

**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	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. 2013 .....	896,059	847,854	11,350	1.3	859,204	95.9	0	0	859,204	95.9
2. 2014 .....	944,793	891,700	13,252	1.5	904,952	95.8	0	0	904,952	95.8
3. 2015 .....	1,030,141	931,449	17,905	1.9	949,354	92.2	8	0	949,362	92.2
4. 2016 .....	1,053,763	963,768	23,645	2.5	987,413	93.7	1,382	41	988,836	93.8
5. 2017 .....	1,088,478	915,909	20,132	2.2	936,041	86.0	124,364	3,883	1,064,288	97.8

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	113,751	115,144	114,129	114,976	114,976
2. 2013 .....	887,508	979,677	978,458	976,920	977,370
3. 2014 .....	XXX	986,406	1,096,716	1,097,651	1,096,953
4. 2015 .....	XXX	XXX	983,262	1,117,924	1,119,952
5. 2016 .....	XXX	XXX	XXX	971,383	1,086,186
6. 2017 .....	XXX	XXX	XXX	XXX	1,111,038

## 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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	116,952	115,147	115,009	114,976	114,976
2. 2013 .....	998,599	984,312	978,465	976,912	977,370
3. 2014 .....	XXX	1,112,391	1,099,908	1,096,510	1,096,948
4. 2015 .....	XXX	XXX	1,130,329	1,122,937	1,119,734
5. 2016 .....	XXX	XXX	XXX	1,108,888	1,090,684
6. 2017 .....	XXX	XXX	XXX	XXX	1,226,751

## 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. 2013 .....	1,146,441	.977,370	.33,463	3.4	1,010,833	88.2	0	.0	1,010,833	88.2
2. 2014 .....	1,278,799	1,096,953	.37,198	3.4	1,134,151	88.7	(5)	.0	1,134,146	88.7
3. 2015 .....	1,328,626	1,119,952	.54,477	4.9	1,174,429	88.4	(217)	(7)	1,174,205	88.4
4. 2016 .....	1,300,929	1,086,186	.71,073	6.5	1,157,259	89.0	4,498	(43)	1,161,714	89.3
5. 2017 .....	1,415,420	1,111,038	.71,184	6.4	1,182,222	83.5	115,713	3,295	1,301,230	91.9

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....		(29)	(63)	(62)	(65)
2. 2013 .....				0	0
3. 2014 .....		XXX		0	0
4. 2015 .....		XXX	XXX	0	0
5. 2016 .....		XXX	XXX	XXX	0
6. 2017 .....		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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....		(25)	(59)	(59)	(65)
2. 2013 .....				0	2
3. 2014 .....		XXX		0	0
4. 2015 .....		XXX	XXX	0	0
5. 2016 .....		XXX	XXX	XXX	0
6. 2017 .....		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. 2013 .....				0.0	0	0.0	2		2	0.0
2. 2014 .....				0.0	0	0.0			0	0.0
3. 2015 .....				0.0	0	0.0			0	0.0
4. 2016 .....				0.0	0	0.0			0	0.0
5. 2017 .....	1,500			0.0	0	0.0			0	0.0

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	7,467	7,467	7,467	7,467	7,467
2. 2013	107,230	119,063	119,069	119,069	119,071
3. 2014	XXX	108,886	121,550	121,561	121,562
4. 2015	XXX	XXX	134,526	148,957	149,046
5. 2016	XXX	XXX	XXX	138,773	154,743
6. 2017	XXX	XXX	XXX	XXX	129,050

## 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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	7,467	7,467	7,467	7,467	7,467
2. 2013	117,134	120,196	119,069	119,069	119,071
3. 2014	XXX	129,268	121,850	121,561	121,562
4. 2015	XXX	XXX	152,772	150,587	149,046
5. 2016	XXX	XXX	XXX	159,479	157,688
6. 2017	XXX	XXX	XXX	XXX	145,741

## 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. 2013	129,603	119,071	359	0.3	119,430	92.2	0	0	119,430	92.2
2. 2014	157,260	121,562	134	0.1	121,696	77.4	0	0	121,696	77.4
3. 2015	175,329	149,046	838	0.6	149,884	85.5	0	0	149,884	85.5
4. 2016	195,178	154,743	1,228	0.8	155,971	79.9	2,945	92	159,008	81.5
5. 2017	193,725	129,050	1,032	0.8	130,082	67.1	16,691	524	147,297	76.0

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	405,600	411,077	410,380	410,790	410,790
2. 2013 .....	3,863,846	4,258,156	4,261,992	4,259,120	4,259,507
3. 2014 .....	XXX	3,913,561	4,369,200	4,377,157	4,376,339
4. 2015 .....	XXX	XXX	3,886,412	4,338,777	4,344,131
5. 2016 .....	XXX	XXX	XXX	3,946,142	4,410,175
6. 2017 .....	XXX	XXX	XXX	XXX	4,369,540

## 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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	418,901	412,818	411,520	410,990	410,790
2. 2013 .....	4,319,498	4,273,979	4,262,961	4,259,155	4,259,630
3. 2014 .....	XXX	4,418,276	4,380,786	4,376,546	4,376,269
4. 2015 .....	XXX	XXX	4,397,320	4,351,411	4,345,109
5. 2016 .....	XXX	XXX	XXX	4,469,280	4,426,084
6. 2017 .....	XXX	XXX	XXX	XXX	4,894,436

## 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. 2013 .....	5,102,158	4,259,507	133,986	3.1	4,393,493	86.1	123	.4	4,393,620	86.1
2. 2014 .....	5,309,221	4,376,339	135,526	3.1	4,511,865	85.0	(71)	(2)	4,511,792	85.0
3. 2015 .....	5,254,700	4,344,131	173,343	4.0	4,517,474	86.0	979	30	4,518,483	86.0
4. 2016 .....	5,297,050	4,410,175	231,412	5.2	4,641,587	87.6	15,909	301	4,657,797	87.9
5. 2017 .....	5,714,238	4,369,540	208,029	4.8	4,577,569	80.1	524,896	15,904	5,118,369	89.6

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
1. Unearned premium reserves .....	527,221	89,122	60,099	370,864	7,136	0	0	0	0
2. Additional policy reserves (a) .....	19,450,881	2,831,908	16,618,973	0	0	0	0	0	0
3. Reserve for future contingent benefits .....	0								
4. Reserve for rate credits or experience rating refunds (including \$ ..... for investment income) .....	35,877,393	0	1,444,870	0	0	29,425,468	5,007,055	0	0
5. Aggregate write-ins for other policy reserves .....	13,530,949	8,352,450	0	0	0	0	5,178,499	0	0
6. Totals (gross) .....	69,386,445	11,273,480	18,123,943	370,864	7,136	29,425,468	10,185,554	0	0
7. Reinsurance ceded .....	0	0	0	0	0	0	0	0	0
8. Totals (Net)(Page 3, Line 4) .....	69,386,445	11,273,480	18,123,943	370,864	7,136	29,425,468	10,185,554	0	0
9. Present value of amounts not yet due on claims .....	0								
10. Reserve for future contingent benefits .....	102,052	0	26,412	0	0	75,640	0	0	0
11. Aggregate write-ins for other claim reserves .....	0	0	0	0	0	0	0	0	0
12. Totals (gross) .....	102,052	0	26,412	0	0	75,640	0	0	0
13. Reinsurance ceded .....	0								
14. Totals (Net)(Page 3, Line 7) .....	102,052	0	26,412	0	0	75,640	0	0	0
<b>DETAILS OF WRITE-INS</b>									
0501. Policy reserves subject to redetermination .....	13,530,949	8,352,450	0	0	0	0	5,178,499		
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) .....	13,530,949	8,352,450	0	0	0	0	5,178,499	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 \$ 2,396,484 premium deficiency reserve.

**ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - ANALYSIS OF EXPENSES**

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ 2,572,453 for occupancy of own building)	5,617,351	5,409,239	1,311,839	2,760	12,341,189
2. Salary, wages and other benefits	132,758,318	81,184,847	180,685,525	380,132	395,008,822
3. Commissions (less \$ ceded plus \$ assumed)	0	0	143,141,942	0	143,141,942
4. Legal fees and expenses	25,170	1,668	19,757,218	41,566	19,825,622
5. Certifications and accreditation fees	0			0	0
6. Auditing, actuarial and other consulting services	37,536,795	7,213,969	68,442,327	143,991	113,337,082
7. Traveling expenses	1,191,186	273,467	4,283,294	9,011	5,756,958
8. Marketing and advertising	1,047,083	33,659	23,818,090	50,109	24,948,941
9. Postage, express and telephone	3,074,431	3,752,990	11,503,256	24,201	18,354,878
10. Printing and office supplies	445,184	69,323	874,166	1,839	1,390,512
11. Occupancy, depreciation and amortization	0	0	0	0	0
12. Equipment	244,636	63,093	1,975,844	4,157	2,287,730
13. Cost or depreciation of EDP equipment and software	12,487,153	1,107,854	10,638,054	22,381	24,255,442
14. Outsourced services including EDP, claims, and other services	32,381,043	43,171,202	36,374,293	76,525	112,003,063
15. Boards, bureaus and association fees	38,154	669	1,962,690	4,129	2,005,642
16. Insurance, except on real estate	0	0	2,057,736	4,329	2,062,065
17. Collection and bank service charges	0	1,335	1,910,382	4,019	1,915,736
18. Group service and administration fees	16,034,063	20,695,153	11,804,636	24,835	48,558,687
19. Reimbursements by uninsured plans	(180,268,825)	(124,022,700)	(267,575,070)	0	(571,866,595)
20. Reimbursements from fiscal intermediaries	0	0	0	0	0
21. Real estate expenses	138,491	23,287	5,735,749	12,067	5,909,594
22. Real estate taxes	0	0	718,165	0	718,165
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes	3,167	20	285,298	0	288,485
23.2 State premium taxes	0	0	11,605,242	0	11,605,242
23.3 Regulatory authority licenses and fees	41,669	5,959	289,444	0	337,072
23.4 Payroll taxes	7,743,209	4,858,969	10,749,513	0	23,351,691
23.5 Other (excluding federal income and real estate taxes)	0	0	33,999,228	0	33,999,228
24. Investment expenses not included elsewhere	0	0	0	2,955,217	2,955,217
25. Aggregate write-ins for expenses	136,016	8,700,739	10,857,117	22,842	19,716,714
26. Total expenses incurred (Lines 1 to 25)	70,674,294	52,544,742	327,205,978	3,784,110	(a) 454,209,124
27. Less expenses unpaid December 31, current year		16,239,953	66,469,195		82,709,148
28. Add expenses unpaid December 31, prior year		16,368,119	50,947,048		67,315,167
29. Amounts receivable relating to uninsured plans, prior year			326,497,063		326,497,063
30. Amounts receivable relating to uninsured plans, current year			332,131,872		332,131,872
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	70,674,294	52,672,908	317,318,640	3,784,110	444,449,952
<b>DETAILS OF WRITE-INS</b>					
2501. Other expense	136,016	8,700,739	10,857,117	22,842	19,716,714
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)	136,016	8,700,739	10,857,117	22,842	19,716,714

(a) Includes management fees of \$ 708,627,897 to affiliates and \$ to non-affiliates.

**ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company**  
**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds .....	(a) 1,075,696	1,050,116
1.1 Bonds exempt from U.S. tax .....	(a)	0
1.2 Other bonds (unaffiliated) .....	(a) 42,067,639	41,030,593
1.3 Bonds of affiliates .....	(a)	0
2.1 Preferred stocks (unaffiliated) .....	(b) 452	452
2.11 Preferred stocks of affiliates .....	(b)	0
2.2 Common stocks (unaffiliated) .....	6,864,413	6,638,443
2.21 Common stocks of affiliates .....	(c)	0
3. Mortgage loans .....	(d) 2,816,290	2,816,290
4. Real estate .....	(e) 1,089,852	1,092,286
5. Contract Loans .....	(f)	0
6. Cash, cash equivalents and short-term investments .....	(g) 3,784,110	0
7. Derivative instruments .....	(g)	0
8. Other invested assets .....	(h) 1,539,375	0
9. Aggregate write-ins for investment income .....	(i) 0	0
10. Total gross investment income .....	54,369,156	53,015,407
11. Investment expenses .....	(g) 3,784,110	0
12. Investment taxes, licenses and fees, excluding federal income taxes .....	(g)	0
13. Interest expense .....	(h) 1,539,375	0
14. Depreciation on real estate and other invested assets .....	(i) 0	0
15. Aggregate write-ins for deductions from investment income .....	5,323,485	0
16. Total deductions (Lines 11 through 15) .....	47,691,922	0
<b>17. Net investment income (Line 10 minus Line 16)</b>		
<b>DETAILS OF WRITE-INS</b>		
0901. Miscellaneous income .....	(74,273)	(74,273)
0902. Securities lending .....	529,086	461,499
0903. .....	0	0
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)	454,813	387,226
1501. .....		
1502. .....		
1503. .....		
1598. Summary of remaining write-ins for Line 15 from overflow page .....	0	0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)	0	0

(a) Includes \$ 1,369,656 accrual of discount less \$ 7,411,213 amortization of premium and less \$ 1,213,185 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 \$ 9,073 accrual of discount less \$ 13,074 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 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds .....	(119,133)	0	(119,133)	0	0
1.1 Bonds exempt from U.S. tax .....	0	0	0	0	0
1.2 Other bonds (unaffiliated) .....	6,450,634	(198,471)	6,252,163	(619,056)	0
1.3 Bonds of affiliates .....	0	0	0	0	0
2.1 Preferred stocks (unaffiliated) .....	180,921	0	180,921	77,596	0
2.11 Preferred stocks of affiliates .....	0	0	0	0	0
2.2 Common stocks (unaffiliated) .....	46,279,145	(2,752,543)	43,526,602	(16,115,582)	3,058
2.21 Common stocks of affiliates .....	0	0	0	0	0
3. Mortgage loans .....	0	0	0	0	0
4. Real estate .....	329,168	0	329,168	0	0
5. Contract loans .....	0	0	0	0	0
6. Cash, cash equivalents and short-term investments .....	3,589	0	3,589	(5,362)	0
7. Derivative instruments .....	0	0	0	0	0
8. Other invested assets .....	0	0	0	11,212,970	0
9. Aggregate write-ins for capital gains (losses) .....	12,810	0	12,810	3,060	0
10. Total capital gains (losses) .....	53,137,134	(2,951,014)	50,186,120	(5,446,374)	3,058
<b>DETAILS OF WRITE-INS</b>					
0901. Foreign exchange investments .....	12,810		12,810	3,060	
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)	12,810	0	12,810	3,060	0

**ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company**  
**EXHIBIT OF NON-ADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 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 .....	72,840	12,933	(59,907)
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	1,153,041	2,832,564	1,679,523
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 .....	27,410,563	44,334,255	16,923,692
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 .....	11,600,657	2,923,499	(8,677,158)
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 .....	27,164,645	53,197,626	26,032,981
25. Aggregate write-ins for other than invested assets .....	14,140,263	5,806,822	(8,333,441)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	81,542,009	109,107,699	27,565,690
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0
28. Total (Lines 26 and 27) .....	81,542,009	109,107,699	27,565,690
<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. Prepaid expenses .....	10,052,376	4,159,599	(5,892,777)
2502. Other miscellaneous accounts receivable .....	4,087,887	1,647,223	(2,440,664)
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) .....	14,140,263	5,806,822	(8,333,441)

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**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 .....	142,364	166,277	166,427	166,254	166,018	1,991,059
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....	1,337,440	1,464,569	1,458,722	1,458,914	1,461,626	17,548,279
4. Point of Service .....						
5. Indemnity Only .....	55,073	53,619	53,399	53,580	53,974	643,597
6. Aggregate write-ins for other lines of business.....	306,337	339,308	341,674	347,719	352,848	4,132,516
7. Total	1,841,214	2,023,773	2,020,222	2,026,467	2,034,466	24,315,451
<b>DETAILS OF WRITE-INS</b>						
0601. Consumer Driven Health Plan .....	306,337	339,308	341,674	347,719	352,848	4,132,516
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)	306,337	339,308	341,674	347,719	352,848	4,132,516

ANNUAL STATEMENT FOR THE YEAR 2017 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 #	2017	2016
<b><u>Net Income</u></b>					
(1) Community Insurance Company state basis (Page 4, Line 32, Columns 2 & 3)		XXX	XXX	XXX	\$ 348,557,354 \$319,116,362
(2) State Prescribed Practices that is an increase/(decrease) from NAIC SAP:				—	—
(3) State Permitted Practices that is an increase/(decrease) from NAIC SAP:				—	—
(4) NAIC SAP (1-2-3=4)		XXX	XXX	XXX	\$ 348,557,354 \$319,116,362
<b><u>Surplus</u></b>					
(5) Community Insurance Company state basis (Page 3, Line 33, Columns 3 & 4)		XXX	XXX	XXX	\$ 829,975,445 \$807,772,256
(6) State Prescribed Practices that is an increase/(decrease) from NAIC SAP:				—	—
(7) State Permitted Practices that is an increase/(decrease) from NAIC SAP:				—	—
(8) NAIC SAP (5-6-7=8)		XXX	XXX	XXX	\$ 829,975,445 \$807,772,256

**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, including acquisition costs such as sales commissions, are charged to operations as incurred. All other costs, including underwriting expenses, are charged to operations as incurred.

## 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 at their underlying audited GAAP equity at December 31, 2017. 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) The Company recognizes losses from other-than-temporary impairment of investments in accordance with Statements of Standard Accounting Practice ("SSAP") No. 26R, *Bonds*.
- (14) 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.
- (15) 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.
- (16) 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.

## NOTES TO FINANCIAL STATEMENTS

- (17) 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.
- (18) For investments in corporate-owned life insurance ("COLI"), the amount that could be realized on a life insurance policy as of the date to which premiums have been paid is reported as an admitted asset. The change in the cash surrender value, or contract value, of COLI, during the period is treated as income.
- (19) A discount rate is applied to guaranty fund liabilities and assets related to assessments from insolvencies of entities that wrote long-term care contracts.

### **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, 2017 and 2016.

### **3. Business Combinations and Goodwill**

<b>A. Statutory Purchase Method</b>	Not applicable.
<b>B. Statutory Merger</b>	Not applicable.
<b>C. Assumption Reinsurance</b>	Not applicable.
<b>D. Impairment Loss</b>	Not applicable.

### **4. Discontinued Operations**

The Company had no operations that were discontinued during 2017 or 2016.

### **5. Investments**

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

The Company did not have investments in mortgage loans at December 31, 2017 or 2016.

#### **B. Debt Restructuring**

The Company did not have invested assets that were restructured debt at December 31, 2017 or 2016.

#### **C. Reverse Mortgages**

The Company did not have investments in reverse mortgages at December 31, 2017 or 2016.

#### **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 ("OTTI") on its loan-backed securities during the years ended December 31, 2017 and 2016.
- (3) The Company did not recognize OTTI on its loan-backed securities at December 31, 2017 and 2016.
- (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, 2017 and 2016.
- (5) The Company had no impaired loan-backed securities at December 31, 2017 and 2016.

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

**E. Dollar Repurchase Agreements and/or Securities Lending Transactions**

(1) The Company did not enter into repurchase agreements at December 31, 2017 or 2016.

(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

	<u>Fair Value</u>
1. Securities Lending	
(a) Open	\$ 4,740,665
(b) 30 days or less	—
(c) 31 to 60 days	—
(d) 61 to 90 days	—
(e) Greater than 90 days	—
(f) Sub-total	<u>\$ 4,740,665</u>
(g) Securities received	3,013,829
(h) Total collateral received	<u>\$ 7,754,494</u>

2. 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>7,754,494</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 2017 OF THE Community Insurance Company

**NOTES TO FINANCIAL STATEMENTS**

**(5) Collateral Reinvestment**

a. Aggregate amount collateral reinvested

		<u>Amortized Cost</u>	<u>Fair Value</u>
1.	Securities Lending		
(a)	Open	\$ (156,303)	\$ (29,819)
(b)	30 days or less	9	9
(c)	31 to 60 days	114	114
(d)	61 to 90 days	5,381	5,381
(e)	91 to 120 days	—	—
(f)	121 to 180 days	9,868	9,868
(g)	181 to 365 days	848,070	848,070
(h)	1 to 2 years	42,771	42,771
(i)	2 to 3 years	8,808	8,808
(j)	Greater than 3 years	3,855,463	3,855,463
(k)	Sub-total	<u>4,614,181</u>	<u>4,740,665</u>
(l)	Securities received	<u>3,013,829</u>	<u>3,013,829</u>
(m)	Total collateral reinvested	<u><u>\$ 7,628,010</u></u>	<u><u>\$ 7,754,494</u></u>

2. Dollar repurchase agreement - Not applicable.

b. Not applicable.

**(6) Not applicable.**

**(7) Not applicable.**

**F. Repurchase Agreements Transactions Accounted for as Secured Borrowing**

The Company did not enter into repurchase agreement transactions accounted for as secured borrowing at December 31, 2017 or 2016.

**G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing**

The Company did not enter into reverse repurchase agreement transactions accounted for as a secured borrowing at December 31, 2017 or 2016.

**H. Repurchase Agreements Transactions Accounted for as a Sale**

The Company did not enter into repurchase agreement transactions accounted for as a sale at December 31, 2017 or 2016.

**I. Reverse Repurchase Agreements Transactions Accounted for as a Sale**

The Company did not enter into reverse repurchase agreement transactions accounted for as a sale at December 31, 2017 or 2016.

**J. Real Estate**

- (1) The Company did not recognize any impairment losses on its investment in real estate during 2017. 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.
- (2) On December 26, 2017, the Company sold its Worthington, Ohio property for \$6,500,000. The Company has an agreement to lease back the property for 6 months. The Company recognized a \$1,650,288 gain on the sale of the building. The gain is

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

deferred in a special surplus account and is being amortized to income over the period of the lease.

On May 31, 2017, the Company sold its Cincinnati, Ohio occupied properties to 1351 WHT Land, LLC. The Company recognized a gain of \$362,776 on the sale. The gain is recorded in net realized capital gains (losses) on the statement of revenue and expenses.

On May 2, 2017, the Company sold its Youngstown, Ohio property held for sale to Potential Development, Inc. The Company recognized a loss of \$33,608 on the sale. The loss is recorded in net realized capital gains (losses) on the statement of revenue and expenses.

(3) Not applicable.

(4) The Company did not engage in retail land sales operations during 2017 or 2016.

(5) Not applicable.

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

The Company did not invest in properties generating low-income housing tax credits during 2017 or 2016.

**L. Restricted Assets**

(1) Restricted assets (including pledged)

Restricted Asset Category	1	2	3	4	5	6	7
	Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Admitted Restricted (1 minus 4)	Gross Admitted 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	7,628,010	112,545,335	(104,917,325)	—	7,628,010	0.4%	0.4%
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	6,688,200	6,631,400	56,800	—	6,688,200	0.3%	0.3%
j. On deposit with states	469,288	477,496	(8,208)	—	469,288	—%	—%
k. On deposit with other regulatory bodies	—	—	—	—	—	—%	—%
l. Pledged as collateral to FHLB (including assets backing funding agreements)	165,233,123	162,242,897	2,990,226	—	165,233,123	8.0%	8.3%
m. Pledged as collateral not captured in other categories	—	—	—	—	—	—%	—%
n. Other restricted assets	—	—	—	—	—	—%	—%
o. Total Restricted Assets	\$ 180,018,621	\$ 281,897,128	\$ (101,878,507)	\$ —	\$ 180,018,621	8.7%	9.0%

(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 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

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

Collateral Assets	1	2	3	4
	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	7,628,010	7,754,494	0.4%	0.4%
i. Other	—	—	—	—
j. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	\$ 7,628,010	\$ 7,754,494	0.4%	0.4%

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

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

	1	2	% of Liability to Total Liabilities *
	Amount	Liabilities *	
k. Recognized Obligation to Return Collateral Asset	\$ 7,628,010	0.7%	

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

**M. Working Capital Finance Investments**

Not applicable.

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

The Company did not have any offsetting or netting of assets and liabilities at December 31, 2017 and 2016.

**O. Structured Notes**

The Company did not have any structured notes at December 31, 2017 and 2016.

**P. 5\* Securities**

The Company has no 5\* Securities as of December 31, 2017 and 2016.

**Q. Short Sales**

The Company did not have any short sales at December 31, 2017 and 2016.

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

**R. Prepayment Penalty and Acceleration Fees**

General Account	
(1) Number of CUSIPs	4
(2) Aggregate Amount of Investment Income \$	110,568

**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, 2017 or 2016.
- B.** The Company did not recognize any impairment write downs for its investments in joint ventures, partnerships, or limited liability companies during 2017 or 2016.

**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, 2017 and 2016, the Company nonadmitted \$72,840 and \$12,933, respectively, in accrued investment income.

**8. Derivative Instruments**

The Company has no derivative instruments.

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

**9. Income Taxes**

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

(1) The components of net deferred tax asset (liabilities) are as follows:

	12/31/2017		
	(1)	(2)	(3) (Col 1+2) Total
	Ordinary	Capital	
(a) Gross Deferred Tax Assets	\$ 43,551,679	\$ 15,296	\$ 43,566,975
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	43,551,679	15,296	43,566,975
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	43,551,679	15,296	43,566,975
(f) Deferred Tax Liabilities	2,828,578	12,277,528	15,106,106
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 40,723,101	\$ (12,262,232)	\$ 28,460,869

	12/31/2016		
	(4)	(5)	(6) (Col 4+5) Total
	Ordinary	Capital	
(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

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ (40,809,129)	\$ 10,769	\$ (40,798,360)
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	(40,809,129)	10,769	(40,798,360)
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	(40,809,129)	10,769	(40,798,360)
(f) Deferred Tax Liabilities	2,755,079	(13,033,589)	(10,278,510)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ (43,564,208)	\$ 13,044,358	\$ (30,519,850)

ANNUAL STATEMENT FOR THE YEAR 2017 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") are as follows:

12/31/2017		
(1)	(2)	(3) (Col 1+2) Total
Ordinary	Capital	

Admission Calculation Components SSAP No. 101

(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks.	\$ 37,904,186	\$ 15,296	\$ 37,919,482
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	—	—	—
1. Adjusted Gross Deferred Tax Assets Expected To Be Realized Following the Balance Sheet Date.	—	—	—
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	120,227,142
(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.	5,647,493	—	5,647,493
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 43,551,679	\$ 15,296	\$ 43,566,975

12/31/2016		
(4)	(5)	(6) (Col 4+5) Total
Ordinary	Capital	

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 Assets 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

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

Admission Calculation Components SSAP No. 101

(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks.	\$ (36,758,607)	\$ 10,769	\$ (36,747,838)
(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	7,908,456
(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.	(1,921,813)	—	(1,921,813)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ (40,809,129)	\$ 10,769	\$ (40,798,360)

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

(3)		2017	2016
(a)	Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	420%	402%
(b)	Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	\$ 801,514,278	\$ 748,791,239

(4)	12/31/2017		12/31/2016		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)	\$ 43,551,679	\$ 15,296	\$ 84,360,808	\$ 4,527	\$ (40,809,129)	\$ 10,769
		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)	\$ 43,551,679	\$ 15,296	\$ 84,360,808	\$ 4,527	\$ (40,809,129)	\$ 10,769
		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, 2017 and 2016.

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

	(1) 12/31/2017	(2) 12/31/2016	(3) (Col 1-2) Change
(1)	Current Income Tax		
(a)	Federal	\$ 155,997,809	\$ 198,364,667
(b)	Foreign	—	—
(c)	Subtotal	155,997,809	198,364,667
(d)	Federal income tax expense on net capital gains	18,224,254	9,581,656
(e)	Utilization of capital loss carry-forwards	—	—
(f)	Other	—	—
(g)	Federal and foreign income taxes incurred	\$ 174,222,063	\$ 207,946,323
			\$ (33,724,260)

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

(1) 12/31/2017	(2) 12/31/2016	(3) (Col 1-2) Change
-------------------	-------------------	----------------------------

(2) Deferred Tax Assets:

(a) Ordinary

(1) Discounting of unpaid losses	\$ 932,130	\$ 1,628,133	\$ (696,003)
(2) Unearned premium reserve	1,643,800	4,138,993	(2,495,193)
(3) Policyholder reserves	4,491,022	7,935,947	(3,444,925)
(4) Investments	—	—	—
(5) Deferred acquisition costs	3,112,404	5,496,018	(2,383,614)
(6) Policyholder dividends accrual	—	—	—
(7) Fixed assets	1,443,810	340,558	1,103,252
(8) Compensation and benefits accrual	1,285,159	1,991,052	(705,893)
(9) Pension accrual	—	—	—
(10) Receivables - nonadmitted	12,557,672	37,846,606	(25,288,934)
(11) Net operating loss carry-forward	—	—	—
(12) Tax credit carry-forward	—	—	—
(13) Other (including items <5% of total ordinary tax assets)	1,460,864	2,530,864	(1,070,000)
(14) Accrued future expenses	7,188,283	7,824,748	(636,465)
(15) Amortization	1,541,421	3,317,555	(1,776,134)
(16) Premium deficiency reserves	503,262	1,424,473	(921,211)
(17) Prepaid expenses	2,023,365	1,395,928	627,437
(18) State tax liability	5,368,487	8,489,933	(3,121,446)
(99) Subtotal	43,551,679	84,360,808	(40,809,129)
(b) Statutory valuation allowance adjustment	—	—	—
(c) Nonadmitted	—	—	—
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	43,551,679	84,360,808	(40,809,129)
(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	15,296	4,527	10,769
(99) Subtotal	15,296	4,527	10,769
(f) Statutory valuation allowance adjustment	—	—	—
(g) Nonadmitted	—	—	—
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	15,296	4,527	10,769
(i) Admitted deferred tax assets (2d + 2h)	\$ 43,566,975	\$ 84,365,335	\$ (40,798,360)

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

	(1) 12/31/2017	(2) 12/31/2016	(3) (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) Discount of coordination of benefits	11,522	28,338	(16,816)
(7) Guaranty fund assessment	2,817,056	—	2,817,056
(8) Building improvements	—	45,161	(45,161)
(99) Subtotal	2,828,578	73,499	2,755,079
(b) Capital:			
(1) Investments	11,325,704	24,376,352	(13,050,648)
(2) Real estate	—	—	—
(3) Other (including items <5% of total capital tax liabilities)	—	—	—
(4) Investment partnership income	951,824	934,765	17,059
(99) Subtotal	12,277,528	25,311,117	(13,033,589)
(c) Deferred tax liabilities (3a99 + 3b99)	15,106,106	25,384,616	(10,278,510)
(4) Net deferred tax assets/liabilities (2i - 3c)	\$ 28,460,869	\$ 58,980,719	\$ (30,519,850)

On December 22, 2017, the federal government enacted a tax bill, H.R.1, *An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018*, or the Tax Cuts and Jobs Act. The Tax Cuts and Jobs Act contains significant changes to corporate taxation, including, but not limited to, reducing the U.S. Federal corporate income tax rate from 35% to 21% and modifying or limiting many business deductions. At December 31, 2017, the Company estimated the effects on existing deferred tax balances. The Company remeasured deferred tax assets and liabilities based on the rates at which they are expected to be utilized in the future, which is generally 21%. However, the Company will continue to analyze certain aspects of the Tax Cuts and Jobs Act and refine the calculations, which could potentially affect the measurement of those balances or give rise to new deferred tax amounts. The provisional amount recorded related to the remeasurement of our deferred tax assets and liabilities was a net decrease of \$18,973,913. This includes the components for change in net deferred income tax of \$19,926,719, change in nonadmitted assets of \$11,415,881, and change in net unrealized capital gains (losses) of (\$12,368,687).

**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:

	2017	2016
Tax expense computed using federal statutory rate	\$ 182,972,797	\$ 184,471,939
ACA health insurer fee	—	28,866,041
Change in nonadmitted assets	21,063,872	(6,558,933)
Tax exempt income and dividend received deduction net of proration	(4,570,194)	(4,818,542)
Prior year true-up and adjustments	(439,916)	255,341
Tax Cuts and Jobs Act	19,926,719	—
Other, net	63,553	105,218
<b>Total</b>	<b>\$ 219,016,831</b>	<b>\$ 202,321,064</b>
 Federal income taxes incurred	\$ 174,222,063	\$ 207,946,323
Change in net deferred income taxes	44,794,768	(5,625,259)
<b>Total statutory income taxes</b>	<b>\$ 219,016,831</b>	<b>\$ 202,321,064</b>

## NOTES TO FINANCIAL STATEMENTS

**E. Operating loss carryforwards:**

(1) The Company has no operating loss carryforwards and no tax credit carryforwards as of December 31, 2017 or 2016.

(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:

	<b>Ordinary</b>	<b>Capital</b>	<b>Total</b>
<b>2017</b>	\$ 157,650,670	\$ 18,224,254	\$ 175,874,924
<b>2016</b>	195,560,721	9,622,513	205,183,234
<b>2015</b>	N/A	7,827,025	7,827,025

(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, 2017 and 2016.

**F.** The following companies will be included in the consolidated federal income tax return with their parent Anthem, Inc. ("Anthem") as of December 31, 2017 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 Networks, LLC
AMERIGROUP Community Care of New Mexico, Inc.	DeCare Dental, LLC
AMERIGROUP Corporation	Designated Agent Company, Inc.
Amerigroup Delaware, Inc.	EHC Benefits Agency, Inc.
AMERIGROUP District of Columbia, Inc.	Empire HealthChoice Assurance, Inc.
AMERIGROUP Florida, Inc.	Empire HealthChoice HMO, Inc.
Amerigroup Health Plan of Louisiana, Inc.	Federal Government Solutions, LLC
Amerigroup Health Plan of Oregon, Inc.	Golden West Health Plan, Inc.
Amerigroup Insurance Company	Greater Georgia Life Insurance Company
AMERIGROUP Iowa, Inc.	Health Core, Inc.
Amerigroup Kansas, Inc.	Health Management Corporation
AMERIGROUP Maryland, Inc.	HealthKeepers, Inc.
Amerigroup Michigan, Inc.	HealthLink HMO, Inc.
AMERIGROUP Mississippi, Inc.	HealthLink, Inc.
AMERIGROUP Nevada, Inc.	HealthPlus HP, LLC
AMERIGROUP New Jersey, Inc.	HealthSun Blocker Corp. I
AMERIGROUP Ohio, Inc.	HealthSun Blocker Corp. II
AMERIGROUP Oklahoma, Inc.	Healthy Alliance Life Insurance Company
Amerigroup Pennsylvania, Inc.	HEP AP Holdings, Inc.
AMERIGROUP Tennessee, Inc.	Highland Holdco, Inc.
AMERIGROUP Texas, Inc.	HMO Colorado, Inc.
AMERIGROUP Washington, Inc.	HMO Missouri, Inc.
AMGP Georgia Managed Care Company, Inc.	Imaging Management Holdings, LLC
Anthem Blue Cross Life and Health Insurance Company	IngenioRx, Inc.
Anthem Financial, Inc.	Legato Holdings I, Inc.
Anthem Health Insurance Company of Nevada	Living Complete Technologies, Inc.
Anthem Health Plans of Kentucky, Inc.	Matthew Thornton Health Plan, Inc.
Anthem Health Plans of Maine, Inc.	National Government Services, Inc.
Anthem Health Plans of New Hampshire, Inc.	Newco Holdings, Inc.
Anthem Health Plans of Virginia, Inc.	New England Research Institutes, Inc.
Anthem Health Plans, Inc.	Park Square Holdings, Inc.

# ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

## NOTES TO FINANCIAL STATEMENTS

Anthem Holding Corp.	Park Square I, Inc.
Anthem Insurance Companies, Inc.	Park Square II, Inc.
Anthem Kentucky Managed Care Plan, Inc.	PHP Holdings, Inc.
Anthem Life & Disability Insurance Company	Resolution Health, Inc.
Anthem Southeast, Inc.	RightCHOICE Managed Care, Inc.
Anthem UM Services, Inc.	Rocky Mountain Hospital and Medical Service, Inc.
Anthem, Inc.	SellCore, Inc.
Arcus Enterprises, Inc.	Simply Healthcare Holdings, Inc.
ARCUS HealthyLiving Services, Inc.	Simply Healthcare Plans, Inc.
Associated Group, Inc.	Southeast Services, Inc.
Better Health, Inc.	State Sponsored DM Services, Inc.
Blue Cross and Blue Shield of Georgia, Inc.	The Anthem Companies of California, Inc.
Blue Cross Blue Shield Healthcare Plan of Georgia, Inc.	The Anthem Companies, Inc.
Blue Cross Blue Shield of Wisconsin	TrustSolutions, LLC
Blue Cross of California	UNICARE Health Plan of West Virginia, Inc.
Blue Cross of California Partnership Plan, Inc.	UNICARE Illinois Services, Inc.
CareMore Health Plan	UNICARE Life & Health Insurance Company
CareMore Health Plan of Arizona, Inc.	UNICARE National Services, Inc.
CareMore Health Plan of Nevada	UNICARE Specialty Services, Inc.
CareMore Health Plan of Texas, Inc.	UtiliMed IPA, Inc.
CareMore Health System	Valus, Inc.
Cerulean Companies, Inc.	WellPoint Behavioral Health, Inc.
Claim Management Services, Inc.	WellPoint California Services, Inc.
Community Care Health Plan of Louisiana, Inc.	WellPoint Dental Services, Inc.
Community Insurance Company	WellPoint Health Solutions, Inc.
Compcare Health Services Insurance Corporation	WellPoint Holding Corporation
Crossroads Acquisition Corp	WellPoint Information Technology Services, Inc.
DeCare Analytics, LLC	WellPoint Insurance Services, Inc.
DeCare Dental Health International, 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, a publicly traded company.

### **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 ordinary dividend in the amount of \$109,100,000 on November 30, 2017. The Company paid the dividend to its parent company, ATH Holding, on December 15, 2017.

The Board of Directors of the Company declared an ordinary dividend in the amount of \$210,000,000 on June 8, 2017. The Company paid the dividend to its parent company, ATH Holding, on June 26, 2017.

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.

## NOTES TO FINANCIAL STATEMENTS

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.

### **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 2017 or 2016. 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, 2017 and 2016, the Company reported \$36,778,162 and \$67,404,206 due from affiliates, respectively. At December 31, 2017, the Company reported no amounts due to affiliates. At December 31, 2016, the Company reported \$160,576,442 due to affiliates. 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.

### **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.

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

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

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**NOTES TO FINANCIAL STATEMENTS**

**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**

Not applicable.

**11. Debt**

**A. Capital Notes**

The Company had no capital notes outstanding at December 31, 2017 and 2016.

**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 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

(2) FHLB Capital Stock

a. Aggregate Totals

1. Current year

	<b>Total</b>
(a) Membership stock - Class A	\$ —
(b) Membership stock - Class B	2,566,416
(c) Activity stock	4,121,784
(d) Excess stock	—
(e) Aggregate total (a+b+c+d)	\$ 6,688,200
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 150,000,000

2. Prior year-end

	<b>Total</b>
(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

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	\$ 2,566,416	\$ 2,566,416	\$ —	\$ —	\$ —	\$ —

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 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

(3) Collateral Pledged to FHLB

a. Amount pledged as of reporting date

	1 Fair Value	2 Carrying Value	3 Aggregate Total Borrowing
1. Current Year Total Collateral Pledged	\$ 165,212,741	\$ 165,233,123	\$ 150,000,000
2. Prior Year-end Total Collateral Pledged	\$ 162,635,586	\$ 162,242,897	\$ 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 Fair Value	2 Carrying Value	3 Amount Borrowed at Time of Maximum Collateral
1. Current Year Total Maximum Collateral Pledged	\$ 166,209,418	\$ 167,204,903	\$ 150,000,000
2. Prior Year-end Total Maximum Collateral Pledged	\$ 164,562,182	\$ 162,242,897	\$ 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

## 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 Plan (the "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 once the participant reaches the maximum contribution amount for the Anthem 401(k) Plan (the "401(k) Plan"). The deferred amounts are payable according to the terms and subject to the conditions of the deferred compensation plan. 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 plan. The Company has no legal obligation for benefits under this plan.

The Company participates in the 401(k) 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.

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

During 2017 and 2016, the Company was allocated the following costs or (credits) for these retirement benefits:

	<b>2017</b>	<b>2016</b>
Defined benefit pension plan	\$ (2,469,603)	\$ (2,507,425)
Postretirement medical benefit plan	180,661	380,677
Deferred compensation plan	237,305	216,558
Defined contribution plan	8,250,320	7,465,034

**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, 2017, 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 2018**

Within the limitations of (3) above, the Company may pay \$348,557,354 in dividends during 2018 without prior approval.

**(6) Unassigned Surplus Restrictions**

Unassigned surplus funds are not restricted at December 31, 2017.

**(7) Mutual Surplus Advances**

Not applicable.

# ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

## NOTES TO FINANCIAL STATEMENTS

### **(8) Company Stock Held for Special Purpose**

There are no shares of stock held for special purposes at December 31, 2017.

### **(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. The annual fee under section 9010 of the ACA was suspended for 2017, therefore no surplus was segregated as of December 31, 2016.

### **(10) Changes in Unassigned Funds**

The portion of unassigned funds represented by cumulative unrealized gains and losses was \$69,794,735 at December 31, 2017.

### **(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 \$19,941,680 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 State of Ohio issued a guaranty fund assessment as of December 31, 2016. The Company recorded a liability for the assessment of \$5,276,613 as of December 31, 2017. The State did not issue a guaranty fund assessment as of December 31, 2017.

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**NOTES TO FINANCIAL STATEMENTS**

**(2) Assets Recognized Reconciliation**

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$ 10,255,433
b.	Decreases current year:	
	Policy surcharges collected	—
	Policy surcharges charged off	—
	Premium tax offset applied	—
c.	Increases current year:	
	Policy surcharges recognized	—
	Premium tax offset recognized	14,134,679
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	<u><u>\$ 24,390,112</u></u>

**(3) Guaranty Fund Liabilities and Assets Related to Insolvencies of Entities That Wrote Long-Term Care Contracts**

- a. Discount Rate Applied 3.5%
- b. The Undiscounted and Discounted Amount of the Guaranty Fund Assessments and Related Assets by Insolvency:

Name of the Insolvency	Guaranty Fund Assessment		Related Assets	
	Undiscounted	Discounted	Undiscounted	Discounted
Penn Treaty Network America Insurance Company and its subsidiary, American Network Insurance Company (collectively "Penn Treaty")	\$ 14,193,960	\$ 9,859,565	\$ 16,610,932	\$ 14,134,679

- c. Number of Jurisdictions, Ranges of Years Used to Discount and Weighted Average Number of Years of the Discounting Time Period for Payables and Recoverables by Insolvency:

Name of the Insolvency	Payables			Recoverables		
	Number of Jurisdictions	Range of Years	Weighted Average Number of Years	Number of Jurisdictions	Range of Years	Weighted Average Number of Years
Penn Treaty	1	1 - 21	5.6	1	2 - 27	9.1

**C. Gain Contingencies**

The Company has no gain contingencies at December 31, 2017 or 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

## NOTES TO FINANCIAL STATEMENTS

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 March 2017, long term care insurance writers Penn Treaty Network America Insurance Company and its subsidiary American Network Insurance Company, (collectively "Penn Treaty"), were ordered to be liquidated by the Pennsylvania state court, which had jurisdiction over the Penn Treaty rehabilitation proceeding. The Company 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, 2017, the Company estimated its portion of these net assessments for the insolvency of Penn Treaty to approximate \$22,318,614 and recorded the estimate as part of general administrative expenses. Payment of the assessments will be largely recovered through premium tax credits over future years.

Anthem is a defendant in multiple lawsuits that were initially filed in 2012 against the 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 (the "Court"). 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, rules governing the BlueCard and National Accounts programs 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 in July 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 that 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, we filed our answer and asserted our affirmative defenses in December 2014. 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 consolidated into the multi-district lawsuit. In November 2016 and April 2017, subscriber plaintiffs and provider plaintiffs filed new consolidated amended complaints adding new named plaintiffs and new factual allegations. Anthem filed answers to the amended complaints in May 2017. In February 2017, the Court granted in part defendants' motion for summary judgment based on the filed rate doctrine finding that the damages claims of certain named Alabama subscribers are barred under federal law. Subscribers filed a motion to reconsider the Court's order, which was denied without prejudice to plaintiffs' right to raise the issue at a later date. In April 2017, the Court of Appeals for the Eleventh Circuit affirmed a lower court ruling in a related declaratory judgment action, *Musselman v. Blue Cross and Blue Shield of Alabama, et al.* that the antitrust conspiracy claims being asserted by a subset of putative provider class members were released a decade ago by class action settlements in the *In re Managed Care Litigation*. In June 2017, the Court denied defendants' motion to dismiss certain of the claims in provider plaintiffs' latest consolidated complaint. Briefing on the relevant standard of review for the claims asserted under the Sherman Antitrust Act commenced in July 2017. Cross motions for partial summary judgment on the relevant standard of review were heard by the Court in October 2017, and they remain pending. In August 2017, provider plaintiffs moved for partial summary judgment against Anthem on the basis of collateral estoppel on several issues discussed in *United States v. Anthem, Inc.*, 236 F. Supp. 3d 171 (D.D.C. 2017). That motion was heard in October 2017, and is pending. In January 2018, the Court issued an order suspending certain deadlines from the Court's third amended scheduling order. No dates have been set for either the pretrial

## NOTES TO FINANCIAL STATEMENTS

conference or trials in these actions. Anthem intends to vigorously defend these suits; however, their ultimate outcome cannot be presently determined.

In March 2016, Anthem filed a lawsuit against Express Scripts, Inc., or Express Scripts, our vendor for pharmacy benefit management, or 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 as well as various declarations under the pharmacy benefit management agreement, or PBM Agreement, between the parties. Our suit asserts that Express Scripts' pricing exceeds the competitive benchmark pricing required by the PBM Agreement by approximately \$13,000,000,000 over the remaining term of the PBM Agreement, and by approximately \$1,800,000,000 through the post-termination transition period. Further, we assert that Express Scripts' excessive pricing has caused us to lose existing customers and prevented us from gaining new business. In addition to the amounts associated with competitive benchmark pricing, we are seeking over \$158,000,000 in damages associated with operational breaches incurred, together with a declaratory judgment that Express Scripts: (i) breached its obligation to negotiate in good faith and to agree in writing to new pricing terms; (ii) is required to provide competitive benchmark pricing to us through the term of the PBM Agreement; (iii) has breached the PBM Agreement, and that we can terminate the PBM Agreement either due to Express Scripts' breaches or because we have determined that Express Scripts' performance with respect to the delegated Medicare Part D prescription drug plans, functions has been unsatisfactory; and (iv) 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 our contractual claims and alleging various defenses and counterclaims. Express Scripts contends that we breached the PBM Agreement by failing to negotiate proposed new pricing terms in good faith and that we 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: (i) regarding the timing of the periodic pricing review under the PBM Agreement; (ii) that it has no obligation to ensure that we receive any specific level of pricing, that we have 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 (iii) that we do not have the right to terminate the PBM Agreement. In the alternative, Express Scripts claims that we have been unjustly enriched by its payment of \$4,675,000,000 at the time of the PBM Agreement. We believe that Express Scripts' defenses and counterclaims are without merit. We filed a motion to dismiss Express Scripts' counterclaims. In March 2017, the court granted our motion to dismiss Express Scripts' counterclaims for (i) breach of the implied covenant of good faith and fair dealing, and (ii) unjust enrichment with prejudice. We intend to vigorously pursue our claims and defend against any counterclaims; however, the ultimate outcome cannot be presently determined.

Anthem, Inc. and Express Scripts were 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 v. 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 based 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 to adequately monitor Express Scripts' pricing under the PBM Agreement and (ii) by placing its own pecuniary interest above the best interests of Anthem insureds by allegedly agreeing to higher pricing in the PBM Agreement in exchange for the

## NOTES TO FINANCIAL STATEMENTS

\$4,675,000,000 purchase price for our 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 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 \$4,675,000,000 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. In November 2016, we filed a motion to dismiss all of the claims brought against Anthem. In response, in March 2017, the plaintiffs filed a second amended consolidated complaint adding two self-insured accounts as plaintiffs and asserting an additional purported class of self-insured accounts. In April 2017, we filed a motion to dismiss the claims brought against Anthem. Our motion was granted without prejudice in January 2018. 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 our systems and identify solutions based on the evolving landscape. Anthem has provided 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 expect to continue to incur expenses of this nature in the foreseeable future. Anthem recognizes 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 us 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 our responses. In December 2016, the National Association of Insurance Commissioners, or NAIC, concluded its multistate targeted market conduct and financial exam. In connection with the resolution of the matter, the NAIC requested Anthem provide, and Anthem agreed to provide, a customized credit protection program, equivalent to a credit freeze, for Anthem's members who were under the age of eighteen on January 27, 2015. No fines or penalties were imposed on Anthem. Although Anthem is cooperating in these investigations, we may be subject to fines or other obligations, which may have an adverse effect on how Anthem operates its business and its results of operations. With respect to the civil actions, a motion to transfer was filed with the Judicial Panel on Multidistrict Litigation, or the Panel, 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, or the U.S. District Court. The U.S. District Court entered its case management order in September 2015. Anthem filed a motion to dismiss ten of the counts that were before

## NOTES TO FINANCIAL STATEMENTS

the U.S. District Court. In February 2016, the court issued an 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 we answered in August 2016. Fact discovery was completed in December 2016. Plaintiffs filed their motion for class certification and trial plan in March 2017. Anthem filed its opposition to class certification, motions to strike the testimony of three of the plaintiffs' experts and trial plan in April 2017. Prior to those motions being heard, the parties agreed to settle plaintiffs' claims on a class-wide basis for a total settlement payment of \$115,000,000 and certain nonmonetary relief. In June 2017, plaintiffs filed a motion for preliminary approval of the settlement and a motion to continue all case deadlines. In July 2017, the court granted the motion to continue all case deadlines. The court issued an order of preliminary approval in August 2017. The court will consider the plaintiffs' motion for final approval in February 2018. Three state court cases related to the cyber-attack are presently proceeding outside of this multidistrict litigation. Two of those cases have been stayed and a dispositive motion is pending with respect to the third. There remain open regulatory investigations into the incident that are not directly impacted by the multidistrict litigation settlement.

Anthem has contingency plans and insurance coverage for certain expenses and potential liabilities of this nature and will pursue coverage for all applicable losses; however, the ultimate outcome of our pursuit of insurance coverage cannot be presently determined. Anthem intends to vigorously defend the remaining state court cases and regulatory actions related to the cyber-attack; however, their ultimate outcome cannot be presently determined.

In July 2015, Anthem and Cigna Corporation, ("Cigna") announced that they entered into a Merger Agreement, pursuant to which Anthem would acquire all outstanding shares of Cigna. In July 2016, the U.S. Department of Justice ("DOJ"), along with certain state attorneys general, filed a civil antitrust lawsuit in the U.S. District Court for the District of Columbia ("District Court") seeking to block the merger. In February 2017, Cigna purported to terminate the Merger Agreement and commenced litigation against Anthem in the Delaware Court of Chancery ("Delaware Court") seeking damages, including the \$1,850,000,000 termination fee pursuant to the terms of the Merger Agreement, and a declaratory judgment that its purported termination of the Merger Agreement was lawful, among other claims, which is captioned in Cigna Corp. v. Anthem Inc. Also in February 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, which is captioned Anthem Inc. v. Cigna Corp. In April 2017, the U.S. Circuit Court of Appeals for the District of Columbia affirmed the ruling of the District Court, which blocked the merger. In May 2017, after the Delaware Court denied our motion to enjoin Cigna from terminating the Merger Agreement, Anthem delivered to Cigna a notice terminating the Merger Agreement. The litigation in Delaware is ongoing. Anthem believes Cigna's allegations are without merit and intends to vigorously pursue its claims and defend against Cigna's allegations; however, the ultimate outcome of Anthem's litigation with Cigna cannot be presently determined.

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,

## NOTES TO FINANCIAL STATEMENTS

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, 2017 and 2016, the Company reported admitted assets of \$545,842,026 and \$515,291,576, 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 \$28,563,604 that was nonadmitted at December 31, 2017; 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 2017 and 2016 was \$3,788,384 and \$3,751,599, respectively.
- (2) At January 1, 2018, the minimum aggregate rental commitments are as follows:

	<b>Year Ending December 31</b>	<b>Operating Leases</b>
1.	2018	\$ 5,871,320
2.	2019	3,680,044
3.	2020	3,230,475
4.	2021	2,902,897
5.	2022	2,864,542
6.	Total	\$ 18,549,278

- (3)
  - a. During 2017, the Company entered into a sale-leaseback transaction with an unaffiliated entity to lease the Worthington, Ohio building for 6 months.

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, 2017, there were no significant concentrations.

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

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

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

Not applicable at December 31, 2017 and 2016.

**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, 2017 the fair value of securities loaned was \$7,187,521, and the carrying value of securities loaned was \$7,144,876.

(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, 2017 and 2016, 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 at December 31, 2017.

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

The gain or (loss) from operations from ASC uninsured plans and the uninsured portion of partially insured plans during 2017 was:

	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical cost incurred	\$ 7,668,877,864	\$ —	\$ 7,668,877,864
b. Gross administrative fees accrued	512,805,571	\$ —	512,805,571
c. Other income or expenses (including interest paid to or received from plans)	—	—	—
d. Gross expenses incurred (claims and administrative)	8,105,574,124	\$ —	8,105,574,124
e. Total gain or (loss) from operations	\$ 76,109,311	\$ —	\$ 76,109,311

**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)

Receivable from	Related to	2017	2016
Centers for Medicare and Medicaid Services	Cost share and reinsurance components of administered Medicare products	\$ 2,892,981	\$ 4,465,208
Uninsured plans	Uninsured business, not including pharmaceutical rebate receivables	\$ 232,992,587	\$ 277,697,598

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

(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 the 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, 2017 and 2016.

**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	Net Asset Value ("NAV") Included in Level 2
a. Assets at fair value					
Perpetual preferred stock					
Industrial and misc	\$ —	\$ 218,972	\$ 218,972	\$ —	
Total perpetual preferred stocks	\$ —	\$ 218,972	\$ 218,972	\$ —	
Bonds					
Industrial and misc	\$ —	\$ 175,295,097	\$ 175,295,097	\$ —	
Total bonds	\$ —	\$ 175,295,097	\$ 175,295,097	\$ —	
Short-term investments					
Industrial and misc	\$ —	\$ 2,893,399	\$ 2,893,399	\$ —	
Total short-term investments	\$ —	\$ 2,893,399	\$ 2,893,399	\$ —	
Common stock					
Industrial and misc	\$ 170,865,415	\$ 6,990,247	\$ 177,855,662	\$ —	
Total common stocks	\$ 170,865,415	\$ 6,990,247	\$ 177,855,662	\$ —	
Total assets at fair value	\$ 170,865,415	\$ 178,188,496	\$ 7,209,219	\$ 356,263,130	\$ —

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

Description	Beginning Balance at 01/01/2017	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 12/31/2017
a. Assets										
Common Stock										
Industrial and misc	\$ 6,931,850	—	—	32,888	(24,772)	56,800	—	(6,519)	—	\$ 6,990,247
Preferred Stock										
Industrial and misc	\$ 140,924	—	—	—	77,596	452	—	—	—	\$ 218,972
Bonds										
Industrial and misc	\$ —	38,774	—	260	(163)	18,462	—	(57,333)	—	\$ —
Total assets	\$ 7,072,774	38,774	—	33,148	52,661	75,714	—	(63,852)	—	\$ 7,209,219

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

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**NOTES TO FINANCIAL STATEMENTS**

(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 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, 2017 and 2016.

**C. Financial Instruments**

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)	Net Asset Value ("NAV") Included in Level 2
Bonds	\$ 1,264,782,900	\$1,249,974,122	\$ 32,418,324	\$ 1,232,364,576	\$ —	\$ —	\$ —
Perpetual preferred stock	349,954	227,480	—	—	349,954	—	—
Common stock	177,855,662	177,855,662	170,865,415	—	6,990,247	—	—
Short-term investments	2,893,399	2,893,399	—	2,893,399	—	—	—
Cash equivalents	118,468,991	118,470,435	118,468,991	—	—	—	—
Securities lending collateral asset	7,754,494	7,628,010	5,519,198	2,235,296	—	—	—

**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, 2017 and 2016.

## NOTES TO FINANCIAL STATEMENTS

### **B. Troubled Debt Restructuring: Debtors**

Not applicable at December 31, 2017 and 2016.

### **C. Other Disclosures**

Assets in the amount of \$469,288 and \$477,496 at December 31, 2017 and 2016, 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 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.

The Company has recorded its allocable share of the special reserve funds held in the U.S. Treasury as an asset, with an equivalent amount recorded as a rate stabilization reserve. These amounts are \$29,425,468 as of December 31, 2017 and are included in aggregate write-ins for other than invested assets and in health policy reserves in the accompanying balance sheets. 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.

FEP represented approximately 60.6% and 60.4% of premiums receivable as of December 31, 2017 and 2016, respectively. FEP represented approximately 19.5% and 20.0% of net premiums written for the years ended December 31, 2017 and 2016, respectively.

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

**D. Business Interruption Insurance Recoveries**

The Company has reported no recoveries for business interruption for the years ended December 31, 2017 and 2016.

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

The Company did not have state transferable tax credits at December 31, 2017 and 2016.

**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, 2017 or 2016.
- (3) The Company did not have subprime mortgage-related risk exposure at December 31, 2017 or 2016.
- (4) The Company did not underwrite Mortgage Guaranty or Financial Guaranty insurance coverage at December 31, 2017 or 2016.

**G. Retained Assets**

The Company does not have retained assets at December 31, 2017 and 2016.

**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 was suspended for 2017 and resumed for 2018.

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

	<b>Current Year</b>	<b>Prior Year</b>
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	\$ 113,141,592	\$ —
C. ACA fee assessment paid	\$ —	\$ 82,474,403
D. Premium written subject to ACA 9010 assessment	\$ 5,425,621,097	\$ 4,977,291,420
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	<hr/> \$ 829,975,445	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus Line 22B above).	\$ 716,833,853	
G. Authorized Control Level (Five-Year Historical Line 15)	<hr/> \$ 190,927,970	
H. Would reporting the ACA assessment as of December 31, 2017 have triggered an RBC action level (YES/NO)?	<hr/> NO	

On January 31, 2018, the Company's borrowing of \$150,000,000 from the Federal Home Loan Bank of Cincinnati matured and was paid in full. On January 31, 2018, the Company borrowed \$150,000,000 from the Federal Home Loan Bank of Cincinnati. The advance has a fixed interest rate of 1.49% and will mature on March 1, 2018.

Subsequent events have been considered through February 23, 2018 for the statutory statement issued on February 26, 2018. There were no other events occurring subsequent to December 31, 2017 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 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.

## NOTES TO FINANCIAL STATEMENTS

(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.

\$2,717,590

(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, 2017 and 2016.

### C. Commutation of Ceded Reinsurance

The Company has not commuted ceded reinsurance during 2017 and 2016.

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

The Company has no downgraded certified reinsurer ratings or status subject to revocations during 2017 and 2016.

### 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, 2017 and 2016 that were subject to retrospective rating features was \$5,476,555,416 and \$5,023,407,140, respectively, which represented, 95.3% and 95.1%, 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

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

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 Individual	2 Small Group Employer	3 Large Group Employer	4 Other Categories with Rebates	5 Total
Prior Year Reporting:					
(1) Medical loss ratio rebates incurred	\$ 3,372,589	\$ —	\$ —	\$ —	\$ 3,372,589
(2) Medical loss ratio rebates paid	7,229,548	—	—	—	7,229,548
(3) Medical loss ratio rebates unpaid	4,549,732	—	—	—	4,549,732
(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	\$ 4,549,732
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred	\$ (355,595)	\$ —	\$ —	\$ —	\$ (355,595)
(8) Medical loss ratio rebates paid	4,194,137	—	—	—	4,194,137
(9) Medical loss ratio rebates unpaid	—	—	—	—	—
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	—
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	—
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$ —

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

**E. Risk-Sharing Provisions of the 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	\$ 50,889,329
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment	\$ 156,240
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	\$ 48,964,899
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)	\$ 166,040
b. Transitional ACA Reinsurance Program	
Assets	
1. Amounts recoverable for claims paid due to ACA Reinsurance	\$ 2,717,590
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)	\$ —
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	\$ —
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	\$ —
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$ 1,213,340
9. ACA Reinsurance contributions - not reported as ceded premium	\$ —
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)	\$ 192
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.

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

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

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reporting Date		
					Prior Year Accrued Less Payments (Col 1-3)	Prior Year Accrued Less Payments (Col 2-4)	To Prior Year Balances	To Prior Year Balances	Cumulative Balance from Prior Years (Col 1-3+7)	Cumulative Balance from Prior Years (Col 2-4+8)	
	1	2	3	4	5	6	7	8	9	10	
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable	\$ 39,071,031	\$ —	\$ 37,264,357	\$ —	\$ 1,806,674	\$ —	\$ (72,959)	\$ —	A	\$ 1,733,715	\$ —
2. Premium adjustments (payable)	\$ —	\$ —	\$ —	\$ 117,755	\$ —	\$ (117,755)	\$ —	\$ 117,755	B	\$ —	\$ —
3. Subtotal ACA Permanent Risk Adjustment Program	\$ 39,071,031	\$ —	\$ 37,264,357	\$ 117,755	\$ 1,806,674	\$ (117,755)	\$ (72,959)	\$ 117,755		\$ 1,733,715	\$ —
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	\$ 14,857,210	\$ —	\$ 15,496,766	\$ —	\$ (639,556)	\$ —	\$ 3,357,147	\$ —	C	\$ 2,717,591	\$ —
2. Amounts recoverable for claims unpaid (contra liability)	\$ 2,143,807	\$ —	\$ —	\$ —	\$ 2,143,807	\$ —	\$ (2,143,807)	\$ —	D	\$ —	\$ —
3. Amounts receivable relating to uninsured plans	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	E	\$ —	\$ —
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	\$ —	\$ 3,413,548	\$ —	\$ 3,413,548	\$ —	\$ —	\$ —	\$ —	F	\$ —	\$ —
5. Ceded reinsurance premiums payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	G	\$ —	\$ —
6. Liability for amounts held under uninsured plans	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	H	\$ —	\$ —
7. Subtotal ACA Transitional Reinsurance Program	\$ 17,001,017	\$ 3,413,548	\$ 15,496,766	\$ 3,413,548	\$ 1,504,251	\$ —	\$ 1,213,340	\$ —		\$ 2,717,591	\$ —
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	\$ —	\$ —	\$ 192	\$ —	\$ (192)	\$ —	\$ 192	\$ —	I	\$ —	\$ —
2. Reserve for rate credits or policy experience rating refunds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	J	\$ —	\$ —
3. Subtotal ACA Risk Corridors Program	\$ —	\$ —	\$ 192	\$ —	\$ (192)	\$ —	\$ 192	\$ —		\$ —	\$ —
d. Total for ACA Risk Sharing Provisions	\$ 56,072,048	\$ 3,413,548	\$ 52,761,315	\$ 3,531,303	\$ 3,310,733	\$ (117,755)	\$ 1,140,573	\$ 117,755		\$ 4,451,306	\$ —

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 2016 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 2016 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 2016 Benefit Year" and "2015 Benefit Year Adjusted Final Reinsurance (RI) Report".
- 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 2016 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 Not applicable.

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

(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	(Payable)
a. 2014											
1. Accrued retrospective premium	\$ —	\$ —	\$ 192	\$ —	\$ (192)	\$ —	\$ 192	\$ —	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	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	D	\$ —	\$ —
c. 2016											
1. Accrued retrospective premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	E	\$ —	\$ —
2. Reserve for rate credits for policy experience rating refunds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	F	\$ —	\$ —
d. Total for Risk Corridors	\$ —	\$ —	\$ 192	\$ —	\$ (192)	\$ —	\$ 192	\$ —		\$ —	\$ —

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 Not applicable.  
 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 Estimated Amount to be Filed or Final Amount Filed with CMS	2 Non-Accrued Amounts for Impairment or Other Reasons	3 Amounts received from CMS	4 Asset Balance (Gross of Non-admissions) (1 - 2 - 3)	5 Non-admitted Amount	6 Net Admitted Asset (4 - 5)
a. 2014	\$ 16,037	\$ 13,492	\$ 2,545	\$ —	\$ —	\$ —
b. 2015	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
c. 2016	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
d. Total (a + b + c)	\$ 16,037	\$ 13,492	\$ 2,545	\$ —	\$ —	\$ —

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**

A. The estimated cost of claims and claim adjustment expense attributable to insured events of prior years decreased by \$32,649,154 during 2017. This is approximately 5.9% of unpaid claims and claim adjustment expenses of \$551,764,422 as of December 31, 2016. 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 2017. Recent claim development trends are also taken into account in evaluating the overall adequacy of unpaid claims and unpaid claim adjustment expense.

B. There were no significant changes in methodologies and assumptions used in calculating the liability for unpaid losses and loss adjustment expenses.

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

NOTES TO FINANCIAL STATEMENTS

**26. Intercompany Pooling Arrangements**

Not applicable at December 31, 2017 and 2016.

**27. Structured Settlements**

Not applicable at December 31, 2017 and 2016.

**28. Health Care Receivables**

**A. Pharmaceutical Rebate Receivables**

During 2017, the Company sold \$84,267,203 of pharmaceutical rebate receivables without recourse to Blue Cross of California, an affiliated entity. The proceeds received by the Company represented the expected pharmaceutical rebates recoverable in 90 days or more, less a \$421,336 discount fee.

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
12/31/2017	\$ 46,449,032	\$ 38,615,276	\$ 17,455,500	\$ —	\$ —
9/30/2017	63,220,417	64,459,118	60,565,688	—	—
6/30/2017	64,776,448	63,732,186	218,653	63,096,430	—
3/31/2017	61,457,665	57,481,572	347,965	53,529,552	2,982,013
12/31/2016	55,995,234	55,865,026	3,332,508	49,502,411	3,321,699
9/30/2016	51,841,648	52,750,107	55,627	51,382,734	1,024,777
6/30/2016	48,276,672	50,271,799	38,909	46,840,722	3,164,404
3/31/2016	46,889,968	48,680,513	2,379,568	37,957,341	8,167,010
12/31/2015	46,696,364	49,985,513	2,423,968	44,698,833	2,695,558
9/30/2015	42,885,762	47,798,690	2,270,037	43,485,656	2,290,345
6/30/2015	40,773,086	43,764,048	1,924,784	34,760,265	7,005,139
3/31/2015	37,529,046	38,740,786	1,428,599	33,350,302	3,371,414

**B. Risk Sharing Receivables**

Not applicable at December 31, 2017 and 2016.

**29. Participating Policies**

Not applicable at December 31, 2017 and 2016.

**30. Premium Deficiency Reserves**

1. Liability carried for premium deficiency reserves	\$ 2,396,484
2. Date of the most recent evaluation of this liability	December 31, 2017
3. Was anticipated investment income utilized in the calculation?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> X

The Company recorded premium deficiency reserves of \$4,069,923 at December 31, 2016.

**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 \$10,547,000 and \$7,598,000 at December 31, 2017 and 2016, respectively.

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company  
**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES  
 GENERAL**

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [  ] No [  ]  
 If yes, complete Schedule Y, Parts 1, 1A and 2

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? ..... Yes [  ] No [  ] N/A [  ]

1.3 State Regulating? ..... Ohio

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [  ] No [  ]

2.2 If yes, date of change: \_\_\_\_\_

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ..... 12/31/2013

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 [  ]

3.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [  ] No [  ] N/A [  ]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
 4.11 sales of new business? ..... Yes [  ] No [  ]  
 4.12 renewals? ..... Yes [  ] No [  ]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
 4.21 sales of new business? ..... Yes [  ] No [  ]  
 4.22 renewals? ..... Yes [  ] No [  ]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [  ] No [  ]

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

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [  ] No [  ]

6.2 If yes, give full information:  
 .....  
 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? ..... Yes [  ] No [  ]

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

1 Nationality	2 Type of Entity
------------------	---------------------

**ANNUAL STATEMENT FOR THE YEAR 2017 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 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
.....	.....	.....	.....	.....	.....

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 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 December 2017 the code of conduct was revised for the following a) reporting misconduct and ethics concerns was updated to include information about the Ethics and Compliance Resource Center and to reflect that the helpline is being managed by a third party, b) gift policy offering to reflect that any gifts offered to a foreign government official must be pre-approved by Anthems Chief Compliance Officer in addition to the highest level leader of the business unit offering the gift, c) Business Entertainment updated for policy changes related to obtaining approval of business entertainment offered or received requires Executive Vice President pre-approval and a new tracking/approval tool must be used, and d) minor administrative changes regarding updates to policy links contained within 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 2017 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: ..... \$ .....

\$ 36,778,162

**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, 5L 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. ..... \$ .....

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 2017 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 .....	\$ ..... 7,754,494
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 .....	\$ ..... 7,628,010
24.103 Total payable for securities lending reported on the liability page .....	\$ ..... 7,628,010

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 .....	\$ ..... 6,688,200
25.28 On deposit with states .....	\$ ..... 469,288
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 .....	\$ ..... 165,233,123
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 2017 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
Anthem, Inc. ....	I.....
Bain Capital Credit, LP .....	U.....
BlackRock Financial Management .....	U.....
Deutsche Asset Management .....	U.....
McDonnell Investment Management, LLC .....	U.....

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

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

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

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
134852 .....	Bain Capital Credit, LP .....	WBY05W751L9CPDJW0453 .....	Securities Exchange Commission .....	NO.....
107105 .....	BlackRock Financial Management .....	549300LVXY1VJK13M84 .....	Securities Exchange Commission .....	NO.....
105006 .....	Deutsche Asset Management .....	CZ83K4EEEX8QVCT3B128 .....	Securities Exchange Commission .....	NO.....
113878 .....	McDonnell Investment Management, LLC .....	.....	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 [  ]

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 .....	1,269,866,075	1,284,674,872	14,808,797
30.2 Preferred stocks .....	227,480	349,954	122,474
30.3 Totals .....	1,270,093,555	1,285,024,826	14,931,271

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 [  ] No [  ]

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

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

.....

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

32.2 If no, list exceptions:

.....

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company  
**GENERAL INTERROGATORIES**

33. By self-designating 5\*GI securities, the reporting entity is certifying the following elements of each self-designated 5\*GI security:

- Documentation necessary to permit a full credit analysis of the security does not exist.
- Issuer or obligor is current on all contracted interest and principal payments.
- The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5\*GI securities? ..... Yes [ ] No [ X ]

**OTHER**

34.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? ..... \$ ..... 1,530,213

34.2 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 .....	1,530,213

35.1 Amount of payments for legal expenses, if any? ..... \$ ..... 8,537,560

35.2 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 .....	3,130,692

36.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? ..... \$ ..... 138,000

36.2 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
Government Advocates .....	84,000
The Success Group .....	54,000
Lobbying expenses disclosed reflect amounts reported in the Lobbyist Disclosure Reports filed with the Secretary of State as well as the cost of external contractors who provided lobbying services to the Company. The amount may include expenses that may have been paid by an affiliate on behalf of the Company and, as a result, may not be included in the Underwriting Gain reported on page 4 of the 2017 Annual Statement. .....	

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company  
**GENERAL INTERROGATORIES**

## PART 2 - HEALTH INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ]	
1.2	If yes, indicate premium earned on U.S. business only.	\$ 129,261,636	
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.	\$ 91,579,858	
1.6	Individual policies:		
	Most current three years:		
1.61	Total premium earned	\$ 27,322,577	
1.62	Total incurred claims	\$ 23,504,833	
1.63	Number of covered lives	12,773	
	All years prior to most current three years:		
1.64	Total premium earned	\$ 62,386,846	
1.65	Total incurred claims	\$ 36,942,851	
1.66	Number of covered lives	25,107	
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	\$ 39,552,212	
1.75	Total incurred claims	\$ 31,132,174	
1.76	Number of covered lives	15,169	
2.	Health Test:		
	1	2	
	Current Year	Prior Year	
2.1	Premium Numerator	5,747,354,334	5,279,629,583
2.2	Premium Denominator	5,747,354,334	5,279,629,583
2.3	Premium Ratio (2.1/2.2)	1.000	1.000
2.4	Reserve Numerator	611,223,225	574,065,909
2.5	Reserve Denominator	611,223,225	574,065,909
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 [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]	
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 [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ]	
4.2	If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ]	
5.1	Does the reporting entity have stop-loss reinsurance?	Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]	
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 language 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 [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ]	
7.2	If no, give details		
8.	Provide the following information regarding participating providers:		
	8.1 Number of providers at start of reporting year	71,966	
	8.2 Number of providers at end of reporting year	72,646	
9.1	Does the reporting entity have business subject to premium rate guarantees?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ]	
9.2	If yes, direct premium earned:		
	9.21 Business with rate guarantees between 15-36 months	\$ 34,016,821	
	9.22 Business with rate guarantees over 36 months	\$ 12,226,513	

**ANNUAL STATEMENT FOR THE YEAR 2017 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 [  ] No [  ]

10.2 If yes:

10.21	Maximum amount payable bonuses.....	\$ ..... 18,249,608
10.22	Amount actually paid for year bonuses.....	\$ ..... 63,151,170
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 [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]
11.13	An Individual Practice Association (IPA), or, .....	Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]
11.14	A Mixed Model (combination of above)? .....	Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? ..... Yes [  ] No [  ]  
 11.3 If yes, show the name of the state requiring such minimum capital and surplus. ..... 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 [  ]  
 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 [  ]  
 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. ..... \$ .....  
 13.3 Do you act as an administrator for health savings accounts? ..... Yes [  ] No [  ]  
 13.4 If yes, please provide the balance of funds administered as of the reporting date. ..... \$ .....  
 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? ..... Yes [  ] No [  ] N/A [  ]  
 14.2 If the answer to 14.1 is yes, please provide the following:

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

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

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

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

**ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company**  
**FIVE-YEAR HISTORICAL DATA**

	1 2017	2 2016	3 2015	4 2014	5 2013
<b>Balance Sheet (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28)	1,990,383,823	2,138,680,961	2,091,388,096	2,014,267,869	1,887,439,223
2. Total liabilities (Page 3, Line 24)	1,160,408,378	1,330,908,705	1,337,248,778	1,202,115,393	1,109,056,437
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)	829,975,445	807,772,256	754,139,318	812,152,476	778,382,786
<b>Income Statement (Page 4)</b>					
5. Total revenues (Line 8)	5,714,239,382	5,297,048,925	5,255,401,210	5,309,220,422	5,102,158,886
6. Total medical and hospital expenses (Line 18)	4,844,936,342	4,414,793,254	4,347,507,705	4,366,679,675	4,256,225,696
7. Claims adjustment expenses (Line 20)	123,219,036	102,243,429	129,868,302	111,950,331	110,638,552
8. Total administrative expenses (Line 21)	327,205,978	328,819,684	390,664,518	433,286,971	293,599,781
9. Net underwriting gain (loss) (Line 24)	423,533,893	453,431,363	390,644,188	392,877,479	459,352,599
10. Net investment gain (loss) (Line 27)	79,653,788	64,976,026	51,428,875	64,085,296	99,576,301
11. Total other income (Lines 28 plus 29)	1,367,482	(926,360)	863,127	1,882,668	2,341,378
12. Net income or (loss) (Line 32)	348,557,354	319,116,362	266,266,380	276,872,294	392,474,723
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11)	330,336,438	152,481,367	272,626,870	280,415,320	278,791,260
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital	829,975,445	807,772,256	754,139,318	812,152,476	778,382,786
15. Authorized control level risk-based capital	190,927,970	186,323,758	177,912,459	179,324,836	171,874,867
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7)	2,034,466	1,841,214	1,854,137	1,974,741	1,899,391
17. Total members months (Column 6, Line 7)	24,315,451	21,880,782	22,435,066	24,051,555	22,723,313
<b>Operating Percentage (Page 4)</b> (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)	84.8	83.3	82.7	82.2	83.4
20. Cost containment expenses	1.2	0.9	1.3	1.2	1.3
21. Other claims adjustment expenses	0.9	1.1	1.1	0.9	0.9
22. Total underwriting deductions (Line 23)	92.6	91.4	92.6	92.6	91.0
23. Total underwriting gain (loss) (Line 24)	7.4	8.6	7.4	7.4	9.0
<b>Unpaid Claims Analysis</b> (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	485,896,042	470,117,412	472,471,730	417,353,240	418,905,629
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	535,396,304	524,603,915	522,284,518	468,951,454	482,177,132
<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
32. Total of above Lines 26 to 31	.0	0	0	.0	1,030,882
33. Total investment in parent included in Lines 26 to 31 above	.....	.....	.....	.....	.....

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

Yes [ ] No [ ]

If no, please explain: .....

**SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS****Allocated by States and Territories**

States, etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	
1. Alabama .....	AL	N						0	
2. Alaska .....	AK	N						0	
3. Arizona .....	AZ	N						0	
4. Arkansas .....	AR	N						0	
5. California .....	CA	N						0	
6. Colorado .....	CO	N						0	
7. Connecticut .....	CT	N						0	
8. Delaware .....	DE	N						0	
9. District of Columbia .....	DC	N						0	
10. Florida .....	FL	N						0	
11. Georgia .....	GA	N						0	
12. Hawaii .....	HI	N						0	
13. Idaho .....	ID	N						0	
14. Illinois .....	IL	N						0	
15. Indiana .....	IN	L						0	
16. Iowa .....	IA	N						0	
17. Kansas .....	KS	N						0	
18. Kentucky .....	KY	N						0	
19. Louisiana .....	LA	N						0	
20. Maine .....	ME	N						0	
21. Maryland .....	MD	N						0	
22. Massachusetts .....	MA	N						0	
23. Michigan .....	MI	N						0	
24. Minnesota .....	MN	N						0	
25. Mississippi .....	MS	N						0	
26. Missouri .....	MO	N						0	
27. Montana .....	MT	N						0	
28. Nebraska .....	NE	N						0	
29. Nevada .....	NV	N						0	
30. New Hampshire .....	NH	N						0	
31. New Jersey .....	NJ	N						0	
32. New Mexico .....	NM	N						0	
33. New York .....	NY	N						0	
34. North Carolina .....	NC	N						0	
35. North Dakota .....	ND	N						0	
36. Ohio .....	OH	L	3,205,870,051	1,422,080,544	1,500,000	1,117,903,739		5,747,354,334	
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	3,205,870,051	1,422,080,544	1,500,000	1,117,903,739	0	5,747,354,334	0
60. Reporting entity contributions for Employee Benefit Plans .....		XXX						0	
61. Total (Direct Business)	(a)	2	3,205,870,051	1,422,080,544	1,500,000	1,117,903,739	0	5,747,354,334	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.

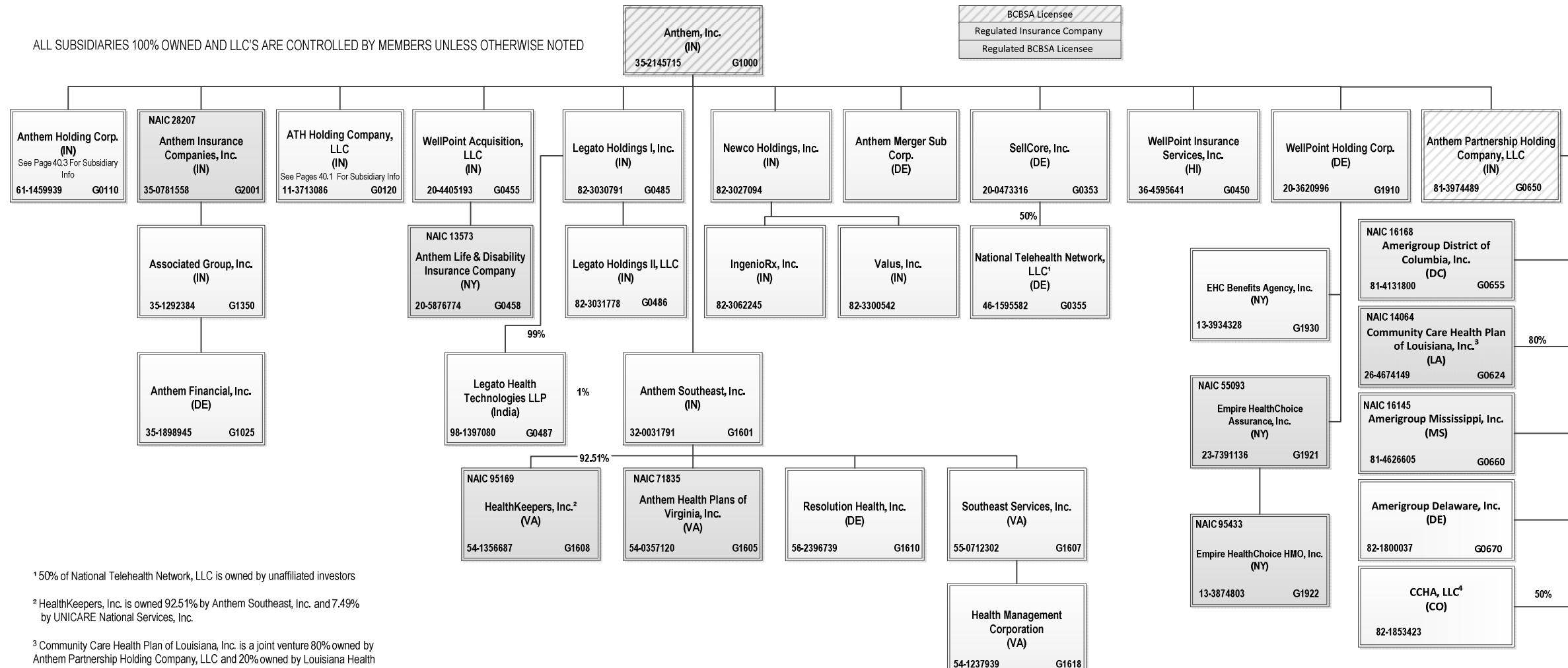
Allocated based on the situs of the contract.

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

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

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

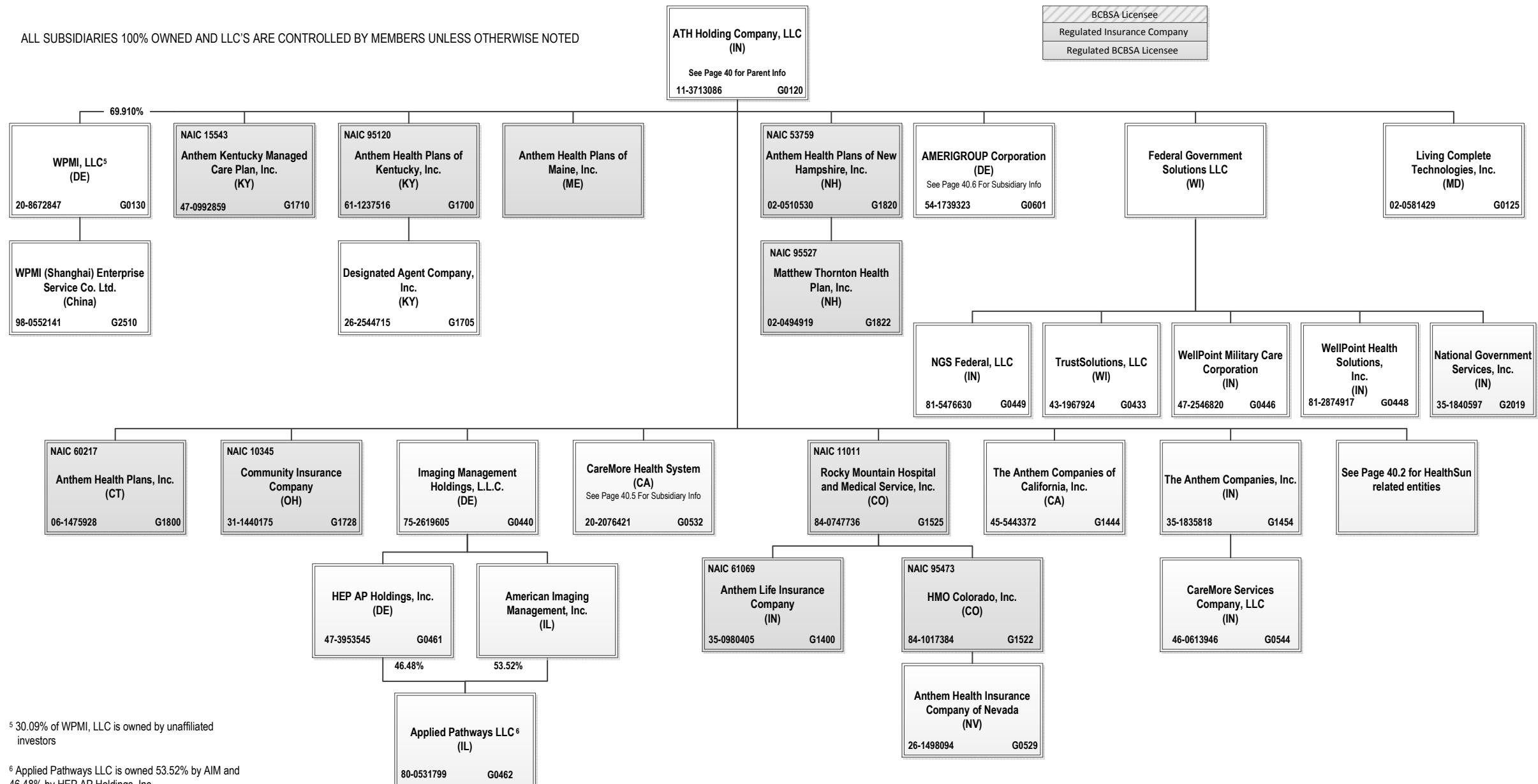
ALL SUBSIDIARIES 100% OWNED AND LLC'S ARE CONTROLLED BY MEMBERS UNLESS OTHERWISE NOTED



ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

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

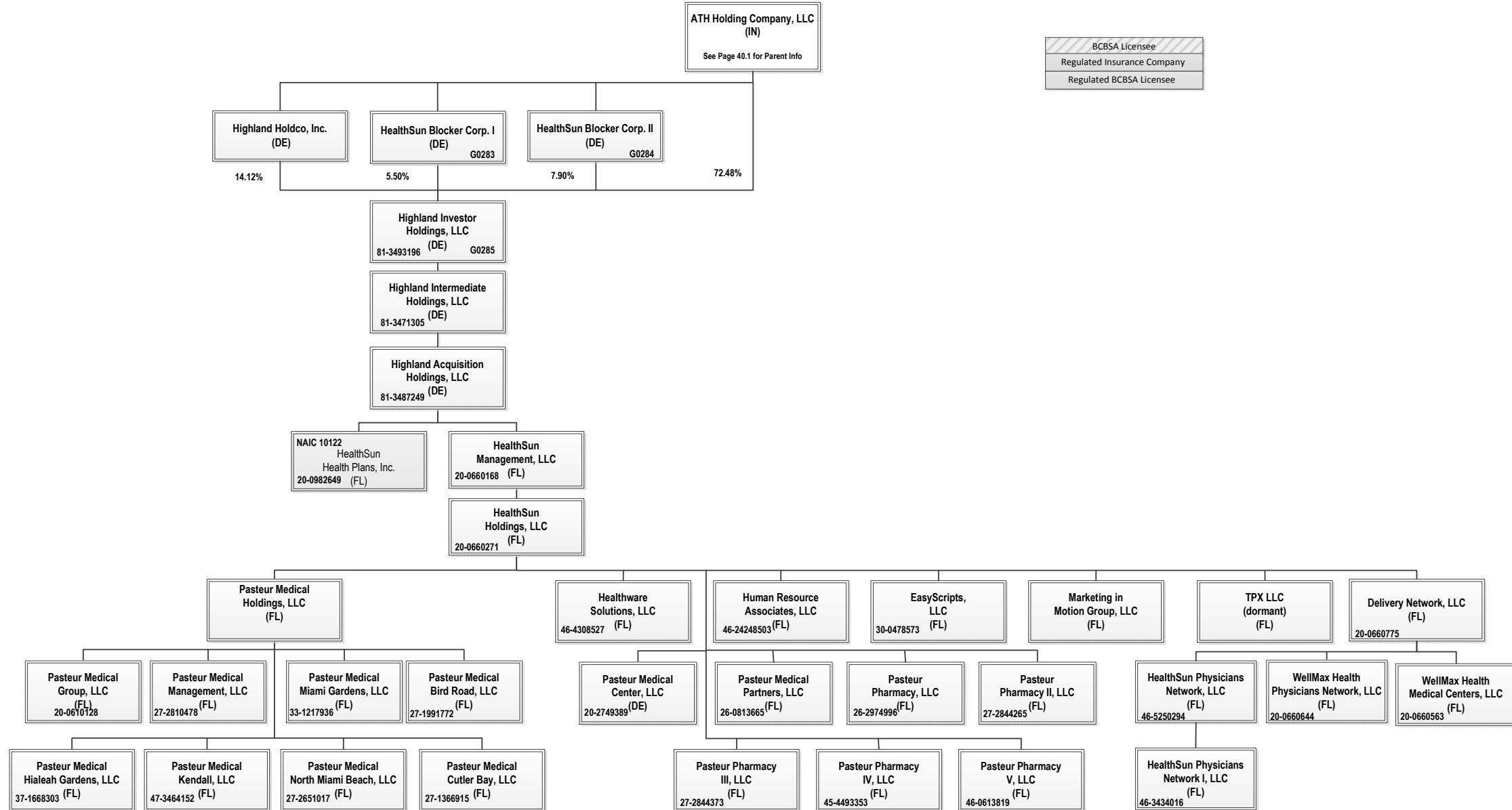
ALL SUBSIDIARIES 100% OWNED AND LLC'S ARE CONTROLLED BY MEMBERS UNLESS OTHERWISE NOTED



ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

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

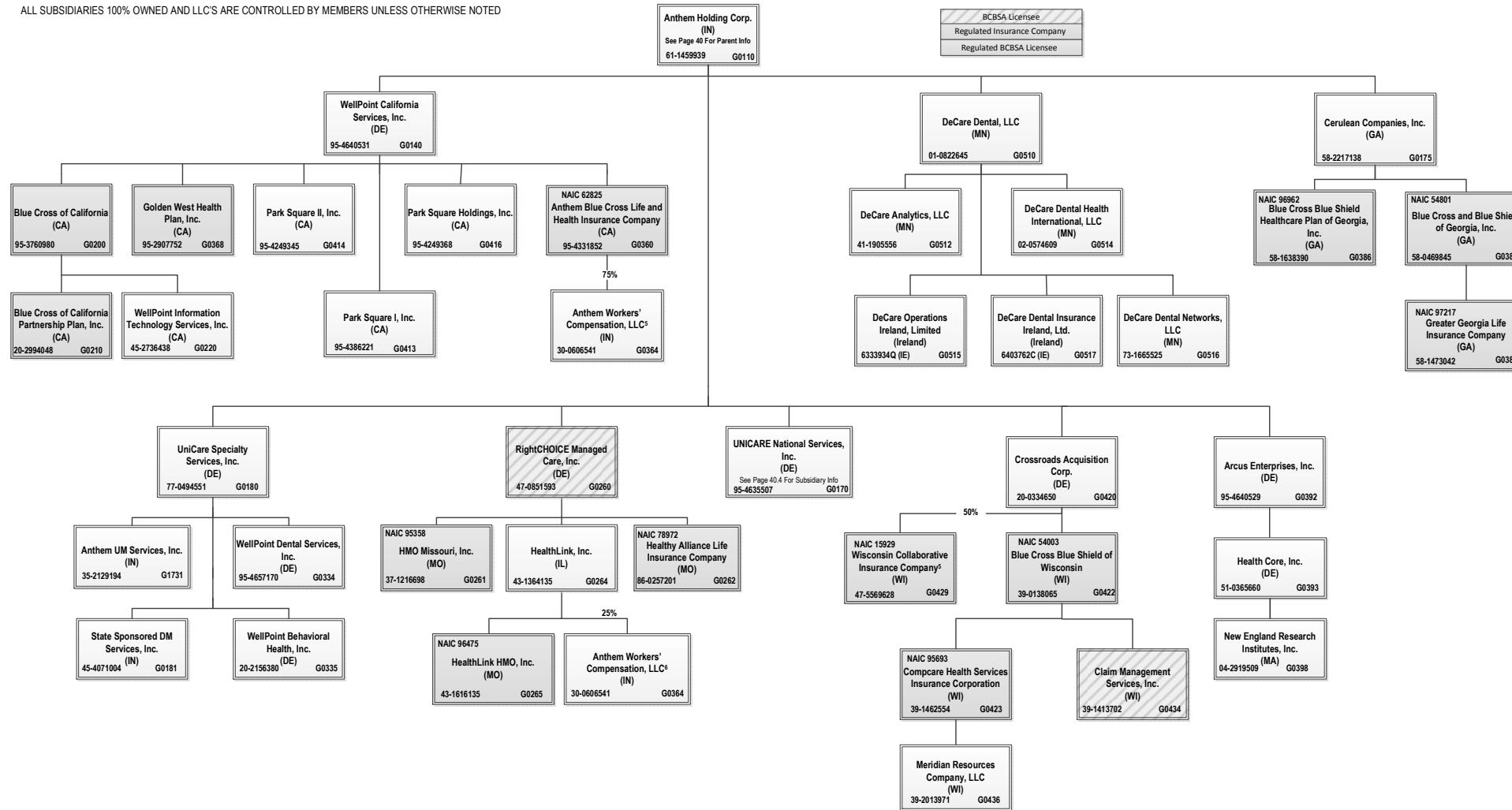
ALL SUBSIDIARIES 100% OWNED AND LLC'S ARE CONTROLLED BY MEMBERS UNLESS OTHERWISE NOTED



## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company

**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>5</sup> 50% of WCIC is owned by Aurora Health Care, Inc. (non-affiliate)

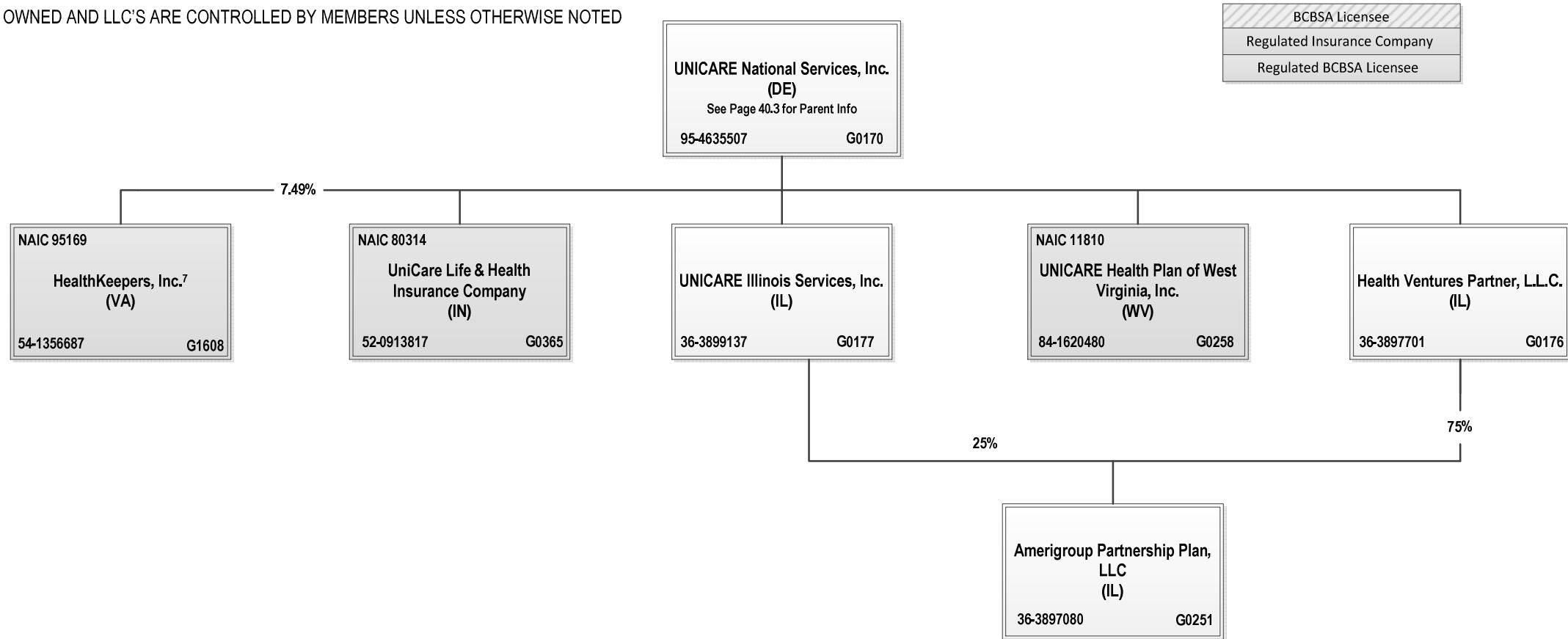
<sup>6</sup> Anthem Workers' Compensation LLC is owned 75% by Anthem Blue Cross Life and Health Insurance Company and 25% by HealthLink, Inc.

40.3

# 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

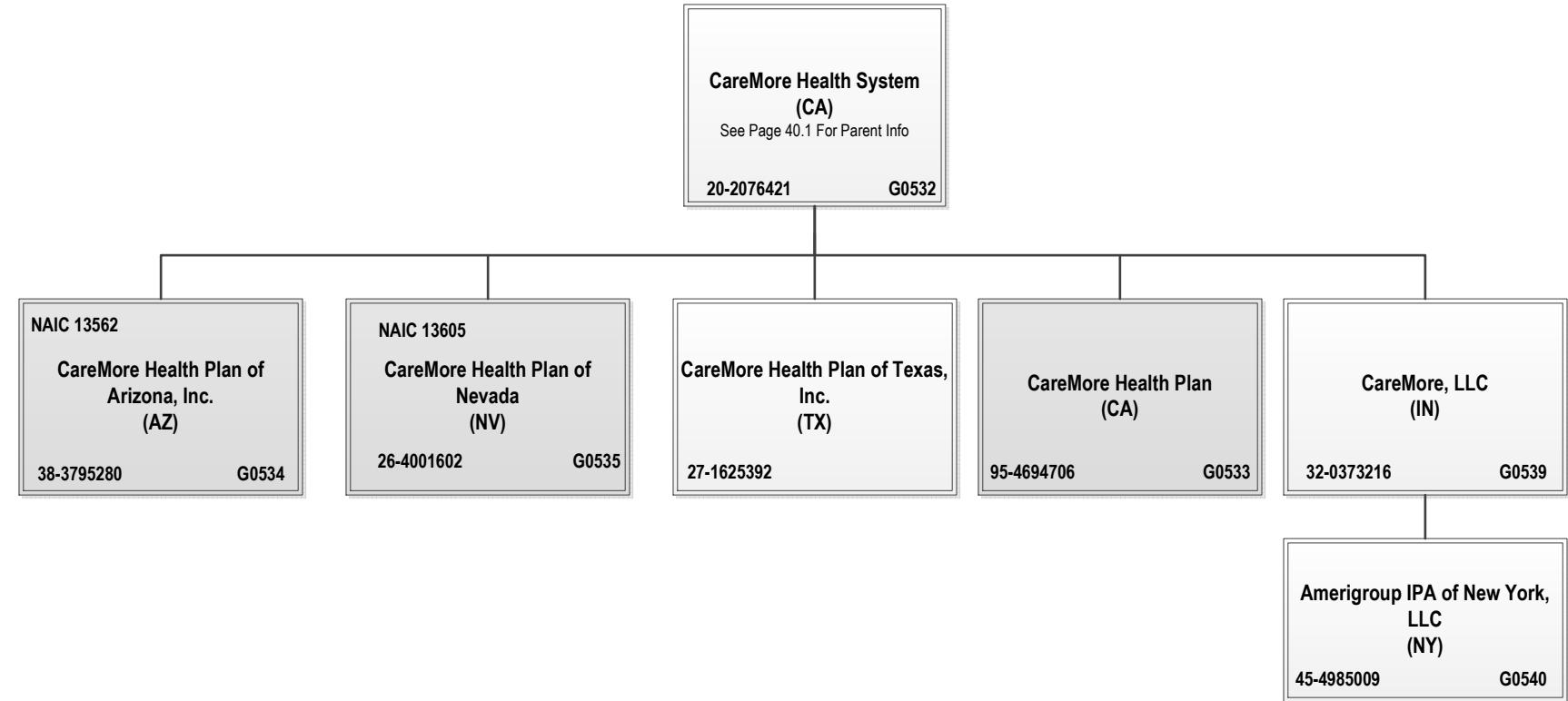


<sup>7</sup> HealthKeepers, Inc. is owned 92.51% by Anthem Southeast, Inc. and 7.49% by UNICARE National Services, Inc.

**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

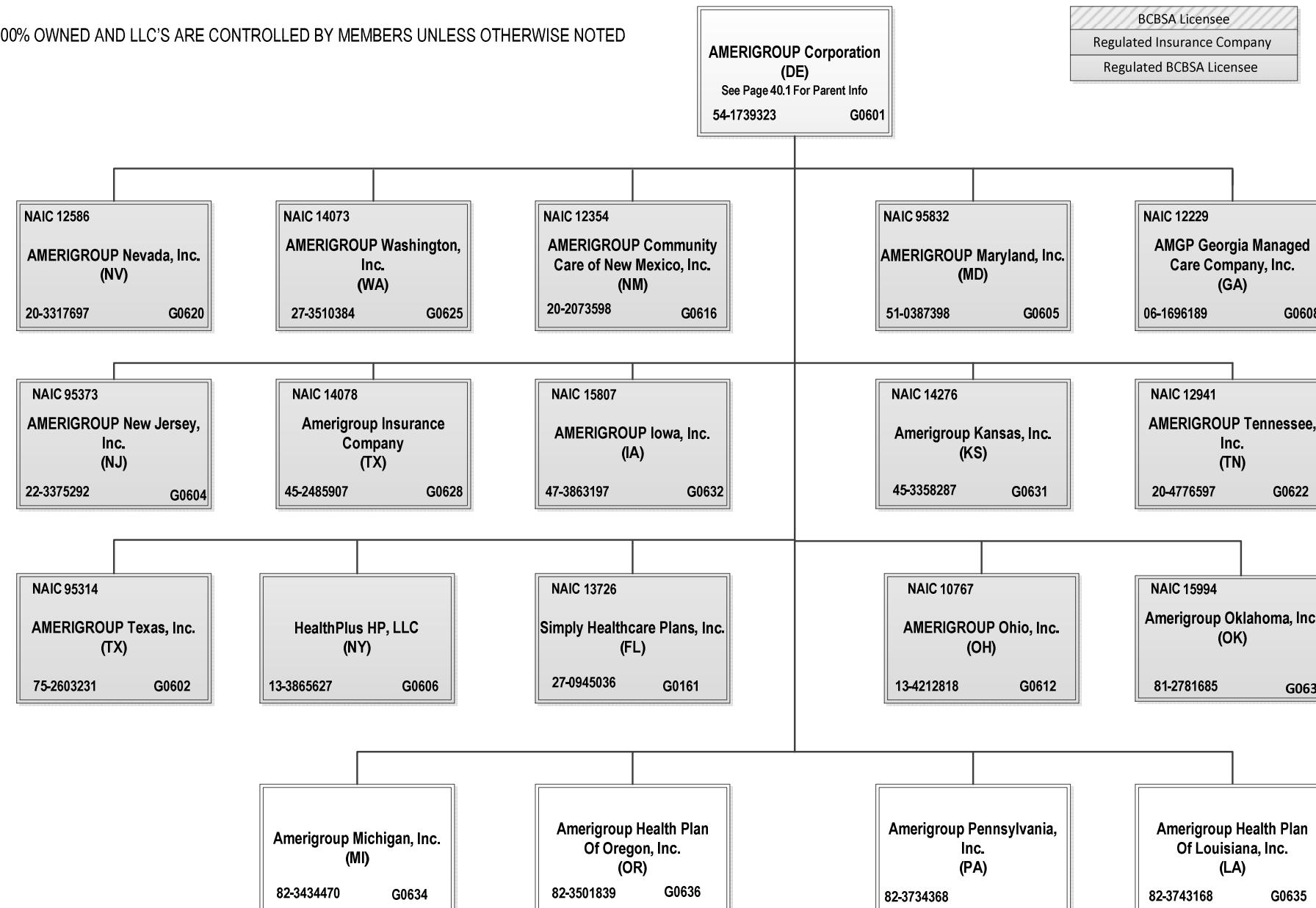
BCBSA Licensee
Regulated Insurance Company
Regulated BCBSA Licensee



# 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



ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Community Insurance Company  
**OVERFLOW PAGE FOR WRITE-INS**

Additional Write-ins for Assets Line 25

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
2504. Other miscellaneous accounts receivable .....	4,719,759	4,087,887	631,872	233,896
2505. Prepaid expenses .....	10,052,376	10,052,376	0	0
2597. Summary of remaining write-ins for Line 25 from overflow page	14,772,135	14,140,263	631,872	233,896

Additional Write-ins for Liabilities Line 23

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2304. Cost sharing reduction liability .....	2,850,558		2,850,558	
2397. Summary of remaining write-ins for Line 23 from overflow page	2,850,558	0	2,850,558	0

## ALPHABETICAL INDEX

### **ANNUAL STATEMENT BLANK**

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

**ANNUAL STATEMENT BLANK (Continued)**

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