



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2019
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)			513-872-8100 (Area Code) (Telephone 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)		
	Waukesha, WI, US 53188 (City or Town, State, Country and Zip Code)			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)		

OFFICERS

President/Chairperson	Steven John Martenet	Vice President/Treasurer	Vincent Edward Scher
Vice President/Secretary	Kathleen Susan Kiefer	Assistant Secretary	Kristin Kim Cherie Howard

OTHER

Eric (Rick) Kenneth Noble, Assistant Treasurer

DIRECTORS OR TRUSTEES

Laurie Helm Benintendi	Ronald William Penczek	Kathleen Susan Kiefer
Steven John Martenet	Heather Chockley Steinmeyer #	

State of Ohio SS:
County of Warren

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

Steven John Martenet
President/Chairperson

Kathleen Susan Kiefer
Vice President/Secretary

Vincent Edward Scher
Vice President/Treasurer

Subscribed and sworn to before me this
day of

- 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

State of Ohio
County of: Hamilton

The foregoing instrument was acknowledged before me

this 14th day of February, 2020
by STEVEN JOHN MARTENET
Notary Kristine Ann Baumgartner



KRISTINE ANN BAUMGARTNER
Notary Public, State of Ohio
My Commission Expires
September 4, 2024

ANNUAL STATEMENT FOR THE YEAR 2019 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)	1,081,961,553		1,081,961,553	1,286,014,135
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	238,003
2.2 Common stocks	6,706,020		6,706,020	6,301,802
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	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$(153,215,498) , Schedule E - Part 1), cash equivalents (\$9,981,799 , Schedule E - Part 2) and short-term investments (\$2,538,367 , Schedule DA)	(140,695,332)		(140,695,332)	(408,913,512)
6. Contract loans, (including \$ premium notes)			0	0
7. Derivatives (Schedule DB)			0	0
8. Other invested assets (Schedule BA)	70,079,643		70,079,643	69,794,362
9. Receivables for securities	5,209,844		5,209,844	9,239,166
10. Securities lending reinvested collateral assets (Schedule DL)	16,105,802		16,105,802	5,306,103
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	1,039,367,530	0	1,039,367,530	967,980,059
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	8,587,223	15,770	8,571,453	8,569,336
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	26,729,884	1,961,857	24,768,027	32,228,026
15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$86,515,615 earned but unbilled premiums)	86,515,615		86,515,615	104,133,431
15.3 Accrued retrospective premiums (\$702,020) and contracts subject to redetermination (\$71,072,397)	71,774,417		71,774,417	62,433,463
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	30,378,956		30,378,956	20,010,096
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts	716,303		716,303	1,014,530
17. Amounts receivable relating to uninsured plans	302,316,894	26,504,914	275,811,980	322,976,040
18.1 Current federal and foreign income tax recoverable and interest thereon	1,244,047	0	1,244,047	0
18.2 Net deferred tax asset	43,850,153	3,444,065	40,406,088	38,497,894
19. Guaranty funds receivable or on deposit	15,130,999		15,130,999	18,895,997
20. Electronic data processing equipment and software	0		0	0
21. Furniture and equipment, including health care delivery assets (\$)	17,296,056	17,296,056	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	57,702,167	0	57,702,167	0
24. Health care (\$77,450,624) and other amounts receivable	117,013,200	39,562,576	77,450,624	55,197,505
25. Aggregate write-ins for other than invested assets	223,621,379	27,134,227	196,487,152	180,366,877
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	2,042,244,823	115,919,465	1,926,325,358	1,812,303,254
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	2,042,244,823	115,919,465	1,926,325,358	1,812,303,254
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Investments in corporate-owned life insurance	183,439,111	0	183,439,111	173,973,383
2502. FEP assets held by agents	7,966,546	0	7,966,546	0
2503. Bluecard receivables	4,984,705	0	4,984,705	6,220,865
2598. Summary of remaining write-ins for Line 25 from overflow page	27,231,017	27,134,227	96,790	172,629
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	223,621,379	27,134,227	196,487,152	180,366,877

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$36,219,298 reinsurance ceded)	477,707,153	10,922,581	488,629,734	440,236,365
2. Accrued medical incentive pool and bonus amounts	36,032,999		36,032,999	21,977,774
3. Unpaid claims adjustment expenses	11,680,700		11,680,700	12,188,541
4. Aggregate health policy reserves, including the liability of \$0 for medical loss ratio rebate per the Public Health Service Act	40,382,074		40,382,074	27,784,184
5. Aggregate life policy reserves	0		0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves	107,433		107,433	103,691
8. Premiums received in advance	47,594,589		47,594,589	45,945,848
9. General expenses due or accrued	84,354,083		84,354,083	76,574,158
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))	0		0	14,303,678
10.2 Net deferred tax liability	0		0	0
11. Ceded reinsurance premiums payable	28,161,192		28,161,192	14,824,157
12. Amounts withheld or retained for the account of others	1,797,112		1,797,112	1,953,396
13. Remittances and items not allocated	22,501,349		22,501,349	12,499,205
14. Borrowed money (including \$150,000,000 current) and interest thereon \$ (including \$ current)	150,000,000		150,000,000	0
15. Amounts due to parent, subsidiaries and affiliates	0		0	64,964,240
16. Derivatives	0		0	0
17. Payable for securities	15,708,532		15,708,532	33,967,350
18. Payable for securities lending	16,105,802		16,105,802	5,306,103
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$0 unauthorized reinsurers and \$0 certified reinsurers)	0		0	0
20. Reinsurance in unauthorized and certified (\$) companies	0		0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates	0		0	0
22. Liability for amounts held under uninsured plans	143,269,009		143,269,009	170,613,745
23. Aggregate write-ins for other liabilities (including \$39,906,091 current)	66,262,660	0	66,262,660	66,879,655
24. Total liabilities (Lines 1 to 23)	1,141,664,687	10,922,581	1,152,587,268	1,010,122,090
25. Aggregate write-ins for special surplus funds	XXX	XXX	121,599,314	3,947,360
26. Common capital stock	XXX	XXX	1,142,307	1,142,307
27. Preferred capital stock	XXX	XXX	0	
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	455,602,946	601,697,974
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	773,738,090	802,181,164
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,926,325,358	1,812,303,254
DETAILS OF WRITE-INS				
2301. Escheat liabilities	48,641,995		48,641,995	46,684,948
2302. Other accrued expenses - non trade	11,270,328		11,270,328	11,582,047
2303. Performance guaranty	6,350,337		6,350,337	8,612,660
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	66,262,660	0	66,262,660	66,879,655
2501. Estimated ACA insurer fee	XXX	XXX	118,155,872	0
2502. Deferred gain on sale-leaseback transactions	XXX	XXX	3,443,442	3,947,360
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	121,599,314	3,947,360
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	24,747,790	23,543,428
2. Net premium income (including \$ non-health premium income)	XXX	5,782,976,891	5,366,938,697
3. Change in unearned premium reserves and reserve for rate credits	XXX	(8,197,184)	31,420,877
4. Fee-for-service (net of \$ medical expenses)	XXX	0	0
5. Risk revenue	XXX	176,738,286	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	5,951,517,993	5,398,359,574
Hospital and Medical:			
9. Hospital/medical benefits		3,728,612,412	3,241,587,262
10. Other professional services		361,733,613	320,651,531
11. Outside referrals	86,481,815	96,075,751	80,745,505
12. Emergency room and out-of-area	19,050,617	355,280,829	302,851,898
13. Prescription drugs		779,829,560	684,280,946
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		62,925,423	71,830,864
16. Subtotal (Lines 9 to 15)	105,532,432	5,384,457,588	4,701,948,006
Less:			
17. Net reinsurance recoveries		356,255,926	241,504,582
18. Total hospital and medical (Lines 16 minus 17)	105,532,432	5,028,201,662	4,460,443,424
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$120,489,229 cost containment expenses		188,532,867	124,988,263
21. General administrative expenses		349,897,239	410,096,786
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)		(1,659,701)	2,640,289
23. Total underwriting deductions (Lines 18 through 22)	105,532,432	5,564,972,067	4,998,168,762
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	386,545,926	400,190,812
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		46,088,927	45,868,256
26. Net realized capital gains (losses) less capital gains tax of \$539,658		(5,333,676)	50,007,027
27. Net investment gains (losses) (Lines 25 plus 26)	0	40,755,251	95,875,283
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$252,467)]		(252,467)	(289,583)
29. Aggregate write-ins for other income or expenses	0	16,650,007	2,412,766
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	443,698,717	498,189,278
31. Federal and foreign income taxes incurred	XXX	91,454,645	111,570,519
32. Net income (loss) (Lines 30 minus 31)	XXX	352,244,072	386,618,759
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	0	0
0701.	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. Change in cash surrender value of investment in corporate-owned life insurance		9,465,728	(1,026,617)
2902. Miscellaneous income (expense)		7,184,279	3,439,383
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	16,650,007	2,412,766

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	802,181,164	829,975,445
34. Net income or (loss) from Line 32	352,244,072	386,618,759
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$5,195,529	19,545,087	(49,844,659)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	8,050,814	(715,847)
39. Change in nonadmitted assets	(21,179,129)	(13,198,327)
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	(386,600,000)	(348,500,000)
47. Aggregate write-ins for gains or (losses) in surplus	(503,918)	(2,154,207)
48. Net change in capital and surplus (Lines 34 to 47)	(28,443,074)	(27,794,281)
49. Capital and surplus end of reporting period (Line 33 plus 48)	773,738,090	802,181,164
DETAILS OF WRITE-INS		
4701. Deferred gain on sale-leaseback activity	(503,918)	(2,154,207)
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	(503,918)	(2,154,207)

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Community Insurance Company

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	5,811,639,118	5,446,229,049
2. Net investment income	53,689,936	47,049,165
3. Miscellaneous income	176,738,286	0
4. Total (Lines 1 through 3)	6,042,067,340	5,493,278,214
5. Benefit and loss related payments	5,008,371,262	4,587,764,893
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	491,380,108	506,728,087
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$539,658 tax on capital gains (losses)	107,542,028	103,575,954
10. Total (Lines 5 through 9)	5,607,293,398	5,198,068,934
11. Net cash from operations (Line 4 minus Line 10)	434,773,942	295,209,280
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	1,070,801,129	499,581,500
12.2 Stocks	300,100	172,918,334
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	11,561,023	20,114,195
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	25,270	151
12.7 Miscellaneous proceeds	4,029,322	8,911,034
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,086,716,844	701,525,214
13. Cost of investments acquired (long-term only):		
13.1 Bonds	864,025,641	556,433,312
13.2 Stocks	585,544	316,017
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	2,780,057	5,416,480
13.6 Miscellaneous applications	29,058,517	2,664,157
13.7 Total investments acquired (Lines 13.1 to 13.6)	896,449,759	564,829,966
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)	190,267,085	136,695,248
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	150,000,000	(150,018,500)
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	386,600,000	348,500,000
16.6 Other cash provided (applied)	(120,222,847)	69,775,355
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(356,822,847)	(428,743,145)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	268,218,180	3,161,383
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	(408,913,512)	(412,074,895)
19.2 End of year (Line 18 plus Line 19.1)	(140,695,332)	(408,913,512)

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

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ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Community Insurance Company

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	5,782,976,891	2,285,816,104	141,360,285	59,008,393	26,767,197	845,323,133	2,195,066,431	0	229,635,348	
2. Change in unearned premium reserves and reserve for rate credit	(8,197,184)	0	(179,280)	0	0	(7,966,546)	(51,358)	0	0	
3. Fee-for-service (net of \$ medical expenses)	0	0	0	0	0	0	0	0	0	XXX
4. Risk revenue	176,738,286	0	0	0	0	0	0	0	176,738,286	XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	5,951,517,993	2,285,816,104	141,181,005	59,008,393	26,767,197	837,356,587	2,195,015,073	0	406,373,634	0
8. Hospital/medical benefits	3,728,612,412	1,170,098,349	88,169,018	0	0	802,489,234	1,360,560,869	0	307,294,942	XXX
9. Other professional services	361,733,613	100,501,624	15,333,401	25,094,990	18,566,899	72,746,458	129,490,241	0	0	XXX
10. Outside referrals	96,075,751	19,780,512	0	20,166,819	496,738	8,041,683	47,589,999	0	0	XXX
11. Emergency room and out-of-area	355,280,829	220,527,551	3,814,981	0	0	36,149,197	94,789,100	0	0	XXX
12. Prescription drugs	779,829,560	361,046,584	(2,695,421)	0	0	225,793,986	176,549,453	0	19,134,958	XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	62,925,423	11,833,153	0	0	0	7,146,805	43,945,465	0	0	XXX
15. Subtotal (Lines 8 to 14)	5,384,457,588	1,883,787,773	104,621,979	45,261,809	19,063,637	1,152,367,363	1,852,925,127	0	326,429,900	XXX
16. Net reinsurance recoveries	356,255,926	47,923	0	0	0	356,164,469	0	0	43,534	XXX
17. Total medical and hospital (Lines 15 minus 16)	5,028,201,662	1,883,739,850	104,621,979	45,261,809	19,063,637	796,202,894	1,852,925,127	0	326,386,366	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$120,489,229 cost containment expenses	188,532,867	97,188,177	13,015,626	5,785,935	1,313,664	17,613,333	114,368,938	0	(60,752,806)	
20. General administrative expenses	349,897,239	148,387,929	19,872,395	8,834,025	2,005,717	26,892,222	174,619,694	0	(30,714,743)	
21. Increase in reserves for accident and health contracts	(1,659,701)	(134,234)	(1,525,467)	0	0	0	0	0	0	XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	5,564,972,067	2,129,181,722	135,984,533	59,881,769	22,383,018	840,708,449	2,141,913,759	0	234,918,817	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	386,545,926	156,634,382	5,196,472	(873,376)	4,384,179	(3,351,862)	53,101,314	0	171,454,817	0
DETAILS OF WRITE-INS										XXX
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Community Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	2,285,816,103	0	0	2,285,816,103
2. Medicare Supplement	141,360,285	0	0	141,360,285
3. Dental only	59,008,393	0	0	59,008,393
4. Vision only	26,767,197	0	0	26,767,197
5. Federal Employees Health Benefits Plan	1,225,669,538	0	380,346,405	845,323,133
6. Title XVIII - Medicare	2,195,066,431	0	0	2,195,066,431
7. Title XIX - Medicaid	0	0	0	0
8. Other health	229,705,255	0	69,906	229,635,349
9. Health subtotal (Lines 1 through 8)	6,163,393,202	0	380,416,311	5,782,976,891
10. Life	0	0	0	0
11. Property/casualty	0	0	0	0
12. Totals (Lines 9 to 11)	6,163,393,202	0	380,416,311	5,782,976,891

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Community Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	5,294,480,481	1,850,924,909	104,566,275	45,005,725	18,771,776	1,150,826,452	1,805,225,923	.0	319,159,421	
1.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	
1.3 Reinsurance ceded	334,979,417	138,972	.0	.0	.0	334,830,682	.0	.0	9,763	
1.4 Net	4,959,501,064	1,850,785,937	104,566,275	45,005,725	18,771,776	815,995,770	1,805,225,923	.0	319,149,658	.0
2. Paid medical incentive pools and bonuses	48,870,198	11,479,320	.0	.0	.0	6,816,193	30,574,685	.0	.0	
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	524,849,032	208,310,413	10,664,109	2,976,149	1,442,781	120,628,961	136,203,529	.0	44,623,090	.0
3.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded	36,219,298	.0	.0	.0	.0	36,188,477	.0	.0	30,821	.0
3.4 Net	488,629,734	208,310,413	10,664,109	2,976,149	1,442,781	84,440,484	136,203,529	.0	44,592,269	.0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	107,751	.0	30,805	.0	.0	76,946	.0	.0	.0	
4.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	
4.3 Reinsurance ceded	318	.0	.0	.0	.0	318	.0	.0	.0	
4.4 Net	107,433	.0	30,805	.0	.0	76,628	.0	.0	.0	.0
5. Accrued medical incentive pools and bonuses, current year	36,032,999	2,277,523	.0	.0	.0	1,002,882	32,752,594	.0	.0	
6. Net healthcare receivables (a)	32,253,076	(11,087,585)	356,708	(13,162)	(7,046)	(323,589)	22,303,962	.0	21,023,788	
7. Amounts recoverable from reinsurers December 31, current year	30,378,956	.0	.0	.0	.0	30,376,006	.0	.0	2,950	
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	465,548,123	198,368,286	10,254,373	2,733,227	1,157,966	126,559,620	110,145,829	.0	16,328,822	.0
8.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.3 Reinsurance ceded	25,311,758	.0	.0	.0	.0	25,311,758	.0	.0	.0	.0
8.4 Net	440,236,365	198,368,286	10,254,373	2,733,227	1,157,966	101,247,862	110,145,829	.0	16,328,822	.0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	103,900	.0	28,130	.0	.0	75,770	.0	.0	.0	.0
9.2 Reinsurance assumed .....	.0									
9.3 Reinsurance ceded	209	.0	.0	.0	.0	209	.0	.0	.0	.0
9.4 Net	103,691	.0	28,130	.0	.0	75,561	.0	.0	.0	.0
10. Accrued medical incentive pools and bonuses, prior year	21,977,775	1,923,691	.0	.0	.0	672,270	19,381,814	.0	.0	.0
11. Amounts recoverable from reinsurers December 31, prior year	20,010,096	91,049	.0	.0	.0	19,919,047	.0	.0	.0	.0
12. Incurred Benefits:										
12.1 Direct	5,321,532,165	1,871,954,621	104,621,978	45,261,809	19,063,637	1,145,220,558	1,808,979,661	.0	326,429,901	.0
12.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.3 Reinsurance ceded	356,255,926	47,923	.0	.0	.0	356,164,469	.0	.0	43,534	.0
12.4 Net	4,965,276,239	1,871,906,698	104,621,978	45,261,809	19,063,637	789,056,089	1,808,979,661	.0	326,386,367	.0
13. Incurred medical incentive pools and bonuses	62,925,422	11,833,152	.0	.0	.0	7,146,805	43,945,465	.0	.0	.0

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Community Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	120,414,510	63,393,557	374,379	986,197	685,468	3,461,205	42,196,003		9,317,701	
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	1,038,150					1,038,150				
1.4 Net	119,376,360	63,393,557	374,379	986,197	685,468	2,423,055	42,196,003	0	9,317,701	0
2. Incurred but Unreported:										
2.1 Direct	404,434,522	144,916,856	10,289,730	1,989,952	757,313	117,167,756	94,007,526		35,305,389	
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	35,181,148					35,150,327			30,821	
2.4 Net	369,253,374	144,916,856	10,289,730	1,989,952	757,313	82,017,429	94,007,526	0	35,274,568	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	524,849,032	208,310,413	10,664,109	2,976,149	1,442,781	120,628,961	136,203,529	0	44,623,090	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	36,219,298	0	0	0	0	36,188,477	0	0	30,821	0
4.4 Net	488,629,734	208,310,413	10,664,109	2,976,149	1,442,781	84,440,484	136,203,529	0	44,592,269	0

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Community Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year	Claims Incurred In Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	180,677,308	1,702,669,506	4,456,200	203,854,214	185,133,508	198,368,287
2. Medicare Supplement	8,909,324	97,357,617	109,145	10,585,769	9,018,469	10,282,502
3. Dental Only	2,745,295	42,414,744	63,301	2,912,847	2,808,596	2,733,226
4. Vision Only	1,124,250	17,683,309	(3,532)	1,446,313	1,120,718	1,157,967
5. Federal Employees Health Benefits Plan	91,919,646	714,803,063	97,832	84,419,280	92,017,478	101,323,423
6. Title XVIII - Medicare	117,354,593	1,737,086,732	(2,988,662)	139,192,191	114,365,931	110,145,829
7. Title XIX - Medicaid	0	0	0	0	0	0
8. Other health	19,310,564	299,836,375	105,370	44,486,899	19,415,934	16,328,821
9. Health subtotal (Lines 1 to 8)	422,040,980	4,611,851,346	1,839,654	486,897,513	423,880,634	440,340,055
10. Healthcare receivables (a)	12,748,498	104,264,701	0	0	12,748,498	0
11. Other non-health	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts	14,937,050	33,933,148	17,725,802	18,307,197	32,662,852	21,977,774
13. Totals (Lines 9 - 10 + 11 + 12)	424,229,532	4,541,519,793	19,565,456	505,204,710	443,794,988	462,317,829

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

UNDERWRITING AND INVESTMENT EXHIBIT

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

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

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior	215,264	220,197	220,370	220,015	220,015
2.	2015	1,824,108	2,011,941	2,014,368	2,013,201	2,013,227
3.	2016	XXX	1,860,660	2,070,371	2,072,723	2,073,038
4.	2017	XXX	XXX	2,076,189	2,289,884	2,292,764
5.	2018	XXX	XXX	XXX	1,605,987	1,781,049
6.	2019	XXX	XXX	XXX	XXX	1,695,161

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

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior	223,993	220,965	220,426	220,141	220,015
2.	2015	2,043,462	2,016,804	2,015,552	2,013,202	2,013,407
3.	2016	XXX	2,087,949	2,077,387	2,074,014	2,073,033
4.	2017	XXX	XXX	2,330,940	2,293,858	2,293,170
5.	2018	XXX	XXX	XXX	1,800,887	1,785,300
6.	2019	XXX	XXX	XXX	XXX	1,900,919

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

Years in which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payment	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	(Col. 9/1) Percent
1.	2015	2,540,636	2,013,227	90,808	4.5	2,104,035	82.8	181	4	2,104,220	82.8
2.	2016	2,557,967	2,073,038	120,018	5.8	2,193,056	85.7	(7)	0	2,193,049	85.7
3.	2017	2,808,654	2,292,764	117,303	5.1	2,410,067	85.8	405	14	2,410,486	85.8
4.	2018	2,194,892	1,781,049	106,837	6.0	1,887,886	86.0	4,251	89	1,892,226	86.2
5.	2019	2,285,816	1,695,161	84,201	5.0	1,779,362	77.8	205,758	4,932	1,990,052	87.1

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior					10,779	10,945	10,949	10,954	10,954
2.	2015					79,394	90,103	90,257	90,257	90,265
3.	2016					XXX	81,909	92,127	92,184	92,192
4.	2017					XXX	XXX	84,977	94,226	94,118
5.	2018					XXX	XXX	XXX	89,713	98,654
6.	2019					XXX	XXX	XXX	XXX	95,361

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior					10,914	10,945	10,949	10,954	10,954
2.	2015					91,429	90,265	90,257	90,257	90,265
3.	2016					XXX	95,035	92,154	92,184	92,192
4.	2017					XXX	XXX	94,465	94,232	94,118
5.	2018					XXX	XXX	XXX	99,989	98,763
6.	2019					XXX	XXX	XXX	XXX	105,947

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

Years in which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payment	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	(Col. 9/1) Percent
1.	2015	122,158	90,265	5,804	6.4	96,069	78.6	0	0	96,069	78.6
2.	2016	128,257	92,192	9,955	10.8	102,147	79.6	0	0	102,147	79.6
3.	2017	129,262	94,118	10,126	10.8	104,244	80.6	0	0	104,244	80.6
4.	2018	135,557	98,654	9,901	10.0	108,555	80.1	109	3	108,667	80.2
5.	2019	141,181	95,361	11,304	11.9	106,665	75.6	10,586	259	117,510	83.2

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior	1,432	1,475	1,482	1,487	1,487
2.	2015	27,849	29,604	29,629	29,634	29,634
3.	2016	XXX	32,186	34,285	34,330	34,344
4.	2017	XXX	XXX	36,671	39,087	39,144
5.	2018	XXX	XXX	XXX	38,351	40,944
6.	2019	XXX	XXX	XXX	XXX	42,355

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior	1,450	1,477	1,482	1,487	1,487
2.	2015	29,697	29,636	29,633	29,634	29,634
3.	2016	XXX	34,571	34,326	34,335	34,344
4.	2017	XXX	XXX	39,288	39,145	39,152
5.	2018	XXX	XXX	XXX	41,020	40,999
6.	2019	XXX	XXX	XXX	XXX	45,268

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. 2015	44,418	29,634	2,822	9.5	32,456	73.1	0	0	32,456	73.1
2. 2016	48,412	34,344	4,670	13.6	39,014	80.6	0	0	39,014	80.6
3. 2017	53,798	39,144	5,218	13.3	44,362	82.5	8	0	44,370	82.5
4. 2018	55,400	40,944	5,571	13.6	46,515	84.0	55	1	46,571	84.1
5. 2019	59,008	42,355	5,073	12.0	47,428	80.4	2,913	61	50,402	85.4

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior	599	599	599	599	599
2.	2015	8,770	9,429	9,430	9,430	9,430
3.	2016	XXX	8,169	8,695	8,695	8,695
4.	2017	XXX	XXX	15,706	16,941	16,943
5.	2018	XXX	XXX	XXX	16,208	17,314
6.	2019	XXX	XXX	XXX	XXX	17,671

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior	600	599	599	599	599
2.	2015	9,428	9,429	9,430	9,430	9,430
3.	2016	XXX	8,711	8,696	8,695	8,695
4.	2017	XXX	XXX	16,978	16,942	16,943
5.	2018	XXX	XXX	XXX	17,365	17,310
6.	2019	XXX	XXX	XXX	XXX	19,117

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. 2015	13,392	9,430	662	7.0	10,092	75.4	0	0	10,092	75.4
2. 2016	12,544	8,695	887	10.2	9,582	76.4	0	0	9,582	76.4
3. 2017	23,401	16,943	1,244	7.3	18,187	77.7	0	0	18,187	77.7
4. 2018	24,659	17,314	1,342	7.8	18,656	75.7	(4)	0	18,652	75.6
5. 2019	26,767	17,671	1,146	6.5	18,817	70.3	1,446	19	20,282	75.8

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior	109,957	110,058	109,688	109,404	109,404
2.	2015	828,503	930,819	931,449	930,955	930,731
3.	2016	XXX	853,062	963,768	963,628	963,053
4.	2017	XXX	XXX	915,909	1,031,025	1,031,769
5.	2018	XXX	XXX	XXX	754,824	847,612
6.	2019	XXX	XXX	XXX	XXX	719,945

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior	110,387	110,059	109,688	109,404	109,404
2.	2015	940,203	931,753	931,457	930,955	930,731
3.	2016	XXX	974,647	965,149	963,650	963,052
4.	2017	XXX	XXX	1,040,273	1,031,503	1,031,768
5.	2018	XXX	XXX	XXX	856,320	847,884
6.	2019	XXX	XXX	XXX	XXX	805,195

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. 2015	1,030,141	930,731	17,897	1.9	948,628	92.1	0	0	948,628	92.1
2. 2016	1,053,763	963,053	23,638	2.5	986,691	93.6	0	0	986,691	93.6
3. 2017	1,088,478	1,031,769	23,878	2.3	1,055,647	97.0	(2)	0	1,055,645	97.0
4. 2018	913,414	847,612	23,429	2.8	871,041	95.4	272	2	871,315	95.4
5. 2019	837,357	719,945	15,747	2.2	735,692	87.9	85,250	2,068	823,010	98.3

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior	108,076	108,320	108,072	107,836	107,836
2.	2015	983,262	1,117,924	1,119,952	1,118,163	1,115,782
3.	2016	XXX	971,383	1,086,186	1,088,467	1,085,521
4.	2017	XXX	XXX	1,111,038	1,199,881	1,198,403
5.	2018	XXX	XXX	XXX	1,437,702	1,566,217
6.	2019	XXX	XXX	XXX	XXX	1,691,787

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior	112,155	107,171	108,067	107,837	107,836
2.	2015	1,130,329	1,122,937	1,119,734	1,118,040	1,116,883
3.	2016	XXX	1,108,888	1,090,684	1,087,483	1,086,710
4.	2017	XXX	XXX	1,226,751	1,197,690	1,198,770
5.	2018	XXX	XXX	XXX	1,570,525	1,577,751
6.	2019	XXX	XXX	XXX	XXX	1,846,552

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. 2015	1,328,626	1,115,782	54,399	4.9	1,170,181	88.1	1,101	0	1,171,282	88.2
2. 2016	1,300,929	1,085,521	70,949	6.5	1,156,470	88.9	1,189	0	1,157,659	89.0
3. 2017	1,415,420	1,198,403	83,255	6.9	1,281,658	90.5	367	(49)	1,281,976	90.6
4. 2018	1,860,795	1,566,217	100,923	6.4	1,667,140	89.6	11,534	(21)	1,678,653	90.2
5. 2019	2,195,015	1,691,787	99,732	5.9	1,791,519	81.6	154,765	3,304	1,949,588	88.8

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior	1	(2)	(2)	0	0
2.	2015		0	0	0	0
3.	2016	XXX	0	0	0	0
4.	2017	XXX	XXX	0	0	0
5.	2018	XXX	XXX	XXX	0	0
6.	2019	XXX	XXX	XXX	XXX	0

Section B - Incurred Health Claims - Title XIX

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior	4	0	0	0	0
2.	2015		0	0	0	0
3.	2016	XXX	0	0	0	0
4.	2017	XXX	XXX	0	0	0
5.	2018	XXX	XXX	XXX	0	0
6.	2019	XXX	XXX	XXX	XXX	0

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015				0.0	0	0.0			0	0.0
2. 2016				0.0	0	0.0			0	0.0
3. 2017	1,500			0.0	0	0.0			0	0.0
4. 2018	0			0.0	0	0.0			0	0.0
5. 2019				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred						Cumulative Net Amounts Paid				
						1 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior					12,670	12,681	12,684	12,684	12,684
2.	2015					134,526	148,957	149,046	149,046	149,046
3.	2016					XXX	138,773	154,743	154,752	154,753
4.	2017					XXX	XXX	129,050	141,205	141,185
5.	2018					XXX	XXX	XXX	154,174	173,077
6.	2019					XXX	XXX	XXX	XXX	279,240

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior					12,970	12,681	12,684	12,684	12,684
2.	2015					152,772	150,587	149,046	149,046	149,046
3.	2016					XXX	159,479	157,688	154,752	154,753
4.	2017					XXX	XXX	145,741	142,178	141,187
5.	2018					XXX	XXX	XXX	169,529	173,179
6.	2019					XXX	XXX	XXX	XXX	323,727

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

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.	2015	175,329	149,046	838	0.6	149,884	85.5	0	0	149,884	85.5
2.	2016	195,178	154,753	1,228	0.8	155,981	79.9	0	0	155,981	79.9
3.	2017	193,725	141,185	1,189	0.8	142,374	73.5	3	0	142,377	73.5
4.	2018	213,642	173,077	2,880	1.7	175,957	82.4	103	2	176,062	82.4
5.	2019	229,635	279,240	12,856	4.6	292,096	127.2	44,487	991	337,574	147.0

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior	458,778	464,273	463,842	462,979	462,979
2.	2015	3,886,412	4,338,777	4,344,131	4,340,686	4,338,115
3.	2016	XXX	3,946,142	4,410,175	4,414,779	4,411,596
4.	2017	XXX	XXX	4,369,540	4,812,249	4,814,326
5.	2018	XXX	XXX	XXX	4,096,959	4,524,867
6.	2019	XXX	XXX	XXX	XXX	4,541,520

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior	472,473	463,897	463,895	463,106	462,979
2.	2015	4,397,320	4,351,411	4,345,109	4,340,564	4,339,396
3.	2016	XXX	4,469,280	4,426,084	4,415,113	4,412,779
4.	2017	XXX	XXX	4,894,436	4,815,548	4,815,108
5.	2018	XXX	XXX	XXX	4,555,635	4,541,186
6.	2019	XXX	XXX	XXX	XXX	5,046,725

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

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. 2015	5,254,700	4,338,115	173,230	4.0	4,511,345	85.9	1,282	4	4,512,631	85.9
2. 2016	5,297,050	4,411,596	231,345	5.2	4,642,941	87.7	1,182	0	4,644,123	87.7
3. 2017	5,714,238	4,814,326	242,213	5.0	5,056,539	88.5	781	(35)	5,057,285	88.5
4. 2018	5,398,359	4,524,867	250,883	5.5	4,775,750	88.5	16,320	76	4,792,146	88.8
5. 2019	5,774,779	4,541,520	230,059	5.1	4,771,579	82.6	505,205	11,634	5,288,418	91.6

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	3,703,192	0	3,703,192	0	0	0	0	0	0
2. Additional policy reserves (a)	20,431,469	165,121	20,266,348	0	0	0	0	0	0
3. Reserve for future contingent benefits	0	0	0	0	0	0	0	0	0
4. Reserve for rate credits or experience rating refunds (including \$) for investment income	11,558,941	0	178,161	0	0	11,380,780	0	0	0
5. Aggregate write-ins for other policy reserves	8,102,706	7,799,573	0	0	0	0	303,133	0	0
6. Totals (gross)	43,796,308	7,964,694	24,147,701	0	0	11,380,780	303,133	0	0
7. Reinsurance ceded	3,414,234	0	0	0	0	3,414,234	0	0	0
8. Totals (Net)(Page 3, Line 4)	40,382,074	7,964,694	24,147,701	0	0	7,966,546	303,133	0	0
9. Present value of amounts not yet due on claims	0	0	0	0	0	0	0	0	0
10. Reserve for future contingent benefits	107,751	0	30,805	0	0	76,946	0	0	0
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	107,751	0	30,805	0	0	76,946	0	0	0
13. Reinsurance ceded	318	0	0	0	0	318	0	0	0
14. Totals (Net)(Page 3, Line 7)	107,433	0	30,805	0	0	76,628	0	0	0
DETAILS OF WRITE-INS									
0501. Policy reserves subject to redetermination	8,102,706	7,799,573	0	0	0	0	303,133	0	0
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)	8,102,706	7,799,573	0	0	0	0	303,133	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

ANNUAL STATEMENT FOR THE YEAR 2019 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 (\$ for occupancy of own building)	3,408,632	2,497,156	2,670,039	3,259	8,579,086
2. Salary, wages and other benefits	163,010,979	98,155,480	200,381,830	244,557	461,792,846
3. Commissions (less \$ ceded plus \$ assumed)	0	0	164,519,489	0	164,519,489
4. Legal fees and expenses	16,881	2,935	11,277,021	13,763	11,310,600
5. Certifications and accreditation fees	0	0	0	0	0
6. Auditing, actuarial and other consulting services	19,648,829	5,388,143	94,147,864	114,903	119,299,739
7. Traveling expenses	920,227	380,998	5,008,558	6,113	6,315,896
8. Marketing and advertising	811,802	39,309	41,997,296	51,256	42,899,663
9. Postage, express and telephone	2,125,524	2,504,704	14,068,583	17,170	18,715,981
10. Printing and office supplies	547,724	38,927	1,007,778	1,230	1,595,659
11. Occupancy, depreciation and amortization	0	0	0	0	0
12. Equipment	25,992	54,572	2,593,130	3,165	2,676,859
13. Cost or depreciation of EDP equipment and software	6,082,042	1,342,269	29,176,823	35,609	36,636,743
14. Outsourced services including EDP, claims, and other services	45,704,082	50,460,475	60,137,193	73,395	156,375,145
15. Boards, bureaus and association fees	94,402	44	2,081,281	2,540	2,178,267
16. Insurance, except on real estate	0	0	2,249,095	2,745	2,251,840
17. Collection and bank service charges	(52)	3,446	1,107,866	1,352	1,112,612
18. Group service and administration fees	2,693,195	23,519,917	28,305,660	34,546	54,553,318
19. Reimbursements by uninsured plans	(134,256,673)	(134,405,267)	(348,152,592)	0	(616,814,532)
20. Reimbursements from fiscal intermediaries	0	0	0	0	0
21. Real estate expenses	12,943	(3,924)	6,019,055	7,346	6,035,420
22. Real estate taxes	0	0	548,064	0	548,064
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes	0	0	(410,735)	0	(410,735)
23.2 State premium taxes	0	0	19,693,389	0	19,693,389
23.3 Regulatory authority licenses and fees	38,001	6,175	884,017	0	928,193
23.4 Payroll taxes	9,531,736	5,808,131	11,895,533	0	27,235,400
23.5 Other (excluding federal income and real estate taxes)	0	0	2,761,190	0	2,761,190
24. Investment expenses not included elsewhere	0	0	0	2,397,041	2,397,041
25. Aggregate write-ins for expenses	72,963	12,250,148	(4,070,188)	(4,968)	8,247,955
26. Total expenses incurred (Lines 1 to 25)	120,489,229	68,043,638	349,897,239	3,005,022	(a) .....541,435,128
27. Less expenses unpaid December 31, current year ..	0	11,680,700	84,354,083	0	96,034,783
28. Add expenses unpaid December 31, prior year		12,188,541	76,574,158		88,762,699
29. Amounts receivable relating to uninsured plans, prior year			349,143,295		349,143,295
30. Amounts receivable relating to uninsured plans, current year	0	0	302,316,894	0	302,316,894
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	120,489,229	68,551,479	295,290,913	3,005,022	487,336,643
DETAILS OF WRITE-INS					
2501. Miscellaneous expenses	72,963	12,250,148	(4,070,188)	(4,968)	8,247,955
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)	72,963	12,250,148	(4,070,188)	(4,968)	8,247,955

(a) Includes management fees of \$885,117,760 to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds	(a) .....899,017	.....1,070,429
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....47,341,120	.....47,165,648
1.3	Bonds of affiliates	(a) .....0	.....0
2.1	Preferred stocks (unaffiliated)	(b) .....0	.....0
2.11	Preferred stocks of affiliates	(b) .....0	.....0
2.2	Common stocks (unaffiliated) .....	.....324,344	.....324,344
2.21	Common stocks of affiliates .....	.....0	.....0
3.	Mortgage loans	(c) .....0	.....0
4.	Real estate	(d) .....0	.....0
5	Contract Loans .....	.....0	.....0
6	Cash, cash equivalents and short-term investments	(e) .....2,096,169	.....2,112,827
7	Derivative instruments	(f) .....0	.....0
8.	Other invested assets .....	.....0	.....0
9.	Aggregate write-ins for investment income .....	.....238,365	.....238,534
10.	Total gross investment income	50,899,015	50,911,782
11.	Investment expenses		(g) .....3,005,022
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) .....0
13.	Interest expense		(h) .....1,817,833
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....4,822,855
17.	Net investment income (Line 10 minus Line 16)		46,088,927
DETAILS OF WRITE-INS			
0901.	Miscellaneous income	166,349	166,349
0902.	Securities lending	72,016	72,185
0903.	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	238,365	238,534
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$857,465 accrual of discount less \$8,605,193 amortization of premium and less \$1,216,482 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 \$28,343 accrual of discount less \$4,736 amortization of premium and less \$7,681 paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$. investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	7,822	0	7,822	0	0
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	(1,986,772)	(3,090,801)	(5,077,573)	15,540,387	0
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	(190,499)	(190,499)	(47,504)	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	0	(68,995)	(68,995)	187,767	0
2.21	Common stocks of affiliates	0	0	0	0	0
3.	Mortgage loans		0	0	0	0
4.	Real estate		0	0		0
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	31,550		31,550	(6,281)	
7.	Derivative instruments			0		
8.	Other invested assets	0	0	0	9,066,247	0
9.	Aggregate write-ins for capital gains (losses)	(241)	503,918	503,677	0	0
10.	Total capital gains (losses)	(1,947,641)	(2,846,377)	(4,794,018)	24,740,616	0
DETAILS OF WRITE-INS						
0901.	Gain on sale-lease back activity		503,918	503,918		
0902.	Foreign exchange investments	(241)		(241)		
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)	(241)	503,918	503,677	0	0

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Community Insurance Company

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued	15,770	5,120	(10,650)
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	1,961,857	1,509,359	(452,498)
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	26,504,914	26,167,255	(337,659)
18.1 Current federal and foreign income tax recoverable and interest thereon	0		0
18.2 Net deferred tax asset	3,444,065	2,496,974	(947,091)
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	17,296,056	16,184,813	(1,111,243)
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivable from parent, subsidiaries and affiliates	0		0
24. Health care and other amounts receivable	39,562,576	29,562,619	(9,999,957)
25. Aggregate write-ins for other than invested assets	27,134,227	18,814,196	(8,320,031)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	115,919,465	94,740,336	(21,179,129)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. Total (Lines 26 and 27)	115,919,465	94,740,336	(21,179,129)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501. Prepaid expenses	18,053,079	10,620,973	(7,432,106)
2502. Other miscellaneous accounts receivable	9,081,148	8,193,223	(887,925)
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)	27,134,227	18,814,196	(8,320,031)

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	183,996	201,407	204,690	208,959	210,589	2,466,175
2. Provider Service Organizations						
3. Preferred Provider Organizations	1,374,937	1,427,152	1,428,268	1,425,851	1,422,781	17,124,680
4. Point of Service						
5. Indemnity Only	56,085	58,005	59,587	60,373	60,631	713,298
6. Aggregate write-ins for other lines of business	343,568	369,593	372,345	372,184	371,569	4,443,637
7. Total	1,958,586	2,056,157	2,064,890	2,067,367	2,065,570	24,747,790
DETAILS OF WRITE-INS						
0601. Consumer Driven Health Plans	343,568	369,076	371,820	371,652	370,937	4,437,185
0602. Disability and Accident	0	517	525	532	632	6,452
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)	343,568	369,593	372,345	372,184	371,569	4,443,637

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 (loss) 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 #	2019	2018
<u>Net Income</u>					
(1) Community Insurance Company state basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ 352,244,072	\$386,618,759
(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	\$ 352,244,072	\$386,618,759
<u>Surplus</u>					
(5) Community Insurance Company state basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 773,738,090	\$802,181,164
(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	\$ 773,738,090	\$802,181,164

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 and more than three months 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 preferred stocks of unaffiliated companies of highest and high quality are stated at cost or amortized cost. Perpetual preferred stocks of unaffiliated companies of highest and high quality are stated at fair value. All other preferred stocks are reported at lower of cost, amortized cost or fair value.
- (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 GAAP equity value. The Company reports the net change in the equity, excluding changes in capital contributions and distributions received in excess of undistributed earnings, as a change in net unrealized capital gains and losses.
- (9) The Company has no derivative instruments.
- (10) The Company recognizes losses from other-than-temporary impairments ("OTTI") of investments in accordance with Statements of Standard Accounting Practice ("SSAP") No. 26R, *Bonds*; and SSAP No. 30R, *Common Stock*; and SSAP No. 32, *Preferred Stock*.
- (11) The Company does not anticipate investment income as a factor in premium deficiency calculations.
- (12) 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.
- (13) The Company has not modified its capitalization policy from the prior period.
- (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 Medicare supplement and 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, 2019 and 2018.

3. Business Combinations and Goodwill

A. Statutory Purchase Method	Not applicable.
B. Statutory Merger	Not applicable.
C. Assumption Reinsurance	Not applicable.
D. Impairment Loss	Not applicable.

4. Discontinued Operations

The Company had no operations that were discontinued during 2019 or 2018.

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company did not have investments in mortgage loans at December 31, 2019 or 2018.

B. Debt Restructuring

The Company did not have invested assets that were restructured debt at December 31, 2019 or 2018.

C. Reverse Mortgages

The Company did not have investments in reverse mortgages at December 31, 2019 or 2018.

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 OTTI on its loan-backed securities during the years ended December 31, 2019 and 2018.
- (3) The Company did not recognize OTTI on its loan-backed securities at December 31, 2019 and 2018.

NOTES TO FINANCIAL STATEMENTS

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

a.	The aggregate amount of unrealized losses:		
		1.	Less than 12 Months \$ (100,897)
		2.	12 Months or Longer \$ (494,674)
b.	The aggregate related fair value of securities with unrealized losses:		
		1.	Less than 12 Months \$ 30,995,684
		2.	12 Months or Longer \$ 45,460,614

(5) The Company’s bond portfolio is sensitive to interest rate fluctuations, which impact the fair value of individual securities. Unrealized losses on bonds were primarily caused by the effects of the interest rate environment and the widening of credit spreads on certain securities. The Company currently has the ability and intent to hold these securities until their full cost can be recovered. Therefore, the Company does not believe the unrealized losses represent an OTTI at December 31, 2019 or 2018.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

(1) The Company did not enter into repurchase agreements at December 31, 2019 or 2018.

(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	\$ 16,157,565
	(b) 30 days or less	—
	(c) 31 to 60 days	—
	(d) 61 to 90 days	—
	(e) Greater than 90 days	—
	(f) Sub-total	\$ 16,157,565
	(g) Securities received	54,469
	(h) Total collateral received	<u>\$ 16,212,034</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>\$ 16,212,034</u>
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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.

NOTES TO FINANCIAL STATEMENTS

(5) Collateral Reinvestment

a. Aggregate amount collateral reinvested

1.	Securities Lending	<u>Amortized Cost</u>	<u>Fair Value</u>
(a)	Open	\$ —	\$ —
(b)	30 days or less	3,789,858	3,790,415
(c)	31 to 60 days	3,810,329	3,810,258
(d)	61 to 90 days	3,370,366	3,476,354
(e)	91 to 120 days	—	—
(f)	121 to 180 days	828,333	828,306
(g)	181 to 365 days	4,252,447	4,252,232
(h)	1 to 2 years	—	—
(i)	2 to 3 years	—	—
(j)	Greater than 3 years	—	—
(k)	Sub-total	16,051,333	16,157,565
(l)	Securities received	54,469	54,469
(m)	Total collateral reinvested	<u>\$ 16,105,802</u>	<u>\$ 16,212,034</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, 2019 or 2018.

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, 2019 or 2018.

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, 2019 or 2018.

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, 2019 or 2018.

J. Real Estate

The Company did not have investments in real estate and did not engage in retail land sales operations during 2019 or 2018.

K. Investments in Low-Income Housing Tax Credits

The Company did not invest in properties generating low-income housing tax credits during 2019 or 2018.

NOTES TO FINANCIAL STATEMENTS

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	16,105,802	5,306,103	10,799,699	—	16,105,802	0.79%	0.84%
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	6,509,000	6,297,800	211,200	—	6,509,000	0.32%	0.34%
j.	On deposit with states	452,251	460,875	(8,624)	—	452,251	0.02%	0.02%
k.	On deposit with other regulatory bodies	—	—	—	—	—	—%	—%
l.	Pledged as collateral to FHLB (including assets backing funding agreements)	158,748,163	170,851,011	(12,102,848)	—	158,748,163	7.77%	8.24%
m.	Pledged as collateral not captured in other categories	—	—	—	—	—	—%	—%
n.	Other restricted assets	—	—	—	—	—	—%	—%
o.	Total Restricted Assets	\$ 181,815,216	\$ 182,915,789	\$ (1,100,573)	\$ —	\$181,815,216	8.90%	9.44%

(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.

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	16,105,802	16,212,034	0.79%	0.84%
i. Other	—	—	—	—
j. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	\$ 16,105,802	\$ 16,212,034	0.79%	0.84%

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

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

	<u>1</u>	<u>2</u>
	<u>Amount</u>	<u>% of Liability to Total Liabilities *</u>
k. Recognized Obligation to Return Collateral Asset	\$ 16,105,802	1.40%

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

M. Working Capital Finance Investments

The Company did not have any working capital finance investments at December 31, 2019 and 2018.

N. Offsetting and Netting of Assets and Liabilities

The Company did not have any offsetting or netting of assets and liabilities at December 31, 2019 and 2018.

O. 5GI Securities

The Company has no 5GI Securities as of December 31, 2019 and 2018.

P. Short Sales

The Company did not have any short sales at December 31, 2019 and 2018.

Q. Prepayment Penalty and Acceleration Fees

General Account	
(1) Number of CUSIPs	9
(2) Aggregate Amount of Investment Income \$	92,159

NOTES TO FINANCIAL STATEMENTS

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, 2019 or 2018.
- B.** The Company did not recognize any impairment write downs for its investments in joint ventures, partnerships, or limited liability companies during 2019 or 2018.

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, 2019 and 2018 there was \$15,770 and \$5,120 of nonadmitted accrued investment income, respectively.

8. Derivative Instruments

The Company has no derivative instruments.

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:

12/31/2019			
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 47,621,110	\$ 989,143	\$ 48,610,253
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	47,621,110	989,143	48,610,253
(d) Deferred Tax Assets Nonadmitted	3,444,065	—	3,444,065
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	44,177,045	989,143	45,166,188
(f) Deferred Tax Liabilities	1,382,709	3,377,391	4,760,100
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 42,794,336	\$ (2,388,248)	\$ 40,406,088

12/31/2018			
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 42,123,326	\$ 3,568,014	\$ 45,691,340
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	42,123,326	3,568,014	45,691,340
(d) Deferred Tax Assets Nonadmitted	2,496,974	—	2,496,974
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	39,626,352	3,568,014	43,194,366
(f) Deferred Tax Liabilities	1,698,007	2,998,465	4,696,472
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 37,928,345	\$ 569,549	\$ 38,497,894

Change			
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ 5,497,784	\$ (2,578,871)	\$ 2,918,913
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	5,497,784	(2,578,871)	2,918,913
(d) Deferred Tax Assets Nonadmitted	947,091	—	947,091
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	4,550,693	(2,578,871)	1,971,822
(f) Deferred Tax Liabilities	(315,298)	378,926	63,628
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 4,865,991	\$ (2,957,797)	\$ 1,908,194

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:

12/31/2019		
(1)	(2)	(3)
Ordinary	Capital	(Col 1+2) Total

Admission Calculation Components SSAP No. 101

(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks.	\$ 38,910,517	\$ 847,837	\$ 39,758,354
(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)	647,734	—	647,734
1. Adjusted Gross Deferred Tax Assets Expected To Be Realized Following the Balance Sheet Date.	647,734	—	647,734
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	109,999,800
(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.	4,618,794	141,306	4,760,100
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 44,177,045	\$ 989,143	\$ 45,166,188

12/31/2018		
(4)	(5)	(6)
Ordinary	Capital	(Col 4+5) Total

Admission Calculation Components SSAP No. 101

(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks.	\$ 34,929,880	\$ 3,568,014	\$ 38,497,894
(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	114,552,491
(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.	4,696,472	—	4,696,472
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 39,626,352	\$ 3,568,014	\$ 43,194,366

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

Admission Calculation Components SSAP No. 101

(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks.	\$ 3,980,637	\$ (2,720,177)	\$ 1,260,460
(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)	647,734	—	647,734
1. Adjusted Gross Deferred Tax Assets Expected To Be Realized Following the Balance Sheet Date.	647,734	—	647,734
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	(4,552,691)
(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.	(77,678)	141,306	63,628
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 4,550,693	\$ (2,578,871)	\$ 1,971,822

NOTES TO FINANCIAL STATEMENTS

(3)		2019	2018
(a)	Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	347%	412%
(b)	Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2 (b)2 Above.	\$ 733,332,002	\$ 763,683,270

(4)	12/31/2019		12/31/2018		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)	\$ 47,621,110	\$ 989,143	\$ 42,123,326	\$ 3,568,014	\$ 5,497,784 \$(2,578,871)
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)	\$ 44,177,045	\$ 989,143	\$ 39,626,352	\$ 3,568,014	\$ 4,550,693 \$(2,578,871)
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, 2019 and 2018.

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

(1)	(2)	(3)
12/31/2019	12/31/2018	(Col 1-2) Change
(1) Current Income Tax		
(a) Federal	\$ 91,454,645	\$ 111,570,519 \$ (20,115,874)
(b) Foreign	—	—
(c) Subtotal	91,454,645	111,570,519 (20,115,874)
(d) Federal income tax expense on net capital gains	539,658	11,672,373 (11,132,715)
(e) Utilization of capital loss carry-forwards	—	—
(f) Other	—	—
(g) Federal and foreign income taxes incurred	\$ 91,994,303	\$ 123,242,892 \$ (31,248,589)

NOTES TO FINANCIAL STATEMENTS

		(1)	(2)	(3)
		12/31/2019	12/31/2018	(Col 1-2) Change
(2)	Deferred Tax Assets:			
(a)	Ordinary			
(1)	Discounting of unpaid losses	\$ 1,275,826	\$ 956,543	\$ 319,283
(2)	Unearned premium reserve	2,142,416	2,052,635	89,781
(3)	Policyholder reserves	2,409,327	2,058,910	350,417
(4)	Investments	—	—	—
(5)	Deferred acquisition costs	2,902,394	3,012,458	(110,064)
(6)	Policyholder dividends accrual	—	—	—
(7)	Fixed assets	3,318,994	2,540,808	778,186
(8)	Compensation and benefits accrual	2,367,266	1,812,547	554,719
(9)	Pension accrual	—	—	—
(10)	Receivables - nonadmitted	15,252,554	12,785,573	2,466,981
(11)	Net operating loss carry-forward	—	—	—
(12)	Tax credit carry-forward	—	—	—
(13)	Other (including items <5% of total ordinary tax assets)	1,581,497	1,891,555	(310,058)
(14)	Accrued future expenses	7,534,659	7,029,836	504,823
(15)	Amortization	681,094	1,111,257	(430,163)
(16)	Premium deficiency reserves	—	—	—
(17)	Prepaid expenses	2,995,236	2,192,203	803,033
(18)	State income tax liability	5,159,847	4,679,001	480,846
(99)	Subtotal	47,621,110	42,123,326	5,497,784
(b)	Statutory valuation allowance adjustment	—	—	—
(c)	Nonadmitted	3,444,065	2,496,974	947,091
(d)	Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	44,177,045	39,626,352	4,550,693
(e)	Capital			
(1)	Investments	989,143	3,568,014	(2,578,871)
(2)	Net capital loss carry-forward	—	—	—
(3)	Real estate	—	—	—
(4)	Other (including items <5% of total capital tax assets)	—	—	—
(5)	Bonds	—	—	—
(99)	Subtotal	989,143	3,568,014	(2,578,871)
(f)	Statutory valuation allowance adjustment	—	—	—
(g)	Nonadmitted	—	—	—
(h)	Admitted capital deferred tax assets (2e99 - 2f - 2g)	989,143	3,568,014	(2,578,871)
(i)	Admitted deferred tax assets (2d + 2h)	\$ 45,166,188	\$ 43,194,366	\$ 1,971,822

NOTES TO FINANCIAL STATEMENTS

	(1)	(2)	(3)
	12/31/2019	12/31/2018	(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	44,758	18,247	26,511
(7) Guaranty fund assessment	1,337,951	1,679,760	(341,809)
(99) Subtotal	1,382,709	1,698,007	(315,298)
(b) Capital			
(1) Investments	—	—	—
(2) Real estate	105,823	—	105,823
(3) Other (including items <5% of total capital tax liabilities)	—	—	—
(4) Investment partnership income	3,271,568	2,998,465	273,103
(99) Subtotal	3,377,391	2,998,465	378,926
(c) Deferred tax liabilities (3a99 + 3b99)	4,760,100	4,696,472	63,628
(4) Net deferred tax assets/liabilities (2i - 3c)	\$ 40,406,088	\$ 38,497,894	\$ 1,908,194

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 21% for the year ended December 31 as follows:

	2019	2018
Tax expense computed using federal statutory rate	\$ 93,290,059	\$ 107,070,947
ACA health insurer fee	—	22,862,189
Change in nonadmitted assets	(4,248,728)	(2,247,284)
Tax exempt income and dividend received deduction net of proration	(1,814,086)	(1,869,421)
Prior year true-up and adjustments	837,592	(4,336,760)
Tax settlements and contingencies	(2,199,688)	2,199,688
Investment in corporate-owned life insurance	(1,987,803)	—
Other, net	66,143	279,380
Total	\$ 83,943,489	\$ 123,958,739
Federal income taxes incurred	\$ 91,994,303	\$ 123,242,892
Change in net deferred income taxes	(8,050,814)	715,847
Total statutory income taxes	\$ 83,943,489	\$ 123,958,739

E. Operating loss carryforwards:

- (1) The Company has no operating loss carryforwards and no tax credit carryforwards as of December 31, 2019 or 2018.
- (2) The following are income taxes incurred in the current and prior year(s) that will be available for recoupment in the event of future net losses:

	Ordinary	Capital	Total
2019	\$ 94,841,471	\$ 539,658	\$ 95,381,129
2018	118,087,300	12,440,698	130,527,998
2017	N/A	19,030,788	19,030,788

- (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, 2019 and 2018.

NOTES TO FINANCIAL STATEMENTS

F. The following companies will be included in the consolidated federal income tax return with their parent Anthem, Inc. (“Anthem”) as of December 31, 2019 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 Analytics, LLC
America's 1st Choice of South Carolina, Inc.	DeCare Dental Health International, LLC
America's Health Management Services, 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 Health Plan of Louisiana, Inc.	Empire HealthChoice HMO, Inc.
Amerigroup Health Plan of Oregon, Inc.	Federal Government Solutions, LLC
Amerigroup Insurance Company	Freedom Health, Inc.
AMERIGROUP Iowa, Inc.	Golden West Health Plan, Inc.
Amerigroup Kansas, Inc.	Greater Georgia Life Insurance Company
AMERIGROUP Maryland, Inc.	Health Core, Inc.
Amerigroup Michigan, Inc.	Health Management Corporation
AMERIGROUP Mississippi, Inc.	HealthKeepers, Inc.
AMERIGROUP New Jersey, Inc.	HealthLink HMO, Inc.
AMERIGROUP Ohio, Inc.	HealthLink, Inc.
AMERIGROUP Oklahoma, Inc.	HealthLink Insurance Company
Amerigroup Pennsylvania, Inc.	HealthPlus HP, LLC
AMERIGROUP Tennessee, Inc.	Healthy Alliance Life Insurance Company
AMERIGROUP Texas, Inc.	HEP AP Holdings, Inc.
Amerigroup Utah, Inc.	Highland Holdco, Inc.
AMERIGROUP Washington, Inc.	HMO Colorado, Inc.
AMGP Georgia Managed Care Company, Inc.	HMO Missouri, Inc.
Anthem Blue Cross Life and Health Insurance Company	Imaging Management Holdings, LLC
Anthem Financial, Inc.	IngenioRx, Inc.
Anthem Health Plans of Kentucky, Inc.	Legato Holdings I, Inc.
Anthem Health Plans of Maine, Inc.	Living Complete Technologies, Inc.
Anthem Health Plans of New Hampshire, Inc.	Matthew Thornton Health Plan, Inc.
Anthem Health Plans of Virginia, Inc.	Nash Holding Company, LLC
Anthem Health Plans, Inc.	National Government Services, Inc.
Anthem Holding Corp.	New England Research Institutes, Inc.
Anthem Insurance Companies, Inc.	Optimum Healthcare, Inc.
Anthem Kentucky Managed Care Plan, Inc.	Park Square Holdings, Inc.
Anthem Life & Disability Insurance Company	Park Square I, Inc.
Anthem Southeast, Inc.	Park Square II, Inc.
Anthem UM Services, Inc.	Resolution Health, Inc.
Anthem, Inc.	RightCHOICE Managed Care, Inc.
Arcus Enterprises, Inc.	Rocky Mountain Hospital and Medical Service, Inc.
Aspire Health, Inc.	SellCore, Inc.
Associated Group, Inc.	Simply Healthcare Plans, Inc.
Blue Cross and Blue Shield of Georgia, Inc.	Southeast Services, Inc.
Blue Cross Blue Shield Healthcare Plan of Georgia, Inc.	State Sponsored Services, Inc.
Blue Cross Blue Shield of Wisconsin	The Anthem Companies of California, Inc.
Blue Cross of California	The Anthem Companies, Inc.
Blue Cross of California Partnership Plan, Inc.	TrustSolutions, LLC
CareMarket, Inc.	UNICARE Health Plan of West Virginia, Inc.
CareMore Health Plan	UNICARE Illinois Services, Inc.
CareMore Health Plan of Arizona, Inc.	UNICARE Life & Health Insurance Company

NOTES TO FINANCIAL STATEMENTS

CareMore Health Plan of Nevada	UNICARE National Services, Inc.
CareMore Health Plan of Texas, Inc.	UNICARE Specialty Services, 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 Nevada, Inc.	WellPoint Health Solutions, Inc.
Community Insurance Company	WellPoint Holding Corporation
Compcare Health Services Insurance Corporation	WellPoint Information Technology Services, Inc.
Crossroads Acquisition Corp	WellPoint Insurance Services, Inc.
DBG Holdings, Inc. (fka Newco Holdings, Inc.)	WellPoint Military Care Corporation

G. The Company had a tax loss contingency related to the 2017 consolidated tax return recorded in 2018 and released in 2019. For the years ended December 31, 2019 and 2018, the Company recognized net interest expense of (\$2,365) and \$2,365, respectively, that is netted with current federal income tax. The Company had accrued \$0 and \$2,365 for the payment of interest at December 31, 2019 and 2018.

H. Repatriation Transition Tax (RTT)

Not applicable.

I. Alternative Minimum Tax (AMT) Credit

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 \$116,600,000 on September 11, 2019. The Company paid the dividend to its parent company, ATH Holding, on September 26, 2019.

The Board of Directors of the Company declared an ordinary dividend in the amount of \$270,000,000 on June 12, 2019. The Company paid the dividend to its parent company, ATH Holding, on June 28, 2019.

The Board of Directors of the Company declared an extraordinary dividend in the amount of \$109,042,646 on August 17, 2018. The Department approved this dividend on September 18, 2018. The Company paid the dividend to its parent company, ATH Holding, on September 25, 2018.

The Board of Directors of the Company declared an ordinary dividend in the amount of \$6,457,354 on August 17, 2018. The Company paid the dividend to its parent company, ATH Holding, on September 25, 2018.

The Board of Directors of the Company declared an ordinary dividend in the amount of \$233,000,000 on June 13, 2018. The Company paid the dividend to its parent company, ATH Holding, on June 27, 2018.

NOTES TO FINANCIAL STATEMENTS

Effective January 1, 2019, the Company amended its quota share reinsurance agreement to cede direct Federal Employee Program ("FEP") liabilities, net of applicable assets, and respective direct FEP written premiums less claims less a ceding commission to Anthem Insurance Companies, Inc., an affiliated company and an authorized reinsurer, increasing the quota share to 30%. The amendment was approved by the Department on March 1, 2019.

C. Intercompany Management and Service Arrangements

The Company amended the administrative services agreement and became party to the Fair Market Value ("FMV") Services Attachment discussed in Note 10F. There were no other amendments or additional arrangements entered into as of December 31, 2019. 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, 2019, the Company reported \$57,702,167 due from affiliates. At December 31, 2019, the Company reported no amounts due to affiliates. At December 31, 2018, the Company reported no amounts due from affiliates. At December 31, 2018, the Company reported \$64,964,240 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, information technology, pharmacy benefits administration, 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 amended its agreement by adding pharmacy benefits management services to the agreement.

In addition, the Company is party to the FMV Services Attachment, starting January 1, 2019, the costs and expenses related to certain care management and other services are allocated to or allocated by the Company in an amount equal to the fair market value of the services provided. 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.

NOTES TO FINANCIAL STATEMENTS

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

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

H. Amount Deducted for Investment in Upstream Company

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

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

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

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

Not applicable.

K. Investment in a Foreign Insurance Subsidiary

The Company does not have investments in foreign insurance subsidiaries.

L. Investment in Downstream Non-insurance Holding Companies

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

M. All SCA Investments

The Company has no SCA Investments.

N. Investment in Insurance SCAs

The Company does not have investments in Insurance SCAs.

O. SCA or SSAP 48 Entity Loss Tracking

The Company does not have losses on investments in Insurance SCAs and/or joint ventures, partnerships or LLCs.

11. Debt

A. Capital Notes and Other Debt

The Company had no capital notes or other debt outstanding at December 31, 2019 and 2018.

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 \$180,465,740. The Company calculated this amount in accordance with current FHLBC capital stock.

NOTES TO FINANCIAL STATEMENTS

(2) FHLB Capital Stock

a. Aggregate Totals

1. Current year

	Total
(a) Membership stock - Class A	\$ —
(b) Membership stock - Class B	2,899,685
(c) Activity stock	3,609,315
(d) Excess stock	—
(e) Aggregate total (a+b+c+d)	\$ 6,509,000
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 180,465,740

2. Prior year-end

	Total
(a) Membership stock - Class A	\$ —
(b) Membership stock - Class B	2,388,460
(c) Activity stock	—
(d) Excess stock	3,909,340
(e) Aggregate total (a+b+c+d)	\$ 6,297,800
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 195,467,020

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	\$ 2,899,685	\$ 2,899,685	\$ —	\$ —	\$ —	\$ —

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)

NOTES TO FINANCIAL STATEMENTS

(3) Collateral Pledged to FHLB

a. Amount pledged as of reporting date

	1	2	3
	Fair Value	Carrying Value	Aggregate Total Borrowing
1. Current Year Total Collateral Pledged	\$ 163,133,662	\$ 158,748,163	\$ 150,000,000
2. Prior Year-end Total Collateral Pledged	\$ 168,378,751	\$ 170,851,011	\$ —
11B(3)a1 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b1 (Columns 1, 2 and 3 respectively)			
11B(3)a2 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b2 (Columns 1, 2 and 3 respectively)			

b. Maximum amount pledged during reporting period

	1	2	3
			Amount Borrowed at Time of Maximum Collateral
1. Current Year Total Maximum Collateral Pledged	\$ 170,750,741	\$ 170,466,094	\$ 150,000,000
2. Prior Year-end Total Maximum Collateral Pledged	\$ 168,378,751	\$ 170,851,011	\$ —

(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	\$ —	XXX
(b) Funding agreements	—	—
(c) Other	—	XXX
(d) Aggregate total (a+b+c)	\$ —	\$ —

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

C. All Other Debt

The Company had no other debt outstanding at December 31, 2019 and 2018.

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

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 nonqualified 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.

NOTES TO FINANCIAL STATEMENTS

During 2019 and 2018, the Company was allocated the following costs or (credits) for these retirement benefits:

	2019	2018
Defined benefit pension plan	\$ (2,875,877)	\$ (2,350,496)
Postretirement medical benefit plan	(363,410)	(380,957)
Deferred compensation plan	264,706	270,357
Defined contribution plan	10,619,658	9,405,251

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, 2019, 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 2020

Within the limitations of (3) above, the Company may pay \$352,244,072 in ordinary dividends during 2020 without restrictions, other than state notification requirements.

(6) Unassigned Surplus Restrictions

Unassigned surplus funds are not restricted at December 31, 2019.

(7) Mutual Surplus Advances

Not applicable.

NOTES TO FINANCIAL STATEMENTS

(8) Company Stock Held for Special Purpose

There are no shares of stock held for special purposes at December 31, 2019.

(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 to be paid in the subsequent year as well as the deferred gain on the Company’s sale-leaseback transaction. The annual fee under section 9010 of the ACA was suspended for 2019, therefore no surplus was segregated as of December 31, 2018.

(10) Changes in Unassigned Funds

The portion of unassigned funds represented by cumulative unrealized gains and losses was \$39,495,164 at December 31, 2019.

(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 \$13,847,444, in subsequent years, 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.

NOTES TO FINANCIAL STATEMENTS

- (2)

Guaranty Fund Assets Recognized Reconciliation

a.

Guaranty fund assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end

\$ 18,895,997

b.

Decreases current year:

Policy surcharges collected

Policy surcharges charged off

Premium tax offset applied

Recovery adjustment

—

—

4,485,123

—

c.

Increases current year:

Policy surcharges recognized

Premium tax offset recognized

—

720,125

d.

Guaranty fund assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end

\$ 15,130,999

(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	\$ 11,627,312	\$ 9,151,059

- 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	1-18	9.5	1	1-24	8.4

C. Gain Contingencies

The Company has no gain contingencies at December 31, 2019 or 2018.

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

Not applicable.

E. Joint and Several Liabilities

Not applicable.

NOTES TO FINANCIAL STATEMENTS

F. All Other Contingencies***Guaranty fund assessments***

The National Organization of Life & Health Insurance Guaranty Associations, or NOLHGA, is a voluntary organization consisting of the state life and health insurance guaranty associations located throughout the U.S. Such associations, working together with NOLHGA, provide a safety net for their state's policyholders, ensuring that they continue to receive coverage, subject to state maximum limits, even if their insurer is declared insolvent. In 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. Payment of the assessments will be largely recovered through premium tax credits over future years.

Litigation and regulatory proceedings**Blue Cross Blue Shield Antitrust Litigation**

Anthem is a defendant in multiple lawsuits that were initially filed in 2012 against the BCBSA and Blue Cross and/or Blue Shield licensees, or Blue plans, across the country. The cases were consolidated into a single multi-district proceeding captioned *In re Blue Cross Blue Shield Antitrust Litigation* that is pending in the United States District Court for the Northern District of Alabama, or the Court. Generally, the suits allege that the BCBSA and the Blue plans have conspired to horizontally allocate geographic markets through license agreements, best efforts rules that 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, or Sherman Act, and related state laws. The cases were brought by two putative nationwide classes of plaintiffs, health plan subscribers and providers, and actions filed in twenty-eight states have been consolidated into the multi-district proceeding.

In response to cross motions for partial summary judgment by plaintiffs and defendants, the Court issued an order in April 2018 determining that the defendants' aggregation of geographic market allocations and output restrictions are to be analyzed under a per se standard of review, and the BlueCard program and other alleged Section 1 Sherman Act violations are to be analyzed under the rule of reason standard of review. The Court also found that there remain genuine issues of material fact as to whether defendants operate as a single entity with regard to the enforcement of the Blue Cross Blue Shield trademarks. No dates have been set for either the final pretrial conferences or trials in these actions. In March 2019, the Court issued a Fourth Amended Scheduling Order requiring that briefing on motions for class certification and related expert reports, merits and damages expert reports, and certain dispositive motions occur in 2019. In April 2019, plaintiffs' filed their motions to exclude plaintiffs' experts, as well as their opposition to plaintiffs' motions for class certification, in July 2019. The case has been stayed until further notice from the Court. Anthem intends to vigorously defend these suits; however, their ultimate outcome cannot be presently determined.

Express Scripts, Inc. Pharmacy Benefit Management Litigation

In March 2016, Anthem filed a lawsuit against Express Scripts, Inc., or Express Scripts, its 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 over \$14,800,000,000 in damages for pharmacy pricing that is higher than competitive benchmark pricing under the agreement between the parties, or the ESI PBM Agreement, over \$158,000,000 in damages related to operational breaches, as well as various declarations under the ESI PBM Agreement between the parties, including

NOTES TO FINANCIAL STATEMENTS

that Express Scripts: (i) breached its obligation to negotiate in good faith and to agree in writing to new pricing terms; (ii) was required to provide competitive benchmark pricing to us through the term of the ESI PBM Agreement; (iii) has breached the ESI PBM Agreement; and (iv) is required under the ESI PBM Agreement to provide post-termination services, at competitive benchmark pricing, for one year following any termination.

Express Scripts has disputed the contractual claims and is seeking declaratory judgments: (i) regarding the timing of the periodic pricing review under the ESI PBM Agreement; and (ii) that it has no obligation to ensure that Anthem receives any specific level of pricing, that Anthem has no contractual right to any change in pricing under the ESI PBM Agreement and that its sole obligation is to negotiate proposed pricing terms in good faith. In the alternative, Express Scripts claims that Anthem has been unjustly enriched by its payment of \$4,675,000,000 at the time Anthem entered into the ESI PBM Agreement. In March 2017, the court granted the 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. The only remaining claims are for breach of contract and declaratory relief. Fact discovery has been completed. Anthem intends to vigorously pursue the claims and defend against any counterclaims, which Anthem believes are without merit; however, the ultimate outcome cannot be presently determined.

In re Express Scripts/Anthem ERISA Litigation

Anthem is a defendant in a class action lawsuit that was initially filed in June 2016 against Anthem, Inc. and Express Scripts, which has been consolidated into a single multi-district lawsuit captioned *In Re Express Scripts/Anthem ERISA Litigation*, in the U.S. District Court for the Southern District of New York. The consolidated complaint was filed by plaintiffs against Express Scripts and Anthem on behalf of all persons who are participants in or beneficiaries of any ERISA or non-ERISA healthcare plan from December 1, 2009 to December 31, 2019 in which Anthem provided prescription drug benefits through the ESI PBM Agreement and paid a percentage based co-insurance payment in the course of using that prescription drug benefit. The plaintiffs allege that Anthem breached its duties, either under ERISA or with respect to the implied covenant of good faith and fair dealing implied in the health plans, (i) by failing to adequately monitor Express Scripts' pricing under the PBM Agreement and (ii) by placing Anthem's own pecuniary interest above the best interests of Anthem's insureds by allegedly agreeing to higher pricing in the ESI PBM Agreement in exchange for the purchase price for its NextRx PBM business, and (iii) with respect to the non-ERISA members, by negotiating and entering into the ESI PBM Agreement that was allegedly detrimental to the interests of such non-ERISA members. 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 April 2017, Anthem filed a motion to dismiss the claims brought against Anthem, and it was granted, without prejudice, in January 2018. Plaintiffs filed a notice of appeal with the United States Court of Appeals for the Second Circuit, which was heard in October 2018 but has not yet been decided. Anthem intends to vigorously defend this suit; however, its ultimate outcome cannot be presently determined.

Cigna Corporation Merger Litigation

In July 2015, Anthem and Cigna Corporation, or Cigna, announced that Anthem entered into the Agreement and Plan of Merger, or Cigna Merger Agreement, pursuant to which Anthem would acquire all outstanding shares of Cigna. In July 2016, the U.S. Department of Justice, or DOJ, along with certain state attorneys general, filed a civil antitrust lawsuit in the U.S. District Court for the District of Columbia, or District Court, seeking to block the merger. In February 2017, Cigna purported to terminate the Cigna Merger Agreement and commenced litigation against Anthem in the Delaware Court of Chancery, or Delaware Court, seeking damages, including the \$1,850,000,000 termination fee pursuant to the terms of the Cigna Merger Agreement, and a declaratory judgment that its purported termination

NOTES TO FINANCIAL STATEMENTS

of the Cigna Merger Agreement was lawful, among other claims, which is captioned *Cigna Corp. v. Anthem Inc.*

Also in February 2017, Anthem initiated their own litigation against Cigna in the Delaware Court seeking a temporary restraining order to enjoin Cigna from terminating the Cigna Merger Agreement, specific performance compelling Cigna to comply with the Cigna 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 Anthem's motion to enjoin Cigna from terminating the Cigna Merger Agreement, Anthem delivered to Cigna a notice terminating the Cigna Merger Agreement.

In the Delaware Court litigation, trial commenced in late February 2019 and concluded in March 2019. The Delaware Court held closing argument on November 25, 2019 and took the matter under consideration. In February 2020, the Court requested supplemental briefing. The parties have been instructed to negotiate a schedule for the supplemental submissions. Anthem believes Cigna's allegations are without merit and they intend to vigorously pursue their claims and defend against Cigna's allegations; however, the ultimate outcome of Anthem's litigation with Cigna cannot be presently determined.

In October 2018, a shareholder filed a derivative lawsuit in Marion County Superior Court, captioned *Henry Bittmann, Derivatively, et al. v. Joseph R Swedish, et al.*, on behalf of Anthem and its shareholders against certain current and former directors and executives alleging breaches of fiduciary duties, unjust enrichment and corporate waste associated with the Cigna Merger Agreement. Anthem intends to vigorously defend this lawsuit; however, its ultimate outcome cannot be presently determined.

Cyber Attack Regulatory Proceedings and Litigation

In February 2015, Anthem reported that it was the target of a sophisticated external cyber attack, during which the attackers gained unauthorized access to certain of its information technology systems and obtained personal information related to many individuals and employees. To date, there is no evidence that credit card or medical information was accessed or obtained.

Upon discovery of the cyber attack, Anthem took immediate action to remediate the security vulnerability and have continued to implement security enhancements since this incident.

Federal and state agencies are investigating, or have investigated, events related to the cyber attack, including how it occurred, its consequences and its responses. The investigations have all been resolved with the exception of an ongoing investigation by a multi-state group of attorneys general, which remains outstanding. Although Anthem is cooperating in this investigation, Anthem may be subject to additional fines or other obligations. Anthem intends to vigorously defend the remaining regulatory investigation; however, its ultimate outcome cannot be presently determined.

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.

Other contingencies

From time to time, the Company is party to various legal proceedings, many of which involve claims for coverage encountered in the ordinary course of business. The Company, like HMOs and health insurers generally, excludes certain healthcare and other services from coverage under our HMO, PPO, and other plans. The Company is, in the ordinary course of business, subject to the claims of our enrollees arising out of decisions to restrict or deny reimbursement for uncovered services. The loss of even one such claim, if it results in a significant punitive damage award, could have a material adverse effect on the Company.

NOTES TO FINANCIAL STATEMENTS

In addition, the risk of potential liability under punitive damage theories may increase significantly the difficulty of obtaining reasonable reimbursement of coverage claims.

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 subcommittees of the U.S. Congress. Such investigations, audits, reviews and administrative proceedings could result in the imposition of civil or criminal fines, penalties, other sanctions and additional rules, regulations or other restrictions on the Company’s business operations. The Company believes that any liability that may result from any one of these actions, or in the aggregate, could have a material adverse effect on the Company’s financial position or results of operations.

Provisions for uncollectible amounts

At December 31, 2019 and 2018, the Company reported admitted assets of \$458,870,039 and \$521,770,960, respectively, in premium receivables and receivables due from uninsured plans. Based upon Company experience, any uncollectible receivables are not expected to exceed \$28,466,771 that was nonadmitted at December 31, 2019; 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 2019 and 2018 was \$4,932,989 and \$2,752,371, respectively.

(2) At December 31, 2019, the minimum aggregate rental commitments are as follows:

	Year Ending December 31	Operating Leases
1.	2020	\$ 6,723,582
2.	2021	6,467,548
3.	2022	6,500,058
4.	2023	6,534,235
5.	2024	6,562,060
6.	Total	<u>\$ 32,787,483</u>

(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.

NOTES TO FINANCIAL STATEMENTS

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, 2019, there were no significant concentrations.

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

A. Transfers of Receivables Reported as Sales

Not applicable at December 31, 2019 and 2018.

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, 2019 the fair value of securities loaned was \$15,754,054, and the carrying value of securities loaned was \$15,626,513.

(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, 2019 and 2018, 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

The gain or (loss) from operations from ASO uninsured plans and the uninsured portion of partially insured plans during 2019 was:

	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of (less than) actual expenses	\$ 9,551,110	\$ —	\$ 9,551,110
b. Total net other income or expenses (including interest paid to or received from plans)	—	—	—
c. Net gain or (loss) from operations	\$ 9,551,110	\$ —	\$ 9,551,110
d. Total claim payment volume	\$ 1,177,301,536	\$ —	\$ 1,177,301,536

NOTES TO FINANCIAL STATEMENTS

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 2019 was:

	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical cost incurred	\$ 7,188,845,900	\$ —	\$ 7,188,845,900
b. Gross administrative fees accrued	476,719,728	—	476,719,728
c. Other income or expenses (including interest paid to or received from plans)	—	—	—
d. Gross expenses incurred (claims and administrative)	7,607,244,580	—	7,607,244,580
e. Total gain or (loss) from operations	\$ 58,321,048	\$ —	\$ 58,321,048

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	2019	2018
Centers for Medicare and Medicaid Services	Cost share and reinsurance components of administered Medicare products	\$ 14,443,703	\$ 6,818,255
Uninsured plans	Uninsured business, not including pharmaceutical rebate receivables	\$ 198,420,724	\$ 221,327,601

(3) As no revenue is recorded in connection with the cost share and reinsurance components of the Company’s Medicare and ACA products, 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 cost-reimbursement 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, 2019 and 2018.

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20. Fair Value Measurements

A.

(1) Fair Value Measurements at Reporting Date:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a. Assets at fair value					
Bonds					
Industrial and misc	\$ —	\$ 755,361	\$ —	\$ —	\$ 755,361
Bank loans	—	41,290,402	1,634,443	—	42,924,845
Total bonds	\$ —	\$ 42,045,763	\$ 1,634,443	\$ —	\$ 43,680,206
Common stock					
Industrial and misc	\$ —	\$ —	\$ 6,706,020	\$ —	\$ 6,706,020
Total common stocks	\$ —	\$ —	\$ 6,706,020	\$ —	\$ 6,706,020
Short-term investments					
Bank loans	\$ —	\$ 1,760	\$ —	\$ —	\$ 1,760
Total short-term investments	\$ —	\$ 1,760	\$ —	\$ —	\$ 1,760
Total assets at fair value/NAV	\$ —	\$ 42,047,523	\$ 8,340,463	\$ —	\$ 50,387,986

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

Description	Beginning Balance at 01/01/2019	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 12/31/2019
a. Assets										
Common Stock										
Industrial and misc	\$ 6,301,802	\$ —	\$ —	\$ (68,995)	\$ 187,767	\$ 585,545	\$ —	\$ (300,099)	\$ —	\$ 6,706,020
Preferred Stock										
Industrial and misc	\$ 238,003	—	—	(190,499)	(47,504)	—	—	—	—	\$ —
Bonds										
Industrial and misc	\$ 7,008,943	2,589,865	(6,158,428)	(322,698)	182,893	1,393,563	(488,308)	(2,571,387)	—	\$ 1,634,443
Total assets	\$ 13,548,748	\$ 2,589,865	\$ (6,158,428)	\$ (582,192)	\$ 323,156	\$ 1,979,108	\$ (488,308)	\$ (2,871,486)	\$ —	\$ 8,340,463

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

(4) Fair values of bonds 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. Level 2 securities primarily include United States government securities, corporate securities, securities from states, municipalities and political subdivisions, mortgage-backed securities and certain other asset-backed securities. For securities not actively traded, the 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. The Company has controls in place to review the pricing services' qualifications and procedures used to determine fair values. In addition, the Company periodically reviews the pricing services' pricing methodologies, data sources and pricing inputs to ensure the fair values obtained are reasonable.

Certain fixed maturity securities, primarily corporate debt securities, are designated Level 3. For these securities, the valuation methodologies may incorporate broker quotes or discounted cash flow analyses using assumptions for inputs such as expected cash

NOTES TO FINANCIAL STATEMENTS

flows, benchmark yields, credit spreads, default rates and prepayment speeds that are not observable in the markets.

Fair values of common stock are generally designated as Level 1 and are based on quoted market prices. For certain common stock, 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 as Level 2. The Company also has certain equity securities, including private equity securities, for which the fair value is estimated based on each security’s current condition and future cash flow projections. Such securities are designated as 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, and/or revenue multiples that are not observable in the markets.

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, 2019 and 2018.

C. Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	\$ 1,115,882,226	\$1,081,961,553	\$ —	\$ 1,111,358,390	\$ 4,523,836	\$ —	\$ —
Common stock	6,706,020	6,706,020	—	—	6,706,020	—	—
Cash equivalents	9,982,700	9,981,799	—	9,982,700	—	—	—
Short-term investments	2,552,973	2,538,367	—	2,552,973	—	—	—
Securities lending collateral asset	16,212,034	16,105,802	—	16,212,034	—	—	—

D. Not Practicable to Estimate Fair Value

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

E. Investments Measured at Net Asset Value

The Company has no investments measured at net asset value.

21. Other Items

A. Unusual or Infrequent Items

Not applicable at December 31, 2019 and 2018.

B. Troubled Debt Restructuring: Debtors

Not applicable at December 31, 2019 and 2018.

C. Other Disclosures

Assets in the amount of \$452,251 and \$460,875 at December 31, 2019 and 2018, 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

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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 \$11,380,780 and \$0 as of December 31, 2019 and 2018, respectively, and are included in aggregate write-ins for other than invested assets and in health policy reserves in the accompanying balance sheets.

FEP represented approximately 52.2% and 60.1% of premiums receivable as of December 31, 2019 and 2018, respectively. FEP represented approximately 14.6% and 16.5% of net premiums written for the years ended December 31, 2019 and 2018, respectively.

D. Business Interruption Insurance Recoveries

The Company has reported no recoveries for business interruption for the years ended December 31, 2019 and 2018.

E. State Transferable and Non-Transferable Tax Credits

The Company did not have state transferable or non-transferable tax credits at December 31, 2019 and 2018.

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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, 2019 or 2018.
- (3) The Company did not have subprime mortgage-related risk exposure at December 31, 2019 or 2018.
- (4) The Company did not underwrite Mortgage Guaranty or Financial Guaranty insurance coverage at December 31, 2019 or 2018.

G. Retained Assets

The Company does not have retained assets at December 31, 2019 and 2018.

H. Insurance-Linked Securities Contracts

Not applicable.

I. The Amount That Could Be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or Has Otherwise Obtained Rights to Control the Policy

(1) Amount of admitted balance that could be realized from an investment vehicle	\$	183,439,111
(2) Percentage Bonds		30%
(3) Percentage Stocks		—%
(4) Percentage Mortgage Loans		—%
(5) Percentage Real Estate		—%
(6) Percentage Cash and Short-Term Investments		27%
(7) Percentage Derivatives		—%
(8) Percentage Other Invested Assets		43%

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 2019 and resumed for 2020.

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	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	\$ 118,155,872	\$ —
C. ACA fee assessment paid	\$ —	\$ 108,867,568
D. Premium written subject to ACA 9010 assessment	\$ 5,786,109,500	\$ 5,259,000,425
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	\$ 773,738,090	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus Line 22B above).	\$ 655,582,218	
G. Authorized Control Level (Five-Year Historical Line 15)	\$ 211,147,238	
H. Would reporting the ACA assessment as of December 31, 2019 have triggered an RBC action level (YES/NO)?	NO	

On January 14, 2020 the Company’s borrowing of \$150,000,000 from the FHLBC matured and was paid in full.

Subsequent events have been considered through February 26, 2020 for the statutory statement issued on February 27, 2020. There were no other events occurring subsequent to December 31, 2019 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.

(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

NOTES TO FINANCIAL STATEMENTS

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.

\$2,964,888

(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, 2019 and 2018.

C. Commutation of Ceded Reinsurance

The Company has not commuted ceded reinsurance during 2019 and 2018.

D. Certified Reinsurer Rating Downgraded or Status Subject Revocation

The Company has no downgraded certified reinsurer ratings or status subject to revocations during 2019 and 2018.

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, 2019 and 2018 that were subject to retrospective rating features was \$5,467,567,311 and \$5,073,621,785, respectively, which represented, 94.5% and 94.5%, respectively, of the total net premiums written.
- D. In accordance with the NAIC SAP, medical loss ratio rebates in accordance with the Federal 2010 Patient Protection and Affordable Care Act and Public Health Service Act, are to be reported in accordance with SSAP No. 66 - *Retrospectively Rated Contracts* ("SSAP No. 66"). A retrospectively rated contract is one that has the final policy premium calculated based on the loss experience of the insured during the term of the policy (including loss

NOTES TO FINANCIAL STATEMENTS

development after the term of the policy) and the stipulated formula set forth in the policy, or in the case of medical loss ratio rebates, a formula required by law. The Company based the incurred and unpaid liability amounts reported below based on its underwriting experience; actuarial, tax, and accounting estimates and assumptions at the financial statement date; as well as regulations and guidance available that is not final and subject to change prior to settlement. Accordingly, the Company’s use of estimates and assumptions in the preparation of the statutory based financial statements and related footnote disclosures may differ from actual results. Hence, the amounts reported herein are for financial reporting purposes solely and not intended to be used for settlement purposes.

Medical loss ratio rebates accrued pursuant to the Public Health Service Act are as follows:

	1	2	3	4	5
	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Year Reporting:					
(1) Medical loss ratio rebates incurred	\$ —	\$ —	\$ —	\$ —	\$ —
(2) Medical loss ratio rebates paid	—	—	—	—	—
(3) Medical loss ratio rebates unpaid	—	—	—	—	—
(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	\$ —
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred	\$ —	\$ —	\$ —	\$ —	\$ —
(8) Medical loss ratio rebates paid	—	—	—	—	—
(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	\$ —

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 (including high risk pool payments)	\$ 11,408,064
	Liabilities	
	2. Risk adjustment user fees payable for ACA Risk Adjustment	\$ 58,475
	3. Premium adjustments payable due to ACA Risk Adjustment (including high risk pool premiums)	\$ 7,799,573
	Operations (Revenue & Expense)	
	4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$ 5,441,972
	5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)	\$ 58,081
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. 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	\$ 47,923
	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	\$ —

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

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		Ref	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)		Receivable	(Payable)	
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable	\$ 12,752,340	\$ —	\$ 14,553,692	\$ —	\$ (1,801,352)	\$ —	\$ 3,030,380	\$ —	A	\$ 1,229,028	\$ —
2. Premium adjustments (payable)	\$ —	\$ 813,766	\$ —	\$ —	\$ —	\$ 813,766	\$ —	\$ (813,766)	B	\$ —	\$ —
3. Subtotal ACA Permanent Risk Adjustment Program	\$ 12,752,340	\$ 813,766	\$ 14,553,692	\$ —	\$ (1,801,352)	\$ 813,766	\$ 3,030,380	\$ (813,766)		\$ 1,229,028	\$ —
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	\$ 91,049	\$ —	\$ 91,049	\$ —	\$ —	\$ —	\$ —	\$ —	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	\$ 91,049	\$ —	\$ 91,049	\$ —	\$ —	\$ —	\$ —	\$ —		\$ —	\$ —
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	\$ 12,843,389	\$ 813,766	\$ 14,644,741	\$ —	\$ (1,801,352)	\$ 813,766	\$ 3,030,380	\$ (813,766)		\$ 1,229,028	\$ —

Explanations of Adjustments

- A Adjustments were made to reflect the ending balance in the Centers for Medicare & Medicaid Services "Summary Report on Permanent Risk Adjustment Transfers for the 2018 Benefit Year."
- B Adjustments were made to reflect the ending balance in the Centers for Medicare & Medicaid Services "Summary Report on Permanent Risk Adjustment Transfers for the 2018 Benefit Year."
- C Not applicable.
- D Not applicable.
- E Not applicable.
- F Not applicable.
- G Not applicable.
- H Not applicable.
- I Not applicable.
- J Not applicable.

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		Ref	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)		Receivable	(Payable)
a. 2014											
1. Accrued retrospective premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	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	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —		\$ —	\$ —

Explanations of adjustments

- A Not applicable.
- 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	\$ 13,352	\$ 2,685	\$ —	\$ —	\$ —
b. 2015	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
c. 2016	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
d. Total (a + b + c)	\$ 16,037	\$ 13,352	\$ 2,685	\$ —	\$ —	\$ —

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 increased by \$4,275,533 during 2019. This is approximately 0.9% of unpaid claims and claim adjustment expenses of \$474,506,371 as of December 31, 2018. The deficiency reflects the increases 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 2019. 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.

NOTES TO FINANCIAL STATEMENTS

26. Intercompany Pooling Arrangements

Not applicable at December 31, 2019 and 2018.

27. Structured Settlements

Not applicable at December 31, 2019 and 2018.

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

During 2019, the Company sold \$174,912,375 of pharmaceutical rebate receivables without recourse to Blue Cross of California, an affiliated entity. The cash proceeds received by the Company represented the expected pharmaceutical rebates recoverable in 90 days or more at the end of each quarter, less a \$874,562 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
12/31/2019	\$ 70,637,567	\$ 21,078,729	\$ —	\$ —	\$ —
9/30/2019	78,116,351	40,456,735	21,005,993	—	—
6/30/2019	101,841,936	70,851,540	7,950,708	63,619,939	—
3/31/2019	103,278,688	72,005,668	7,318,055	64,665,349	—
12/31/2018	96,977,832	73,788,536	7,559,897	66,588,814	—
9/30/2018	96,150,549	70,787,576	48,193,164	23,005,869	6,061
6/30/2018	88,286,098	69,241,337	6,294,047	63,467,184	112,001
3/31/2018	82,302,192	62,596,130	3,796,384	59,241,647	(84,208)
12/31/2017	46,449,032	66,452,945	17,950,912	27,586,042	(19,406)
9/30/2017	63,220,417	64,572,898	60,610,166	3,547,886	(115,324)
6/30/2017	64,776,448	63,721,094	222,259	63,205,265	204,259
3/31/2017	61,457,665	57,583,568	347,965	53,538,858	3,750,765

B. Risk Sharing Receivables

Not applicable at December 31, 2019 and 2018.

29. Participating Policies

Not applicable at December 31, 2019 and 2018.

30. Premium Deficiency Reserves

The Company had no liabilities related to premium deficiency reserves as of December 31, 2019 and 2018.

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 \$8,011,000 and \$14,008,000 at December 31, 2019 and 2018, respectively.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1

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

Yes ☒ No ☐

1.2

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

Yes ☒ No ☐ N/A ☐

1.3

State Regulating?

Ohio

1.4

Is the reporting entity publicly traded or a member of a publicly traded group?

Yes ☒ No ☐

1.5

If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.

0001156039

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.

12/31/2017

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.

12/31/2017

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).

05/23/2019

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?
4.12 renewals?

Yes ☐ No ☒
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?
4.22 renewals?

Yes ☐ No ☒
Yes ☐ No ☒

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?
If yes, complete and file the merger history data file with the NAIC.

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 2019 OF THE Community Insurance Company

GENERAL INTERROGATORIES

- 8.1

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

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

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

Yes [] No [X]
- 8.4

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

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

9.

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

Ernst & Young LLP 111 Monument Circle, Suite 4000, 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?

Keith McDaniel (employee), FSA, MAAA, Associate Actuary, 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 [] No [X]
- 14.21

If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3

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

Yes [] No [X]
- 14.31

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

GENERAL INTERROGATORIES

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

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 [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]
17.	Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]
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 [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]

19.	Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?		Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
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 [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
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 [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
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 [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]
23.2	If yes, indicate any amounts receivable from parent included in the Page 2 amount:		\$	57,702,167

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	<input checked="" type="checkbox"/>	X	No	<input type="checkbox"/>		
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	<input checked="" type="checkbox"/>	X	No	<input type="checkbox"/>		N/A <input type="checkbox"/>
24.05	If answer to 24.04 is yes, report amount of collateral for conforming programs.	\$					16,105,802	
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	<input checked="" type="checkbox"/>	X	No	<input type="checkbox"/>		N/A <input type="checkbox"/>
24.08	Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?	Yes	<input checked="" type="checkbox"/>	X	No	<input type="checkbox"/>		N/A <input type="checkbox"/>
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	<input checked="" type="checkbox"/>	X	No	<input type="checkbox"/>		N/A <input type="checkbox"/>

ANNUAL STATEMENT FOR THE YEAR 2019 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.	\$	16,212,034
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$	16,105,802
24.103	Total payable for securities lending reported on the liability page.	\$	16,105,802

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

Yes [X] No []

25.2	If yes, state the amount thereof at December 31 of the current year:	25.21 Subject to repurchase agreements	\$	
		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	\$	6,509,000
		25.28 On deposit with states	\$	452,251
		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	\$	158,748,163
		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 [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

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

If no, attach a description with this statement.

LINES 26.3 through 26.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate sensitivity? ..

Yes [] No []

26.4	If the response to 26.3 is YES, does the reporting entity utilize:	26.41 Special accounting provision of SSAP No. 108	Yes [] No []
		26.42 Permitted accounting practice	Yes [] No []
		26.43 Other accounting guidance	Yes [] No []

26.5 By responding YES to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following:

Yes [] No []

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guideline Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and that the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [] No [X]

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

\$

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

Yes [X] No []

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase Bank, N.A	383 Madison Ave, New York, NY 10179

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Community Insurance Company

GENERAL INTERROGATORIES

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?..... Yes [] No [X]

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

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

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

1 Name of Firm or Individual	2 Affiliation
Anthem, Inc.	I.....
Bain Capital Credit, LP	U.....
BlackRock Financial Management	U.....
Loomis, Sayles & Company, LP	U.....
Pacific Investment Management Company	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 invested assets?..... Yes [X] No []

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

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

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	WBY05W75IL9CPDJW0453	Securities Exchange Commission	NO.....
107105	BlackRock Financial Management	549300LVXYIVJKE13M84	Securities Exchange Commission	NO.....
105377	Loomis, Sayles & Company, LP	J1ZPN2RX3UMNOYID1313	Securities Exchange Commission	NO.....
104559	Pacific Investment Management Company	549300KGPYQZXGMYYN38	Securities Exchange Commission	NO.....

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

29.2 If yes, complete the following schedule:

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Community Insurance Company

GENERAL INTERROGATORIES

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

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	1,094,481,721	1,128,417,899	33,936,178
30.2 Preferred stocks	0	0	0
30.3 Totals	1,094,481,721	1,128,417,899	33,936,178

30.4 Describe the sources or methods utilized in determining the fair values:
Fair values were obtained from third-party pricing sources. If a security was not priced by a third-party pricing source, internal analytical systems or broker quotes were utilized.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []

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

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

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

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

33. By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:
a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
b. Issuer or obligor is current on all contracted interest and principal payments.
c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.
Has the reporting entity self-designated 5GI securities? Yes [] No [X]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:
a. The security was purchased prior to January 1, 2018.
b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.
Has the reporting entity self-designated PLGI securities? Yes [] No [X]

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:
a. The shares were purchased prior to January 1, 2019.
b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
d. The fund only or predominantly holds bonds in its portfolio.
e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.
Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria? Yes [] No [X]

OTHER

36.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$1,788,904

36.2 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	1,788,904
.....	

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Community Insurance Company

GENERAL INTERROGATORIES

37.1 Amount of payments for legal expenses, if any?\$11,942,061

37.2 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
Omelveny and Myers	4,210,761
.....	

38.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?\$141,000

38.2 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 2019 Annual Statement.	
.....	

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [X] No []

1.2

If yes, indicate premium earned on U.S. business only.

\$ 141,181,005

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.

\$ 104,621,978

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$ 34,239,317

1.62

Total incurred claims

\$ 26,983,265

1.63

Number of covered lives

23,957

All years prior to most current three years:

1.64

Total premium earned

\$ 73,083,247

1.65

Total incurred claims

\$ 49,226,946

1.66

Number of covered lives

24,757

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

\$ 33,858,441

1.75

Total incurred claims

\$ 28,411,767

1.76

Number of covered lives

12,345

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

5,782,976,891

5,366,938,697

2.2

Premium Denominator

5,782,976,891

5,366,938,697

2.3

Premium Ratio (2.1/2.2)

1.000

1.000

2.4

Reserve Numerator

565,152,240

490,102,014

2.5

Reserve Denominator

565,152,240

490,102,014

2.6

Reserve Ratio (2.4/2.5)

1.000

1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No []

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [] No [X]

5.2

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

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$

5.32

Medical Only

\$

5.33

Medicare Supplement

\$

5.34

Dental & Vision

\$

5.35

Other Limited Benefit Plan

\$

5.36

Other

\$

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
If the Company becomes insolvent, Anthem, Inc. has agreed to the full extent of its assets, to assume all contractual and financial obligations of the Company. The Company's provider contracts include insolvency provisions, continuity of care provisions, and hold harmless language. Benefit certificates include continuation 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 [X] No []

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

76,561

8.2

Number of providers at end of reporting year

79,075

9.1

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

Yes [X] No []

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months.

\$ 45,020,942

9.22

Business with rate guarantees over 36 months

\$ 7,605,815

28

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Community Insurance Company

GENERAL INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [X] No []
- 10.2 If yes:

10.21 Maximum amount payable bonuses.....\$ 36,032,999

10.22 Amount actually paid for year bonuses.....\$ 48,870,198

10.23 Maximum amount payable withholds.....\$

10.24 Amount actually paid for year withholds.....\$
- 11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, Yes [] No [X]

11.13 An Individual Practice Association (IPA), or, Yes [] No [X]

11.14 A Mixed Model (combination of above)? Yes [] No [X]
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [X] No []
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus. Ohio
- 11.4 If yes, show the amount required.\$ 2,500,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No [X]
- 11.6 If the amount is calculated, show the calculation

12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
State of Ohio
State of Indiana
.....

- 13.1 Do you act as a custodian for health savings accounts? Yes [] No [X]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$
- 13.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
- 13.4 If yes, please provide the balance of funds administered as of the reporting date. \$
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes [] No [] N/A [X]
- 14.2 If the answer to 14.1 is yes, please provide the following:

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

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded):
- 15.1 Direct Premium Written\$
- 15.2 Total Incurred Claims\$
- 15.3 Number of Covered Lives

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

16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [X] No []
- 16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [] No []

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Community Insurance Company

FIVE-YEAR HISTORICAL DATA

	1 2019	2 2018	3 2017	4 2016	5 2015
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	1,926,325,358	1,812,303,254	1,990,383,823	2,138,680,961	2,091,388,096
2. Total liabilities (Page 3, Line 24)	1,152,587,268	1,010,122,090	1,160,408,378	1,330,908,705	1,337,248,778
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)	773,738,090	802,181,164	829,975,445	807,772,256	754,139,318
Income Statement (Page 4)					
5. Total revenues (Line 8)	5,951,517,993	5,398,359,574	5,714,239,382	5,297,048,925	5,255,401,210
6. Total medical and hospital expenses (Line 18)	5,028,201,662	4,460,443,424	4,844,936,342	4,414,793,254	4,347,507,705
7. Claims adjustment expenses (Line 20)	188,532,867	124,988,263	123,219,036	102,243,429	129,868,302
8. Total administrative expenses (Line 21)	349,897,239	410,096,786	327,205,978	328,819,684	390,664,518
9. Net underwriting gain (loss) (Line 24)	386,545,926	400,190,812	423,533,893	453,431,363	390,644,188
10. Net investment gain (loss) (Line 27)	40,755,251	95,875,283	79,653,788	64,976,026	51,428,875
11. Total other income (Lines 28 plus 29)	16,897,540	2,123,183	1,367,482	(926,360)	863,127
12. Net income or (loss) (Line 32)	352,244,072	386,618,759	348,557,354	319,116,362	266,266,380
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	434,773,942	295,209,280	330,336,438	152,481,367	272,626,870
Risk-Based Capital Analysis					
14. Total adjusted capital	773,738,090	802,181,164	829,975,445	807,772,256	754,139,318
15. Authorized control level risk-based capital	211,147,238	185,337,282	190,927,970	186,323,758	177,912,459
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	2,065,570	1,958,586	2,034,466	1,841,214	1,854,137
17. Total members months (Column 6, Line 7)	24,747,790	23,543,428	24,315,451	21,880,782	22,435,066
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	84.5	82.6	84.8	83.3	82.7
20. Cost containment expenses	2.0	1.3	1.2	0.9	1.3
21. Other claims adjustment expenses	1.1	1.0	0.9	1.1	1.1
22. Total underwriting deductions (Line 23)	93.5	92.6	92.6	91.4	92.6
23. Total underwriting gain (loss) (Line 24)	6.5	7.4	7.4	8.6	7.4
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	443,794,988	446,643,094	485,896,042	470,117,412	472,471,730
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	462,317,829	541,836,779	535,396,304	524,603,915	522,284,518
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0				
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0				
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					
32. Total of above Lines 26 to 31	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.					

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

Yes [] No []

If no, please explain:

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Community Insurance Company

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories										
		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, etc.		Active Status (a)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama	AL	N						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	2,427,946					2,427,946	
16.	Iowa	IA	N						0	
17.	Kansas	KS	N						0	
18.	Kentucky	KY	N						0	
19.	Louisiana	LA	N						0	
20.	Maine	ME	N						0	
21.	Maryland	MD	N						0	
22.	Massachusetts	MA	N						0	
23.	Michigan	MI	N						0	
24.	Minnesota	MN	N						0	
25.	Mississippi	MS	N						0	
26.	Missouri	MO	N						0	
27.	Montana	MT	N						0	
28.	Nebraska	NE	N						0	
29.	Nevada	NV	N						0	
30.	New Hampshire	NH	N						0	
31.	New Jersey	NJ	N						0	
32.	New Mexico	NM	N						0	
33.	New York	NY	N						0	
34.	North Carolina	NC	N						0	
35.	North Dakota	ND	N						0	
36.	Ohio	OH	L	2,740,229,287	2,195,066,431	1,225,669,538			6,160,965,256	
37.	Oklahoma	OK	N						0	
38.	Oregon	OR	N						0	
39.	Pennsylvania	PA	N						0	
40.	Rhode Island	RI	N						0	
41.	South Carolina	SC	N						0	
42.	South Dakota	SD	N						0	
43.	Tennessee	TN	N						0	
44.	Texas	TX	N						0	
45.	Utah	UT	N						0	
46.	Vermont	VT	N						0	
47.	Virginia	VA	N						0	
48.	Washington	WA	N						0	
49.	West Virginia	WV	N						0	
50.	Wisconsin	WI	N						0	
51.	Wyoming	WY	N						0	
52.	American Samoa	AS	N						0	
53.	Guam	GU	N						0	
54.	Puerto Rico	PR	N						0	
55.	U.S. Virgin Islands	VI	N						0	
56.	Northern Mariana Islands	MP	N						0	
57.	Canada	CAN	N						0	
58.	Aggregate other alien	OT	XXX	0	0	0	0	0	0	0
59.	Subtotal	XXX	2,742,657,233	2,195,066,431	0	1,225,669,538	0	0	6,163,393,202	0
60.	Reporting entity contributions for Employee Benefit Plans	XXX							0	
61.	Total (Direct Business)	XXX	2,742,657,233	2,195,066,431	0	1,225,669,538	0	0	6,163,393,202	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	0
58999.	Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0

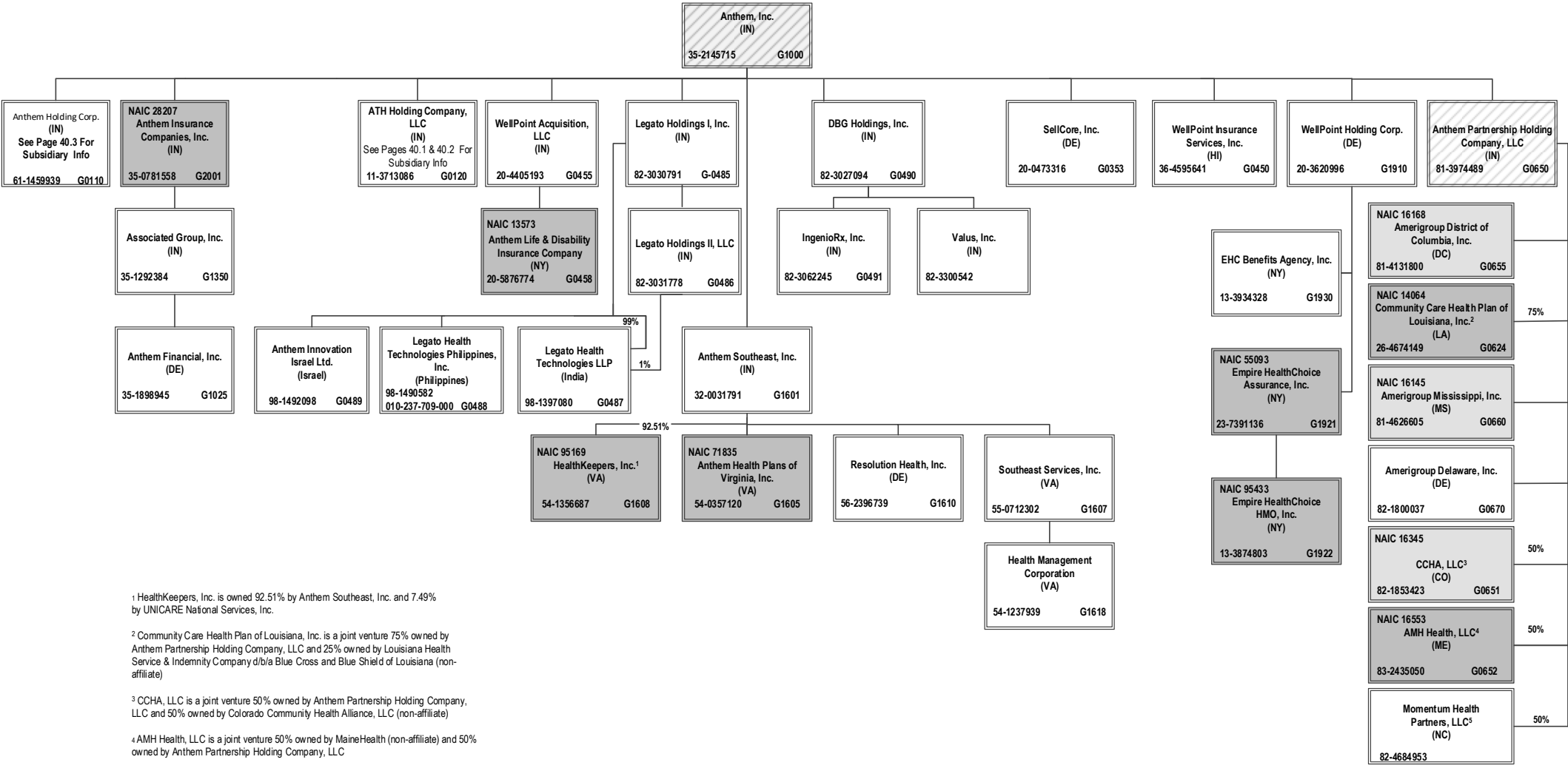
(a) Active Status Counts:
L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....2 R - Registered - Non-domiciled RRGs.....0
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state.....0 Q - Qualified - Qualified or accredited reinsurer.....0
N - None of the above - Not allowed to write business in the state.....55

(b) Explanation of basis of allocation by states, premiums by state, etc.
Allocated based on the situs of the contract.

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

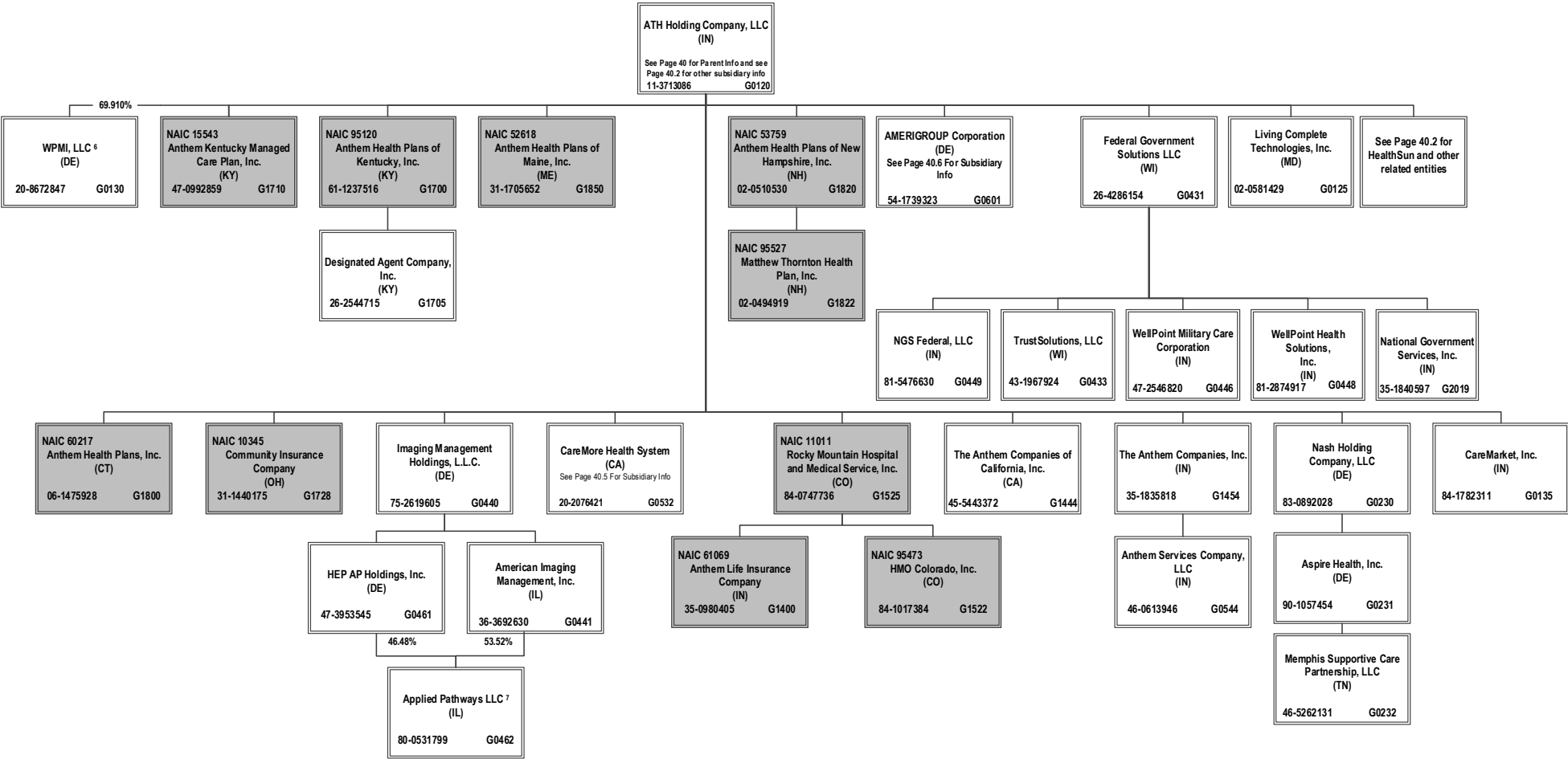
BCBSA Licensee
Regulated Insurance Company
Regulated BCBSA Licensee



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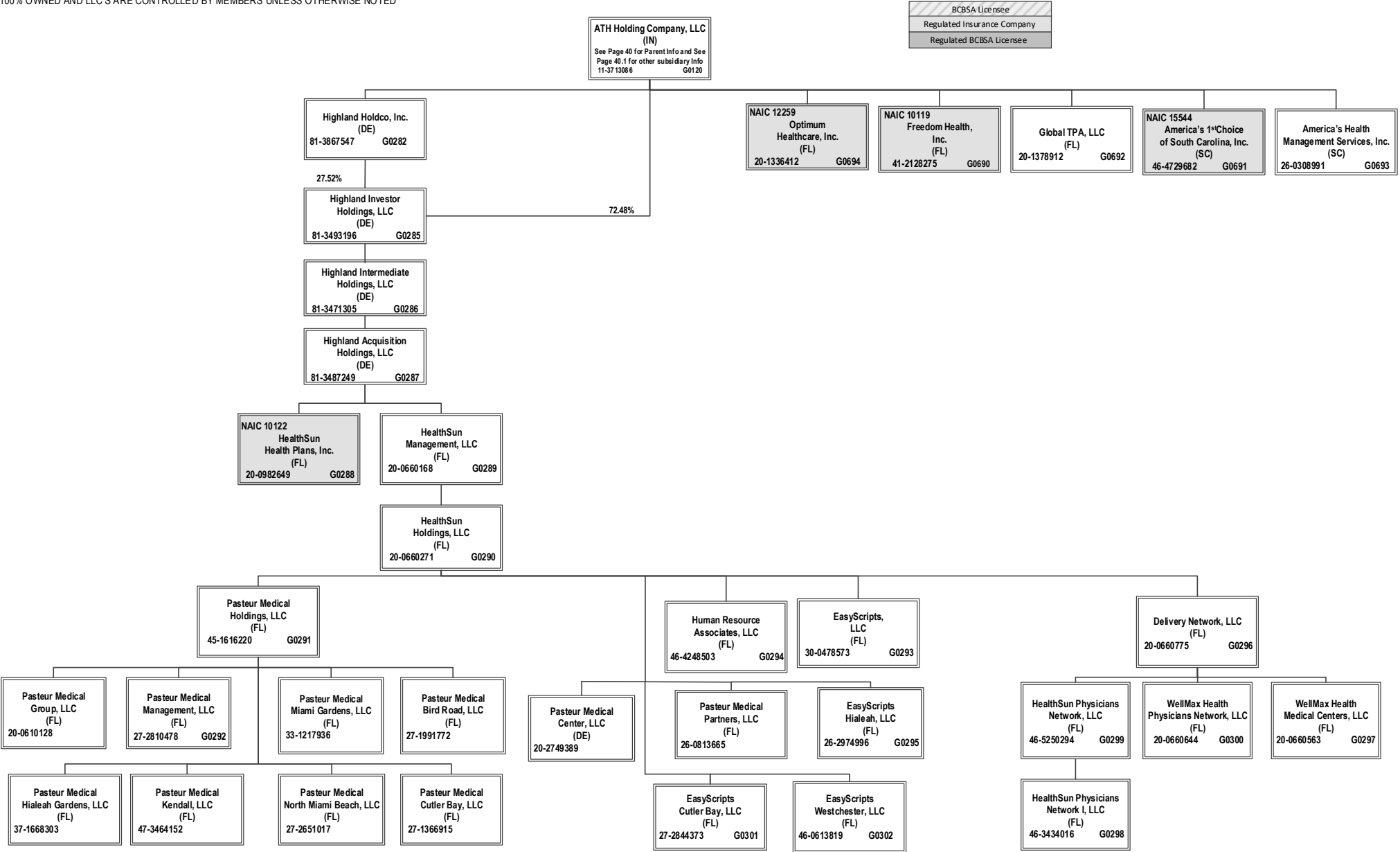


⁶ 30.09% of WPMI, LLC is owned by unaffiliated investors

⁷ Applied Pathways LLC is owned 53.52% by AIM and 46.48% by HEP AP Holdings, Inc.

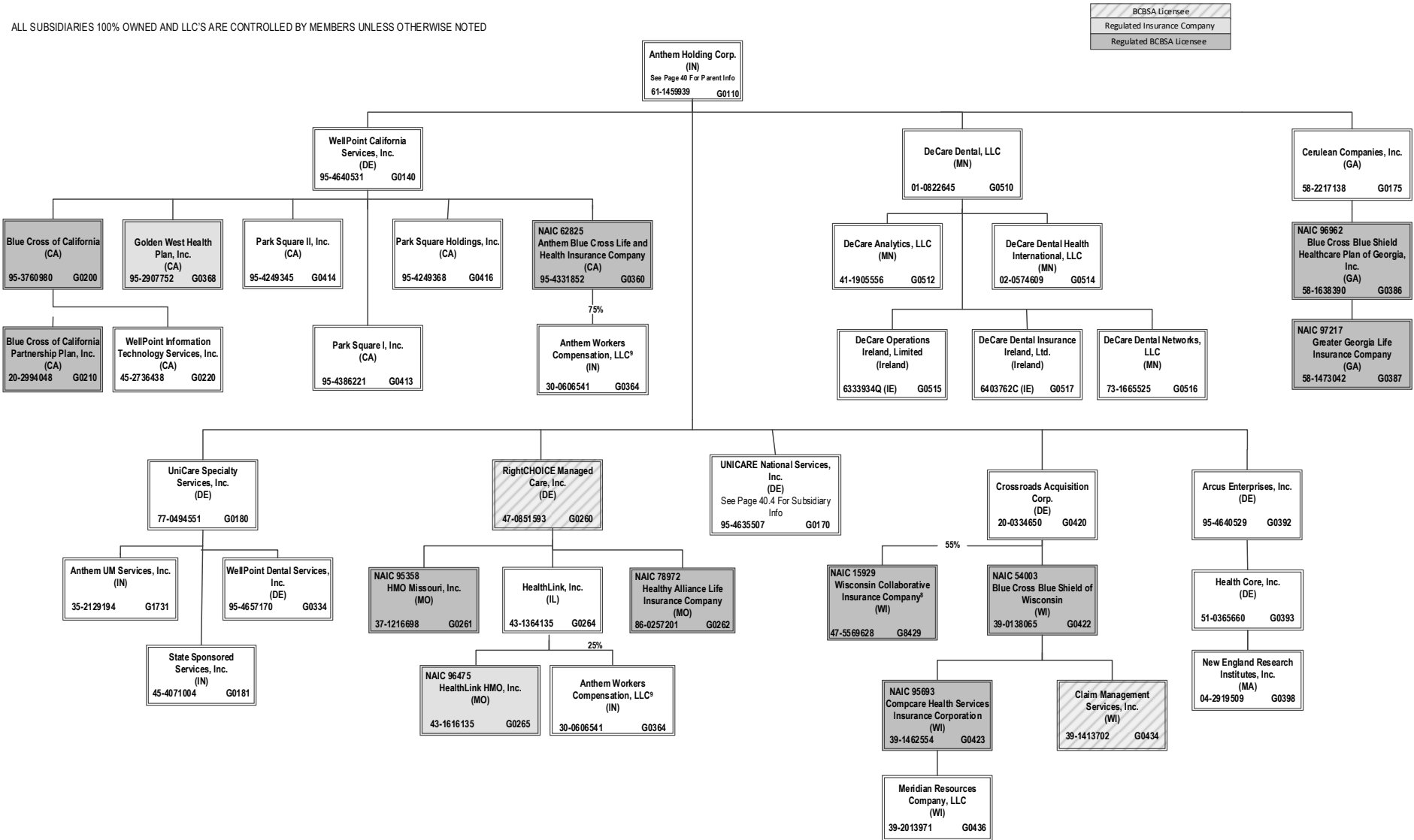
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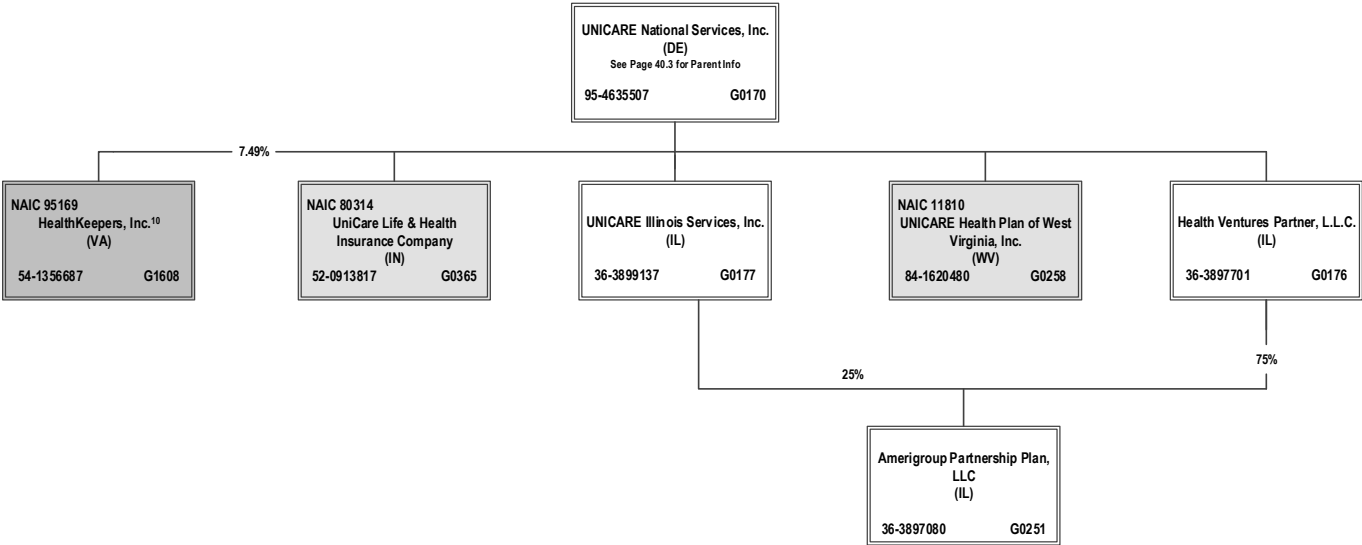
⁸ 45% of WCIC is owned by Aurora Health Care, Inc. (non-affiliate). Not consolidated for accounting purposes.

⁹ Anthem Workers' Compensation LLC is owned 75% by Anthem Blue Cross Life and Health Insurance Company and 25% by HealthLink, Inc.

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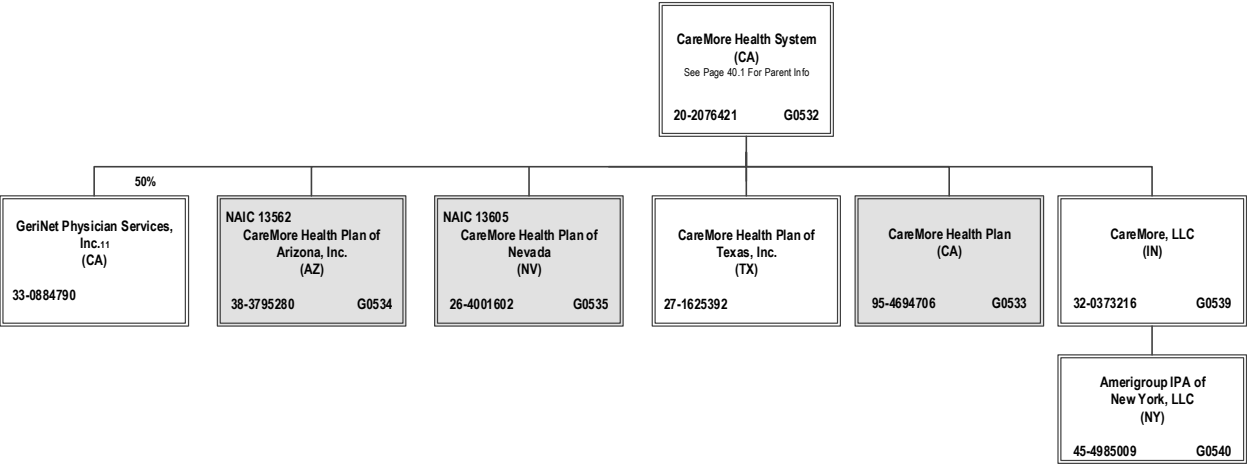


¹⁰ HealthKeepers, Inc. is owned 92.51% by Anthem Southeast, Inc. and 7.49% by UNICARE National Services, Inc.

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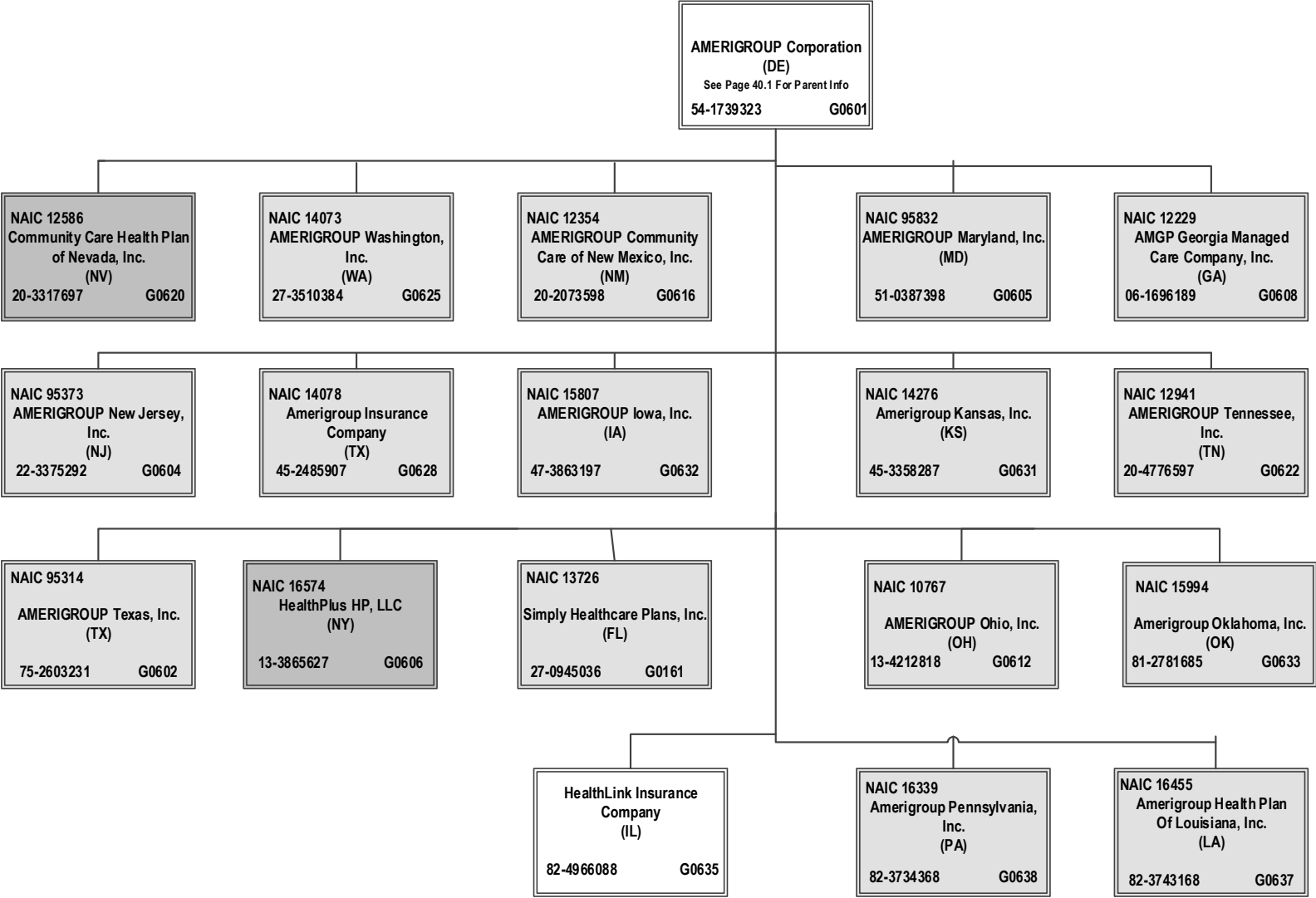


¹¹ GeriNet Physician Services, Inc. is owned 50% by CareMore Health System and 50% by Health Essentials Acquisition Corporation (non-affiliate)

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
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Regulated Insurance Company
Regulated BCBSA Licensee



ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Community Insurance Company

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Assets Line 25

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504.	Other miscellaneous accounts receivable	9,177,938	9,081,148	96,790	172,629
2505.	Prepaid expenses	18,053,079	18,053,079	0	0
2597.	Summary of remaining write-ins for Line 25 from overflow page	27,231,017	27,134,227	96,790	172,629

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