

Amended Statement Cover

The Company is amended its financial statements based on comments from Ohio Department of Insurnace.

The audited financial statement was reviewed and contains an audit adjustment/variance from Oscar Insurance Corporation of Ohioâs 2018 Annual Statement. As a result, Oscar must prepare and submit to the NAIC an amended 2018 Annual Statement and March 31, 2019 Quarterly Statement.

Response: The Company is doing a thorough review of its 2018 Annual and 1st Quarter 2019 financial statements submitted to the Ohio Department of Insurance. Changes have been reflected in the 2018 Annual Statement and 1st quarter 2019 Quarter statement in an amendment to be filed subsequently to this letter.

- 2018 Annual Statement
- 3- Liabilities, Capital and Surplus
- 4- Statement of Revenue and Expenses
- 5- Statement of Revenue and Expenses (Cont.)
- 26- Notes to the Financial Statements
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- Supplemental Healthcare Exhibit
- Risk Based Capital

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- Q10- Notes to the Financial Statements



QUARTERLY STATEMENT
AS OF MARCH 31, 2019
OF THE CONDITION AND AFFAIRS OF THE
Oscar Insurance Corporation of Ohio

NAIC Group Code	4818 (Current Period)	4818 (Prior Period)	NAIC Company Code	16202	Employer's ID Number	36-4859637
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:	Life, Accident & Health[X] Property/Casualty[] Hospital, Medical & Dental Service or Indemnity[] Dental Service Corporation[] Vision Service Corporation[] Health Maintenance Organization[] Other[] Is HMO Federally Qualified? Yes[] No[X] N/A[]					
Incorporated/Organized	02/17/2017		Commenced Business	01/01/2018		
Statutory Home Office	1300 East 9th St (Street and Number)		Cleveland, OH, US 44114 (City or Town, State, Country and Zip Code)			
Main Administrative Office	New York, NY, US 10012 (City or Town, State, Country and Zip Code)		295 Lafayette Street (Street and Number)			
Mail Address	295 Lafayette Street (Street and Number or P.O. Box)		New York, NY, US 10012 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	New York, NY, US 10012 (City or Town, State, Country and Zip Code)		295 Lafayette Street (Street and Number)			
Internet Web Site Address	www.hioscar.com		(646)403-3677 (Area Code) (Telephone Number)			
Statutory Statement Contact	Aaron Crawford (Name) acrawford@hioscar.com (E-Mail Address)		(646)403-3677 (Area Code)(Telephone Number)(Extension) (212)226-1283 (Fax Number)			

OFFICERS

Name	Title	
Mario Schlosser	Chief Executive Officer	
Joel Klein	Chief Policy & Strategy Officer	
Alan Warren	Chief Technology Officer	
Dennis Weaver	Chief Clinical Officer	
Sid Sankaran	Chief Financial Officer	#

OTHERS

Jed Feldman, Corporate Secretary #

DIRECTORS OR TRUSTEES

Mario Schlosser	Kareem Zaki
Joel Cutler	Joel Klein
Dennis Weaver	Jed Feldman #
Sid Sankaran #	

State of New York
County of New York 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.

(Signature) Mario Schlosser (Printed Name) 1. Chief Executive Officer (Title)	(Signature) Sid Sankaran (Printed Name) 2. Chief Financial Officer (Title)	(Signature) Alan Warren (Printed Name) 3. Chief Technology Officer (Title)
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Subscribed and sworn to before me this
day of , 2019

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

Yes[X] No[]
1
07/03/2019
4

(Notary Public Signature)

LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....121,582 reinsurance ceded)	9,903,425		9,903,425	9,034,769
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	190,952		190,952	176,450
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	1,158,950		1,158,950	
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserve				
7.	Aggregate health claim reserves	433,525		433,525	600,390
8.	Premiums received in advance				2,099,881
9.	General expenses due or accrued	1,371,612		1,371,612	1,695,244
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses))	26,532		26,532	26,532
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable	114,907		114,907	108,541
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	56,353		56,353	1,721,325
16.	Derivatives				
17.	Payable for securities				
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20.	Reinsurance in unauthorized and certified (\$.....0) companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans				
23.	Aggregate write-ins for other liabilities (including \$.....0 current)				
24.	Total liabilities (Lines 1 to 23)	13,256,256		13,256,256	15,463,132
25.	Aggregate write-ins for special surplus funds	X X X	X X X	444,792	
26.	Common capital stock	X X X	X X X	100	100
27.	Preferred capital stock	X X X	X X X		
28.	Gross paid in and contributed surplus	X X X	X X X	25,909,900	25,909,900
29.	Surplus notes	X X X	X X X		
30.	Aggregate write-ins for other-than-special surplus funds	X X X	X X X		
31.	Unassigned funds (surplus)	X X X	X X X	1,416,157	(4,583,265)
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33.	Total capital and surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	27,770,949	21,326,735
34.	Total Liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	41,027,205	36,789,867
DETAILS OF WRITE-INS					
2301.	.....			
2302.	.....			
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				
2501.	ACA 9010 Data	X X X	X X X	444,792	
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X	444,792	
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date	Prior Year Ended December 31
		1 Uncovered	2 Total	3 Total	4 Total
1.	Member Months	X X X	32,583	32,622	127,361
2.	Net premium income (including \$.....0 non-health premium income)	X X X	24,157,152	15,445,425	86,276,057
3.	Change in unearned premium reserves and reserves for rate credits	X X X	1,042,273	1,994,153	
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X			
5.	Risk revenue	X X X			
6.	Aggregate write-ins for other health care related revenues	X X X			
7.	Aggregate write-ins for other non-health revenues	X X X			
8.	Total revenues (Lines 2 to 7)	X X X	25,199,425	17,439,578	86,276,057
Hospital and Medical:					
9.	Hospital/medical benefits		7,740,103	8,464,530	46,140,688
10.	Other professional services		5,292,033	942,398	10,492,157
11.	Outside referrals				
12.	Emergency room and out-of-area		178,240	41,391	446,794
13.	Prescription drugs		2,816,744	3,006,749	17,731,350
14.	Aggregate write-ins for other hospital and medical				
15.	Incentive pool, withhold adjustments and bonus amounts				
16.	Subtotal (Lines 9 to 15)		16,027,120	12,455,068	74,810,989
Less:					
17.	Net reinsurance recoveries		68,000	120,998	444,125
18.	Total hospital and medical (Lines 16 minus 17)		15,959,120	12,334,070	74,366,864
19.	Non-health claims (net)				
20.	Claims adjustment expenses, including \$.....229,106 cost containment expenses		397,903	1,009,030	2,034,759
21.	General administrative expenses		2,336,631	1,795,138	11,948,839
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)				
23.	Total underwriting deductions (Lines 18 through 22)		18,693,654	15,138,238	88,350,462
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	6,505,771	2,301,340	(2,074,405)
25.	Net investment income earned		3,160	1,283	48,600
26.	Net realized capital gains (losses) less capital gains tax of \$.....0				
27.	Net investment gains or (losses) (Lines 25 plus 26)		3,160	1,283	48,600
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]				
29.	Aggregate write-ins for other income or expenses				
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	6,508,931	2,302,623	(2,025,805)
31.	Federal and foreign income taxes incurred	X X X			26,532
32.	Net income (loss) (Lines 30 minus 31)	X X X	6,508,931	2,302,623	(2,052,337)
DETAILS OF WRITE-INS					
0601.	.....	X X X			
0602.	.....	X X X			
0603.	.....	X X X			
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X			
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X			
0701.	.....	X X X			
0702.	.....	X X X			
0703.	.....	X X X			
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X			
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			
1401.	.....			
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page				
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)				
2901.	.....			
2902.	.....			
2903.	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page				
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)				

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2	3
		Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT				
33.	Capital and surplus prior reporting year	21,326,735	2,541,511	2,541,511
34.	Net income or (loss) from Line 32	6,508,931	2,302,623	(2,052,337)
35.	Change in valuation basis of aggregate policy and claim reserves			
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0			
37.	Change in net unrealized foreign exchange capital gain or (loss)			
38.	Change in net deferred income tax			
39.	Change in nonadmitted assets	(64,717)	(5,750)	(1,162,439)
40.	Change in unauthorized and certified reinsurance			
41.	Change in treasury stock			
42.	Change in surplus notes			
43.	Cumulative effect of changes in accounting principles			
44.	Capital Changes:			
44.1	Paid in			
44.2	Transferred from surplus (Stock Dividend)			
44.3	Transferred to surplus			
45.	Surplus adjustments:			
45.1	Paid in		4,100,000	22,000,000
45.2	Transferred to capital (Stock Dividend)			
45.3	Transferred from capital			
46.	Dividends to stockholders			
47.	Aggregate write-ins for gains or (losses) in surplus			
48.	Net change in capital and surplus (Lines 34 to 47)	6,444,214	6,396,873	18,785,224
49.	Capital and surplus end of reporting period (Line 33 plus 48)	27,770,949	8,938,384	21,326,735
DETAILS OF WRITE-INS				
4701.	.....	.....	.....	.....
4702.	.....	.....	.....	.....
4703.	.....	.....	.....	.....
4798.	Summary of remaining write-ins for Line 47 from overflow page .....	.....	.....	.....
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	.....	.....	.....

Notes to Financial Statement

1. Summary of Significant Accounting Policies and Going Concern

- A. The accompanying financial statements of Oscar Insurance Corporation of Ohio (the “Company”) have been prepared in conformity with accounting practices prescribed or permitted by the Ohio Department of Insurance (ODI).

A reconciliation of The Company’s net income and capital surplus between NAIC SAP and practices prescribed or permitted by Ohio Statutory Accounting Principles (“NAIC SAP”) is shown below:

		SSAP #	F/S Page	F/S Line #	Three Months Ended March 31, 2019	12 Months Ended Dec. 31 2018
NET INCOME						
(1)	Net income (loss), OH SAP (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$6,508,931	(\$2,052,337)
(2)	State Prescribed Practices that increase/(decrease) NAIC SAP:				—	—
(3)	State Permitted Practices that increase (decrease) from NAIC SAP				—	—
(4)	Net income (loss), NAIC SAP (1-2-3=4)	XXX	XXX	XXX	\$6,508,931	(\$2,052,337)
SURPLUS						
(5)	Statutory Surplus, OH SAP (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$27,770,949	\$21,326,735
(6)	State Prescribed Practices that increase/(decrease) NAIC SAP:				—	—
(7)	State Permitted Practices that increase (decrease) from NAIC SAP				—	—
(8)	Statutory Surplus, NAIC SAP (5-6-7=8)	XXX	XXX	XXX	\$27,770,949	\$21,326,735

- B. The preparation of these statutory-basis financial statements requires management to make estimates and assumptions that affect the amounts reported in the statutory-basis financial statements and accompanying notes. Actual results could differ from those estimates. Such estimates and assumptions could change in the future as more information becomes known which could impact the amounts reported and disclosed herein.

- C. There has been no underwriting expenses in 2019 including premiums and claims.

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (3-9) Not applicable
- (10) Not applicable
- (11) Not applicable
- (12) Not applicable.
- (13) The company’s Pharmacy Benefit Manager- CVS Health has a contractually guaranteed minimum pharmaceutical rebates. These amounts determine the company’s estimated receivable adjusted for payments received.

D. Going Concern

As of March 31, 2019, the management team has evaluated the Company’s operations and financial position. No uncertainties or doubt exists about the Company’s ability to continue as a going concern.

Notes to Financial Statement

2. Accounting Changes and Corrections of Errors

There were no accounting changes or correction of errors in 2019.

3. Business Combinations and Goodwill

The Company had no business combinations or goodwill in 2019.

4. Discontinued Operations

The Company had no discontinued operations in 2019.

5. Investments

A-K. Not applicable

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Notes to Financial Statement

		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 & 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	—	—	—	—	—	— %	— %
c.	Subject to repurchase agreements	—	—	—	—	—	— %	— %
d.	Subject to reverse repurchase agreements	—	—	—	—	—	— %	— %
e.	Subject to dollar repurchase agreements	—	—	—	—	—	— %	— %
f.	Subject to dollar reverse repurchase agreements	—	—	—	—	—	— %	— %
g.	Placed under option contracts	—	—	—	—	—	— %	— %
h.	Letter stock or securities restricted as to sale— excluding FHLB capital stock	—	—	—	—	—	— %	— %
i.	FHLB capital stock	—	—	—	—	—	— %	— %
j.	On deposit with states	\$419,105	\$416,925	\$2,180	—	\$419,105	0.99%	0.99%
k.	On deposit with other regulatory bodies	—	—	—	—	—	— %	— %
l.	Pledged as collateral to FHLB (including assets backing funding agreements)	—	—	—	—	—	— %	— %
m.	Pledged as collateral not captured in other categories	—	—	—	—	—	— %	— %
n.	Other restricted assets	—	—	—	—	—	— %	— %
o.	Total Restricted Assets	\$419,105	\$416,925	\$2,180	—	\$419,105	0.99%	0.99%

(2)-(4) Not applicable

K-R. Not applicable

6. Joint Ventures, Partnerships, and Limited Liability Companies

Not applicable

7. Investment Income

A. Due and accrued income was excluded from surplus on the following bases:

Notes to Financial Statement

All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.

B. The total amount excluded was \$ 0.

8. Derivative Instruments

Not applicable

9. Income Taxes

A.

1) The components of the net deferred tax asset/(liability) at March 31, are as follows.

Description		3/31/2019			12/31/2018			Change		
		(1) Ordinary	(2) Capital	(3) (Col. 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col. 4+5) Total	(7) (Col. 1– 4) Ordinary	(8) (Col. 2–5) Capital	(9) (Col. 7+8) Total
(a)	Gross Deferred Tax Assets	—	—	—	\$723,944	—	\$723,944	(\$723,944)	—	(\$723,944)
(b)	Statutory Valuation Allowance Adjustments	—	—	—	\$722,281	—	\$722,281	(\$722,281)	—	(\$722,281)
(c)	Adjusted Gross Deferred Tax Assets (1a – 1b)	—	—	—	\$1,663	—	\$1,663	(\$1,663)	—	(\$1,663)
(d)	Deferred Tax Assets Nonadmitted	—	—	—	—	—	—	—	—	—
(e)	Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	—	—	—	\$1,663	—	\$1,663	(\$1,663)	—	(\$1,663)
(f)	Deferred Tax Liabilities	—	—	—	—	—	—	—	—	—
(g)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	—	—	—	\$1,663	—	\$1,663	(\$1,663)	—	(\$1,663)

2) Admission Calculation Components SSAP No. 101

No Significant Change

Description	3/31/2019			12/31/2018			Change		
	(1) Ordinary	(2) Capital	(3) (Col. 1 + 2) Total	(4) Ordinary	(5) Capital	(6) (Col. 4 + 5) Total	(7) (Col. 1 – 4) Ordinary	(8) (Col. 2 – 5) Capital	(9) (Col. 7 + 8) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.									
(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.									

Notes to Financial Statement

2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold									
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)									
(d) Deferred Tax Assets Nonadmitted	-	-	-	-	-	-	-	-	-

3) Threshold Limitation

	2019	2018
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount	0%	449%
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above	\$27,797,481	\$21,326,753

- B-E. No significant changes.
- F. The Company’s federal income tax return will be consolidated with the various entities in the reporting year.

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

- A. Mulberry Health Inc. funds the Company in order to support ongoing operations and meet the reserve requirements established by the ODI.
- B. Not Applicable
- C. A summary of the contributions is as follows:

Fiscal Year Ended	Amount
2018	\$ 22,000,000
2019	\$ 0
Total at March 31, 2019	\$ 22,000,000

- The cash was accounted for as a capital contribution credited to additional paid in capital and common stock.
- D. The company was due to pay \$56,353 to its various affiliates as of March 31, 2019 for operating expenses paid on their behalf. The terms of settlement require that these amounts be settled 60 days after receipt of invoice.
- E. None.
- F. Certain general and administrative costs, including personnel and facility costs as well as charges for legal, marketing and accounting services are paid by Mulberry Management Corporation and subsequently reimbursed by affiliated companies.
- G. All outstanding shares of the Company are owned by the parent company, Mulberry Health Inc., an insurance holding company domiciled in the State of Delaware.
- H. The Company owns no shares of an upstream, intermediate, or ultimate parent, either directly or indirectly.
- I –O. None

11. Debt

Not Applicable.

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

Not applicable

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

- (1) The company has 10,000 shares, with a par value of \$.01 authorized, issued and outstanding as of March 31, 2019. All shares are Class A shares.

Notes to Financial Statement

- (2) No preferred stock has been authorized.
- (3) Under Ohio law, the Company may pay cash dividends only from earned surplus determined on a statutory basis. Further, the Company is restricted (on the basis of the lower of 10% of the Company’s statutory surplus as shown by its last statement on file with the superintendent, or one hundred percent of adjustment net investment income for such period) as to the amount of dividends it may declare or pay in any twelve-month period without the prior approval of the Ohio Department of Insurance.
- (4)-(8) Not Applicable.
- (9) Changes in balances of special surplus funds from the prior year of \$444,792 is due to the Consolidated Appropriations Act of 2016 which imposed Health Insurance Provider’s fee.
- (10)-(13) Not Applicable

14. Liabilities, Contingencies and Assessments

Not Applicable.

15. Leases

A-B Not Applicable.

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

Not Applicable.

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

Not Applicable.

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

Not Applicable.

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

Not Applicable

20. Fair Value Measurement

The NAIC SAP defines fair value, establishes a framework for measuring fair value, and outlines the disclosure requirements related to fair value measurements. The fair value hierarchy is as follows:

Level 1 - Quoted (unadjusted) prices for identical assets in active markets.

Level 2 - Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.);
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc.);
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Unobservable inputs that cannot be corroborated by observable market data.

The estimated fair values of bonds, short-term investment and preferred stocks are based on quoted market prices, where available. The Company obtains one price for each security primarily from a third-party pricing service (“pricing service”), which generally uses quoted prices or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service 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, non-binding broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds.

Notes to Financial Statement

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest-level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

A. Fair Value

1. Fair Value Measurements at Reporting Date

- (1) Not Applicable.
- (2) The Company does not have any financial assets with a fair value hierarchy of Level 3 that were measured and reported at fair value for the three months ended March 31, 2019 and the year ended December 31, 2018.
- (3) Transfers between fair value hierarchy levels, if any, are recorded as of the beginning of the reporting period in which the transfer occurs. There were no transfers between Levels 1, 2, or 3 of any financial assets or liabilities during the three months ended March 31, 2019 and the year ended December 31, 2018.
- (4) Fair values of debt and equity securities are based on quoted market prices, where available. The Company obtains one price for each security primarily from a pricing service, which generally uses quoted prices or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through recently reported trades for identical or similar securities, and, if necessary, makes adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service 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, benchmark yields, credit spreads, default rates, prepayment speeds and non-binding broker quotes.
- (5) The Company does not have any derivative assets and liabilities.

B. Not Applicable.

C. Fair Value Hierarchy at March 31, 2019:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$408,945	\$410,252	\$0	\$408,945	\$0	\$0
Short-term Investments and cash equivalents	\$507,112	\$507,112	\$507,112	\$0	\$0	\$0
Total	\$916,057	\$917,364	\$507,112	\$408,945	\$0	\$0

D. Not Applicable.

E. Not Applicable.

21. Other Items

- A. Unusual or Infrequent Items
Not Applicable
- B. Troubled Debt Restructuring: Debtors

Not Applicable
- C. Other Disclosures
Not Applicable
- D. Business Interruption Insurance Recoveries

Not Applicable

Notes to Financial Statement

- E. State Transferable and Non-Transferable Tax Credits
Not Applicable
- F. Subprime Mortgage Related Risk Exposure
Not applicable
- G. Retained Assets
Not Applicable
- H. Insurance-Linked Securities (ILS) Contracts
Not Applicable

22. Events Subsequent

Type I – Recognized Subsequent Events:

There have been no Type I events. Subsequent Events have been considered through May 15, 2019 for the statutory quarterly 2019 statements issued on May 15, 2019.

Type II – Unrecognized Subsequent Events:

There have been no Type II events. Subsequent Events have been considered through May 15, 2019 for the statutory quarterly 2019 statements issued on May 15, 2019.

On January 1, 2019, the Company was subject to an annual fee under Section 9010 of the federal Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity’s net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity’s portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of March 31, 2019, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2019, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2020 to be \$444,792. This amount is reflected in special surplus. This assessment is expected to impact risk based capital (RBC) by 0%. Reporting the ACA assessment as of September 30, 2020, would not have triggered an RBC action level.

Description		Current Year	Prior Year
A.	Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?	Yes	
B.	ACA fee assessment payable for the upcoming year	\$444,792	
C.	ACA fee assessment paid	-	-
D.	Premium written subject to ACA 9010 assessment	\$25,372,302	-
E.	Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	\$27,770,949	
F.	Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$27,326,157	
G.	Authorized Control Level (Five-Year Historical Line 15)	\$4,747,893	
H.	Would reporting the ACA assessment as of March 31, 2019 have triggered an RBC action level (YES/NO)?	No	

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

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

Yes() No (X)

Notes to Financial Statement

2. Have any policies issued by the corporation 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, either directly or indirectly, by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?

Yes() No (X)

Section 2 – Ceded Reinsurance Report – Part A

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

Yes() No (X)

- a. Not Applicable
- b. The total amount of reinsurance credits taken as an asset or reduction of a liability is \$295,464. (both private reinsurance and the Transitional Reinsurance Program).

- (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 for other reinsurance agreements with the same insurer, exceed the total of direct premium collected under the reinsured policies.

Yes() No (X)

Section 3 – Ceded Reinsurance Report – Part B

- (1) The estimated change in surplus for elimination of all reinsurance amounts would be \$6,356,316.
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement.

Yes() No (X)

B. Uncollectable Reinsurance

Not Applicable

C. Commutation of Reinsurance

Not Applicable

D. Certified Reinsurer Downgraded or Status Subject to Revocation

Not Applicable

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. No Significant Changes

Notes to Financial Statement

B. No Significant Changes

C. No Significant Changes

D. No Significant Changes

E. Risk Sharing Provisions of the Affordable Care Act

(4) Did the Reporting entity write accident and health insurance premiums which is subject to the Affordable Care Act risk sharing provisions? **YES**

Notes to Financial Statement

Impact of Risk Sharing Provisions of the Affordable Care Act on Assets, Liabilities, and Revenue for the Current Year. Asset balances shall reflect admitted asset balances.

Description		Amount
a.	Permanent ACA Risk Adjustment Program	
	Assets	
	1. Premium adjustments receivable due to ACA Risk Adjustment (including high risk pool payments)	-
	Liabilities	
	2. Risk adjustment user fees payable for ACA Risk Adjustment	\$22,740
	3. Premium adjustments payable due to ACA Risk Adjustment (including high risk pool premium)	\$26,344,709
	Operations (Revenue & Expense)	
	4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	(\$6,280,635)
	5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)	(\$4,916)
b.	Transitional ACA Reinsurance Program	
	Assets	
	1. Amounts recoverable for claims paid due to ACA Reinsurance	-
	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. Liabilities 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	-
	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)	-
	4. Effect of ACA Risk Corridors on change in reserves for rate credits	-

Notes to Financial Statement

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

	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)	Reference	Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1.Premium adjustments receivable (including high risk pool payments)	\$20,064,073	-	-	-	\$20,064,073	-	\$784,588	-	A	\$20,848,661	-
2.Premium adjustments (payable) (including high risk pool premium)	-	-	-	-	-	-	-	-	B	-	-
3.Subtotal ACA Permanent Risk Adjustment Program	\$20,064,073	-	-	-	\$20,064,073	-	\$784,588	-		\$20,848,661	-
b. Transitional ACA Reinsurance Program											
1.Amounts recoverable for claims paid	-	-	-	-	-	-	-	-	C	-	-
2.Amounts recoverable for claims unpaid (contra liability)	-	-	-	-	-	-	-	-	D	-	-
3.Amounts receivable relating to uninsured plans	-	-	-	-	-	-	-	-	E	-	-
4.Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	-	-	-	-	-	-	-	-	F	-	-
5.Ceded reinsurance premiums payable	-	-	-	-	-	-	-	-	G	-	-
6.Liability for amounts held under uninsured plans	-	-	-	-	-	-	-	-	H	-	-
7.Subtotal ACA Transitional Reinsurance Program	-	-	-	-	-	-	-	-		-	-
c. Temporary ACA Risk Corridors Program											
1.Accrued retrospective premium	-	-	-	-	-	-	-	-	I	-	-
2.Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	J	-	-
3.Subtotal ACA Risk Corridors Program	-	-	-	-	-	-	-	-		-	-
d. Total for ACA Risk Sharing Provisions	\$20,064,073	-	-	-	\$20,064,073	-	\$784,588	-		\$20,848,661	-

Notes to Financial Statement

(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	Ref	Cumulativ e Balance from Prior Years (Col 1 – 3 +7)	Cumulativ e Balance from Prior Years (Col 2 – 4 +8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivabl e	(Payable)		Receivabl e	(Payable)
a. 2014											
1.Accrued retrospective premium	-	-	-	-	-	-	-	-	A	-	-
2.Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	B	-	-
b.2015											
1.Accrued retrospective premium	-	-	-	-	-	-	-	-	C	-	-
2.Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	D	-	-
c. 2016											
1.Accrued retrospective premium	-	-	-	-	-	-	-	-	E	-	-
2.Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	F	-	-
d.Total for risk corridors	-	-	-	-	-	-	-	-		-	-

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2019 were \$6,039,266. As of March 31, 2019, \$4,548,847 has been paid for insured claims attributable to insured events of the prior years. Claim adjustment expenses are assumed paid for current year. Reserves remaining for prior years are now \$1,490,419 as a result of re-estimation of unpaid claims and claim adjustment principally on our health line of business. Therefore, there has been a \$10,917,453 favorable(favorable) prior-year development December 31, 2018 to March 31, 2019. The increase(decrease) is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

Not Applicable.

27. Structured Settlements

Not Applicable.

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

Notes to Financial Statement

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
3/31/2019	\$816,986	-	-	-	-
12/31/2018	\$1,119,194	-	-	-	-
9/30/2018	\$932,698	\$849,846	-	\$928,438	-
6/30/2018	\$869,622	\$866,841	\$621,666	-	\$228,991
3/31/2018	\$704,793	\$689,237	\$513,881	\$102,804	\$82,404

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

Not Applicable

31. Anticipated Salvage and Subrogation

Not applicable.