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# AMENDED FILING EXPLANATION

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This page is required to be updated/completed any time an amended filing is created.



ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	47,170,338		47,170,338	54,664,640
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	316,075,650	287,580,772	28,494,878	22,170,989
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 (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....42,852,117, Schedule E-Part 1), cash equivalents (\$.....81,241,343, Schedule E-Part 2) and short-term investments (\$.....6,250,333, Schedule DA).....	130,343,793		130,343,793	118,960,977
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....	25,824		25,824	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	493,615,605	287,580,772	206,034,833	195,796,605
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	285,977		285,977	428,079
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	52,828,156	1,794,414	51,033,742	54,278,065
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			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.....	76,764,072	885,594	75,878,478	66,564,414
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....	3,106,289	1,704,023	1,402,266	2,412,321
19. Guaranty funds receivable or on deposit.....	5,470,703		5,470,703	5,555,348
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	2,883,652		2,883,652	4,973,434
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other-than-invested assets.....	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	634,954,454	291,964,803	342,989,651	330,008,266
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	634,954,454	291,964,803	342,989,651	330,008,266

DETAILS OF WRITE-INS

1101. ....			0	
1102. ....			0	
1103. ....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. ....			0	
2502. ....			0	
2503. ....			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	60,761,408		60,761,408	61,060,218
2. Accrued medical incentive pool and bonus amounts.....			0	
3. Unpaid claims adjustment expenses.....	1,049,683		1,049,683	1,032,108
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....			0	
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserves.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	6,605,490		6,605,490	10,177,497
9. General expenses due or accrued.....	5,877,662		5,877,662	3,700,374
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....	13,138,459		13,138,459	17,961,626
10.2 Net deferred tax liability.....			0	
11. Ceded reinsurance premiums payable.....			0	
12. Amounts withheld or retained for the account of others.....			0	
13. Remittances and items not allocated.....	8,660,314		8,660,314	7,068,110
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....	36,703,001		36,703,001	22,048,386
16. Derivatives.....			0	
17. Payable for securities.....	25,679		25,679	13,803
18. Payable for securities lending.....			0	
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers).....			0	
20. Reinsurance in unauthorized and certified (\$.....0) companies.....			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
22. Liability for amounts held under uninsured plans.....	2,887,531		2,887,531	2,907,295
23. Aggregate write-ins for other liabilities (including \$.....0 current).....	18,035,060	0	18,035,060	7,276,645
24. Total liabilities (Lines 1 to 23).....	153,744,287	0	153,744,287	133,246,062
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	25,540,002	0
26. Common capital stock.....	XXX	XXX	2,500,000	2,500,000
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX	38,462,582	38,462,582
29. Surplus notes.....	XXX	XXX		
30. Aggregate write-ins for other-than-special surplus funds.....	XXX	XXX	0	500,000
31. Unassigned funds (surplus).....	XXX	XXX	122,742,780	155,299,622
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 \$.....0).....	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 \$.....0).....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	189,245,364	196,762,204
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	342,989,651	330,008,266

DETAILS OF WRITE-INS

2301. Taxes, licenses & fees.....	5,795,408		5,795,408	6,145,241
2302. Escheatable checks.....	1,126,921		1,126,921	1,131,404
2303. Other Liabilities.....	11,112,731		11,112,731	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above).....	18,035,060	0	18,035,060	7,276,645
2501. Health Insurer Assessment.....	XXX	XXX	25,540,002	
2502. ....	XXX	XXX		
2503. ....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	XXX	XXX	25,540,002	0
3001. Statutory Reserve.....	XXX	XXX		500,000
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 through 3003 plus 3098) (Line 30 above).....	XXX	XXX	0	500,000

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX.....	202,160,248	194,340,066
2. Net premium income (including \$.....0 non-health premium income).....	XXX.....	1,296,446,804	1,234,928,616
3. Change in unearned premium reserves and reserve for rate credits.....	XXX.....		
4. Fee-for-service (net of \$.....267,745,560 medical expenses).....	XXX.....	38,922,687	47,804,709
5. Risk revenue.....	XXX.....	3,744,963	2,945,428
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.....	1,339,114,454	1,285,678,753
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits.....			
10. Other professional services.....		1,003,223,865	967,412,461
11. Outside referrals.....			
12. Emergency room and out-of-area.....			
13. Prescription drugs.....			
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....			
16. Subtotal (Lines 9 to 15).....	.0	1,003,223,865	967,412,461
<b>Less:</b>			
17. Net reinsurance recoveries.....			
18. Total hospital and medical (Lines 16 minus 17).....	.0	1,003,223,865	967,412,461
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.....0 cost containment expenses.....		23,157,601	20,295,602
21. General administrative expenses.....		229,146,897	223,604,496
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....			
23. Total underwriting deductions (Lines 18 through 22).....	.0	1,255,528,363	1,211,312,559
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX.....	83,586,091	74,366,194
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		4,036,325	3,237,948
26. Net realized capital gains or (losses) less capital gains tax of \$....426,198.....		1,603,318	1,391,713
27. Net investment gains or (losses) (Lines 25 plus 26).....	.0	5,639,643	4,629,661
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$....333,133)].....		(333,133)	(256,952)
29. Aggregate write-ins for other income or expenses.....	.0	.0	.0
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.....	88,892,601	78,738,903
31. Federal and foreign income taxes incurred.....	XXX.....	17,790,362	21,807,792
32. Net income (loss) (Lines 30 minus 31).....	XXX.....	71,102,239	56,931,111

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 through 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 through 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 through 1403 plus 1498) (Line 14 above).....	.0	.0	.0
2901. ....			
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page.....	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	.0	.0	.0

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	196,762,204	201,808,222
34. Net income or (loss) from Line 32.....	71,102,239	56,931,111
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....1,611,908.....	240,949	(43,623,872)
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	(174,903)	(1,006,634)
39. Change in nonadmitted assets.....	(31,685,125)	46,453,377
40. Change in unauthorized and certified reinsurance.....		
41. Change in treasury stock.....		
42. Change in surplus notes.....		
43. Cumulative effect of changes in accounting principles.....		
44. Capital changes:		
44.1 Paid in.....		
44.2 Transferred from surplus (Stock Dividend).....		
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....		
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....	(47,000,000)	(63,800,000)
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	(7,516,840)	(5,046,018)
49. Capital and surplus end of reporting period (Line 33 plus 48).....	189,245,364	196,762,204

DETAILS OF WRITE-INS

4701. ....		
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above).....	0	0

Vision Service Plan 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 (\$.....0 for occupancy of own building).....	.....	.....1,562,648	.....12,643,244	.....	.....14,205,892
2. Salaries, wages and other benefits.....	.....	.....17,439,007	.....141,087,958	.....9,464	.....158,536,429
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....	.....	.....	.....31,459,481	.....	.....31,459,481
4. Legal fees and expenses.....	.....	.....	.....	.....	.....0
5. Certifications and accreditation fees.....	.....	.....	.....	.....	.....0
6. Auditing, actuarial and other consulting services.....	.....	.....891,466	.....7,222,621	.....	.....8,114,087
7. Traveling expenses.....	.....	.....407,785	.....3,299,355	.....	.....3,707,140
8. Marketing and advertising.....	.....	.....1,999,754	.....16,179,825	.....	.....18,179,579
9. Postage, express and telephone.....	.....	.....371,546	.....3,006,142	.....	.....3,377,688
10. Printing and office supplies.....	.....	.....125,682	.....1,016,879	.....	.....1,142,561
11. Occupancy, depreciation and amortization.....	.....	.....1,424,932	.....11,528,998	.....	.....12,953,930
12. Equipment.....	.....	.....1,911,867	.....15,465,508	.....3,230	.....17,380,605
13. Cost or depreciation of EDP equipment and software.....	.....	.....	.....	.....	.....0
14. Outsourced services including EDP, claims, and other services.....	.....	.....1,818,314	.....14,711,809	.....	.....16,530,123
15. Boards, bureaus and association fees.....	.....	.....333,566	.....2,698,850	.....	.....3,032,416
16. Insurance, except on real estate.....	.....	.....95,508	.....772,748	.....	.....868,256
17. Collection and bank service charges.....	.....	.....	.....	.....	.....0
18. Group service and administration fees.....	.....	.....	.....	.....	.....0
19. Reimbursements by uninsured plans.....	.....	.....(6,664,846)	.....(65,953,000)	.....	.....(72,617,846)
20. Reimbursements from fiscal intermediaries.....	.....	.....	.....	.....	.....0
21. Real estate expenses.....	.....	.....	.....	.....	.....0
22. Real estate taxes.....	.....	.....	.....	.....	.....0
23. Taxes, licenses and fees:	.....	.....	.....	.....	.....
23.1 State and local insurance taxes.....	.....	.....	.....(141,713)	.....	.....(141,713)
23.2 State premium taxes.....	.....	.....	.....20,108,337	.....	.....20,108,337
23.3 Regulatory authority licenses and fees.....	.....	.....	.....2,215,277	.....	.....2,215,277
23.4 Payroll taxes.....	.....	.....	.....	.....	.....0
23.5 Other (excluding federal income and real estate taxes).....	.....	.....	.....16,475	.....	.....16,475
24. Investment expenses not included elsewhere.....	.....	.....	.....	.....	.....0
25. Aggregate write-ins for expenses.....	.....0	.....1,440,372	.....11,808,103	.....0	.....13,248,475
26. Total expenses incurred (Lines 1 to 25).....	.....0	.....23,157,601	.....229,146,897	.....12,694	(a).....252,317,192
27. Less expenses unpaid December 31, current year.....	.....	.....1,049,683	.....5,877,662	.....	.....6,927,345
28. Add expenses unpaid December 31, prior year.....	.....	.....1,034,748	.....3,684,942	.....	.....4,719,690
29. Amounts receivable relating to uninsured plans, prior year.....	.....	.....66,747,630	.....	.....	.....66,747,630
30. Amounts receivable relating to uninsured plans, current year.....	.....	.....76,764,072	.....	.....	.....76,764,072
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	.....0	.....33,159,108	.....226,954,177	.....12,694	.....260,125,979

DETAILS OF WRITE-INS

2501. Miscellaneous.....	.....	.....1,440,372	.....11,808,103	.....	.....13,248,475
2502. ....	.....	.....	.....	.....	.....0
2503. ....	.....	.....	.....	.....	.....0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.....0	.....0	.....0	.....0	.....0
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above).....	.....0	.....1,440,372	.....11,808,103	.....0	.....13,248,475

(a) Includes management fees of \$.....271,113,151 to affiliates and \$.....0 to non-affiliates.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

This statement has been completed in accordance with the Accounting Practices and Procedures Manual. The Company does not employ accounting practices that depart from the Manual.

	SSAP #	F/S Page	F/S Line #	2019	2018
NET INCOME					
(1) Company state basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ 71,102,239	\$ 56,931,111
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP					
				\$	\$
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP					
				\$	\$
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 71,102,239	\$ 56,931,111
SURPLUS					
(5) Company state basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 189,245,364	\$ 196,762,204
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP					
				\$	\$
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP					
				\$	\$
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 189,245,364	\$ 196,762,204

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

The preparation of financial statements in conformity with the Annual Statement Instructions and Accounting Practices and Procedures manual requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are recognized over the period of coverage and are generally based on the number of eligible participants. Receivables and related premiums are estimated based on the most recent eligibility received from clients under the program. Net revenue relating to uninsured plans is recorded as an offset to claims adjustment expenses and general administrative expenses. In addition, the Company uses the following accounting policies:

- (1) Basis for Short-Term Investments  
Short-term investments are stated at amortized cost.
- (2) Basis for Bonds and Amortization Schedule  
Bonds are stated at amortized cost using the interest method.
- (3) Basis for Common Stocks  
Stocks are stated at market value except investments in affiliated entities are recorded based on U.S. GAAP equity of the investees.
- (4) Basis for Preferred Stocks  
The Company has no preferred stock.
- (5) Basis for Mortgage Loans  
The Company has no mortgaged loans.
- (6) Basis for Loan-Backed Securities and Adjustment Methodology  
Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities.
- (7) Accounting Policies for Investments in Subsidiaries, Controlled and Affiliated Entities  
The Company carries its investments in Eyefinity, VSP Holding, Independent Eye Care MSO and VSP Optical Group at U.S. GAAP equity. The Company treats these investments as non-admitted assets since stand alone audits of the financial statements are not performed.
- (8) Accounting Policies for Investments in Joint Ventures, Partnerships and Limited Liability Entities  
The Company has no investments in Joint Ventures, Partnerships and Limited Liability Companies.
- (9) Accounting Policies for Derivatives  
The Company has no derivatives.
- (10) Anticipated Investment Income Used in Premium Deficiency Calculation  
The Company does not utilize anticipated investment income as a factor in the calculation of premium deficiency.
- (11) Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses  
Claims unpaid and related expenses represent the estimated liability for claims reported to the Company, claims incurred but not yet reported and unpaid claims adjustment expenses.
- (12) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period  
The Company has not modified its capitalization policy from the prior period.
- (13) Method Used to Estimate Pharmaceutical Rebate Receivables  
The Company does not have pharmaceutical rebate receivables.



NOTES TO FINANCIAL STATEMENTS

D. Going Concern

Management evaluated whether there are conditions and events that raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date that the financial statements are issued. Management’s evaluation was based only on relevant conditions and events that were known and reasonably knowable at the date that the financial statements are issued. Based on the evaluation, the Company is more than able to meet all known obligations at the date that the financial statements are issued, therefore, no conditions or events raise substantial doubt about the Company’s ability to continue as a going concern.

Note 2 – Accounting Changes and Correction of Errors

There were no material changes in accounting principles and/or correction of errors.

Note 3 – Business Combinations and Goodwill

A. Statutory Purchase Method

Not Applicable

B. Statutory Merger

The Company merged with Vision Services Plan, Ohio on June 1, 2019. The transactions were accounted for as statutory merger. There were no voting shares of common stock issued in exchange in the transactions. Premerger separate company revenue and net income for the previous three months ended March 31, 2019 were \$26M and \$669K, respectively, for Vision Services Plan, Ohio and revenue and net loss were \$311M and \$13M, respectively, for the Company. No adjustments were made directly to the surplus of Vision Services Plan, Ohio as a result of the merger.

C. Assumption Reinsurance

Not Applicable

D. Impairment Loss

Not Applicable

Note 4 – Discontinued Operations

Not Applicable

Note 5 – Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans - Not Applicable

B. Debt Restructuring - Not Applicable

C. Reverse Mortgages - Not Applicable

D. Loan-Backed Securities

(1) Description of Sources Used to Determine Prepayment Assumptions  
Prepayment assumptions for mortgage-backed/asset-backed securities were obtained from an external pricing service.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions - Not Applicable

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing - Not Applicable

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing - Not Applicable

H. Repurchase Agreements Transactions Accounted for as a Sale - Not Applicable

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale - Not Applicable

J. Real Estate - Not Applicable

K. Low-Income Housing Tax Credits (LIHTC) - Not Applicable

NOTES TO FINANCIAL STATEMENTS

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	3 Increase (Decrease) (1 minus 2)	4 Total Current Year Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 minus 4)	6 Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	7 Additional Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	\$	\$	\$	\$	\$	%	%
b. Collateral held under security lending arrangements						%	%
c. Subject to repurchase agreements						%	%
d. Subject to reverse repurchase agreements						%	%
e. Subject to dollar repurchase agreements						%	%
f. Subject to dollar reverse repurchase agreements						%	%
g. Placed under option contracts						%	%
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock						%	%
i. FHLB capital stock						%	%
j. On deposit with states	4,352,069	4,350,708	1,361		4,352,069	0.7%	1.3%
k. On deposit with other regulatory bodies						%	%
l. Pledged as collateral to FHLB (including assets backing funding agreements)						%	%
m. Pledged as collateral not captured in other categories						%	%
n. Other restricted assets						%	%
o. Total Restricted Assets	\$ 4,352,069	\$ 4,350,708	\$ 1,361	\$	\$ 4,352,069	0.7%	1.3%

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

(b) Column 5 divided by Asset Page, Column 1, Line 28

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contacts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate)

Not Applicable

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate)

Not Applicable

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

Not Applicable

M. Working Capital Finance Investments - Not Applicable

N. Offsetting and Netting of Assets and Liabilities - Not Applicable

O. 5GI Securities - Not Applicable

P. Short Sales - Not Applicable

Q. Prepayment Penalty and Acceleration Fees - Not Applicable

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

Note 7 – Investment Income

Not Applicable

Note 8 – Derivative Instruments

Not Applicable

NOTES TO FINANCIAL STATEMENTS

Note 9 – Income Taxes

A. Deferred Tax Assets/(Liabilities)

1. Components of Net Deferred Tax Asset/(Liability)

	2019			2018			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	\$ 3,968,785	\$ 1,704,023	\$ 5,672,808	\$ 4,161,463	\$ 2,480,778	\$ 6,642,241	\$ (192,678)	\$ (776,755)	\$ (969,433)
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	\$ 3,968,785	\$ 1,704,023	\$ 5,672,808	\$ 4,161,463	\$ 2,480,778	\$ 6,642,241	\$ (192,678)	\$ (776,755)	\$ (969,433)
d. Deferred tax assets nonadmitted		1,704,023	1,704,023		2,480,778	2,480,778		(776,755)	(776,755)
e. Subtotal net admitted deferred tax asset (1c-1d)	\$ 3,968,785	\$	\$ 3,968,785	\$ 4,161,463	\$	\$ 4,161,463	\$ (192,678)	\$	\$ (192,678)
f. Deferred tax liabilities	1,148,848	1,417,671	2,566,519	1,166,623	582,519	1,749,142	(17,775)	835,152	817,377
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 2,819,937	\$ (1,417,671)	\$ 1,402,266	\$ 2,994,840	\$ (582,519)	\$ 2,412,321	\$ (174,903)	\$ (835,152)	\$ (1,010,055)

2. Admission Calculation Components SSAP No. 101

	2019			2018			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 3,968,785	\$	\$ 3,968,785	\$ 4,161,463	\$	\$ 4,161,463	\$ (192,678)	\$	\$ (192,678)
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			28,176,465			29,152,482			(976,017)
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									
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	\$ 3,968,785	\$	\$ 3,968,785	\$ 4,161,463	\$	\$ 4,161,463	\$ (192,678)	\$	\$ (192,678)

3. Other Admissibility Criteria

	2019	2018
a. Ratio percentage used to determine recovery period and threshold limitation amount	603.0%	642.0%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 187,843,098	\$ 194,349,883

NOTES TO FINANCIAL STATEMENTS

4. 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.

	2019		2018		Change	
	1	2	3	4	5	6
	Ordinary	Capital	Ordinary	Capital	(Col. 1-3) Ordinary	(Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 3,968,785	\$ 1,704,023	\$ 4,161,463	\$ 2,480,778	\$ (192,678)	\$ (776,755)
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)	\$ 3,968,785		\$ 4,161,463		\$ (192,678)	
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? NO

B. Deferred Tax Liabilities Not Recognized

There are no temporary differences for which a DTL has not been established.

C. Current and Deferred Income Taxes

1. Current Income Tax

	1	2	3
	2019	2018	(Col 1-2) Change
a. Federal	\$ 16,773,186	\$ 20,766,180	\$ (3,992,994)
b. Foreign	\$	\$	\$
c. Subtotal	\$ 16,773,186	\$ 20,766,180	\$ (3,992,994)
d. Federal income tax on net capital gains	\$ 426,198	\$ 369,949	\$ 56,249
e. Utilization of capital loss carry-forwards	\$	\$	\$
f. Other	\$ 1,017,176	\$ 1,041,612	\$ (24,436)
g. Federal and Foreign income taxes incurred	\$ 18,216,560	\$ 22,177,741	\$ (3,961,181)

NOTES TO FINANCIAL STATEMENTS

2. Deferred Tax Assets

	1	2	3
	2019	2018	(Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 1,528,551	\$ 1,275,168	\$ 253,383
2. Unearned premium reserve	1,525,821	2,246,596	(720,775)
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets			
8. Compensation and benefits accrual			
9. Pension accrual			
10. Receivables - nonadmitted	562,802	292,265	270,537
11. Net operating loss carry-forward			
12. Tax credit carry-forward			
13. Other (items <=5% and >5% of total ordinary tax assets)	351,611	347,434	4,177
Other (items listed individually >5%of total ordinary tax assets)			
Penn Treaty	351,611	335,327	16,284
99. Subtotal	\$ 3,968,785	\$ 4,161,463	\$ (192,678)
b. Statutory valuation allowance adjustment			
c. Nonadmitted			
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 3,968,785	\$ 4,161,463	\$ (192,678)
e. Capital:			
1. Investments	\$ 1,704,023	\$ 2,480,778	\$ (776,755)
2. Net capital loss carry-forward			
3. Real estate			
4. Other (items <=5% and >5% of total capital tax assets)			
Other (items listed individually >5% of total capital tax assets)			
99. Subtotal	\$ 1,704,023	\$ 2,480,778	\$ (776,755)
f. Statutory valuation allowance adjustment			
g. Nonadmitted	1,704,023	2,480,778	(776,755)
h. Admitted capital deferred tax assets (2e99-2f-2g)			
i. Admitted deferred tax assets (2d+2h)	\$ 3,968,785	\$ 4,161,463	\$ (192,678)

3. Deferred Tax Liabilities

	1	2	3
	2019	2018	(Col 1-2) Change
a. Ordinary:			
1. Investments	\$	\$	\$
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (items <=5% and >5% of total ordinary tax liabilities)	1,148,848	1,166,623	(17,775)
Other (items listed individually >5% of total ordinary tax liabilities)			
Penn Treaty	1,148,848	1,166,623	(17,775)
99. Subtotal	\$ 1,148,848	\$ 1,166,623	\$ (17,775)
b. Capital:			
1. Investments	\$ 1,417,671	\$ 582,519	\$ 835,152
2. Real estate			
3. Other (Items <=5% and >5% of total capital tax liabilities)			
Other (items listed individually >5% of total capital tax liabilities)			
99. Subtotal	\$ 1,417,671	\$ 582,519	\$ 835,152
c. Deferred tax liabilities (3a99+3b99)	\$ 2,566,519	\$ 1,749,142	\$ 817,377
4. Net Deferred Tax Assets/Liabilities (2i – 3c)	\$ 1,402,266	\$ 2,412,321	\$ (1,010,055)

NOTES TO FINANCIAL STATEMENTS

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate Among the more significant book to tax adjustments were the following:

	Amount	Effective Tax Rate (%)
<b>Permanent Differences:</b>		
Provision computed at statutory rate	\$ 18,756,948	21.0%
Change in nonadmitted assets	(270,537)	(0.3)%
Proration of tax exempt investment income		%
Tax exempt income deduction	(12,050)	%
Dividends received deduction	(56,506)	(0.1)%
Disallowed travel and entertainment		%
Other permanent differences		%
<b>Temporary Differences:</b>		
Total ordinary DTAs		%
Total ordinary DTLs		%
Total capital DTAs		%
Total capital DTLs		%
<b>Other:</b>		
Statutory valuation allowance adjustment		%
Accrual adjustment – prior year		%
Other	(26,392)	%
Totals	\$ 18,391,463	20.6%
Federal and foreign income taxes incurred	17,790,367	%
Realized capital gains (losses) tax	426,198	%
Change in net deferred income taxes	174,903	%
Total statutory income taxes	\$ 18,391,468	%

E. Operating Loss Carry Forwards and Income Taxes Available for Recoupment

1. The Company did not have any unused operating loss carryforwards available to offset against future taxable income.
2. The following is income tax expense for current year and proceeding years that is available for recoupment in the event of future net losses:

Year	Amounts
2019	\$17,625,582
2018	\$21,727,114
2017	\$473,677

3. The Company’s aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code is \$0 .

F. Consolidated Federal Income Tax Return

1. The Company’s federal income tax return is consolidated with the following entities:  
Vision Service Plan (CA), Altair Eyewear, Inc., Eyefinity, Inc., Eastern Vision Service Plan, Inc., Vision Service Plan of Illinois, NFP, Vision Service Plan Insurance Company (OH), Eastern Vision Service Plan IPA, Inc., Vision Service Plan Insurance Company (MO), VSP Holding Company, Inc., Marchon Eyewear, Inc., Marchon BRL Ltd., VSP Vision Care, Inc., Southwest Vision Service Plan, Inc., Vision Service Plan (HI), Vision Service Plan of Wyoming, VSP Optical Group, Inc., Plexus Optix, Inc., VSP Labs, Inc., VSP Ceres, Inc., Eyeconic, Inc., VSP Global, Inc., Optical Opportunities, VSP Retail Development Holding, Inc., VSP Retail, Inc., Visionworks of America, Inc., Community Eye Care of South Carolina, LLC.
2. The manner in which the Board of Directors sets forth for allocating the consolidated federal income tax:  
The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made on a separate return basis with credit for tax attributes used by the consolidated group.

G. Federal or Foreign Federal Income Tax Loss Contingencies:

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

H. Repatriation Transition Tax (RTT) - RTT owed under the TCJA - Not Applicable

I. Alternative Minimum Tax Credit - Not Applicable

Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. Nature of the Relationship Involved

The Company is a wholly owned subsidiary of Vision Service Plan (a California non-profit corporation).

B. Transactions

The Company paid an ordinary dividend to Vision Service Plan, the Parent Company, on August 12, 2019, totaling \$47M.

C. Dollar Amounts of Transactions

The Company incurred expenses during 2019 and 2018 of \$269,772,482 and \$231,656,503 respectively, for such services.

D. Amounts Due From or To Related Parties

The amounts due to Vision Service Plan as of December 31, 2019 and 2018 were \$35,362,332 and \$22,048,386, respectively.

NOTES TO FINANCIAL STATEMENTS

E.	Guarantees or Undertakings
	There are no guarantees or undertakings in place between the Company and any related party.
F.	Material Management or Service Contracts and Cost-Sharing Arrangements
	Vision Service Plan provides the Company with data processing, employee related services and other administrative services for an agreed upon fee under the Administrative and Marketing Agreement.
G.	Nature of the Control Relationship
	The Company holds 64 shares of Common Stock in its affiliate, Eyefinity, Inc.; 45 shares of common stock in its affiliate, VSP Holding Company, Inc.; 10,000 shares of common stock in its affiliate, Independent Eye Care MSO, Inc.; and 21,623 shares of voting common stock and 75,610 shares of non-voting common stock in its affiliate,VSP Optical Group.
H.	Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned
	Not Applicable
I.	Investments in SCA that Exceed 10% of Admitted Assets
	<p>As of December 31, 2019, the Company holds 64 shares of \$0.50 par value common stock of Eyefinity, Inc., which represents 100% of common stock outstanding. The Company is treating its investment in Eyefinity as a non-admitted asset since a stand-alone audit of Eyefinity's financial statements is not performed. The net carrying values of the investment in Eyefinity of \$2,569,453 and \$1,982,833 were non-admitted for the years ended December 31, 2019 and 2018, respectively. The Company's investment in Eyefinity represents less than 10% of the total admitted assets of the Company. Eyefinity had assets and liabilities of \$39,332,000 and \$21,514,000, respectively, as of November 30, 2019 and a net loss of \$2,943,000 for the eleven months ended November 30, 2019.</p> <p>The Company owns a 45% interest in VSP Holding Company, Inc., which the Company is treating as a non-admitted asset since a stand-alone audit is not performed. The net carrying values of the investment in VSP Holding Company, Inc. of \$196,735,500 and \$203,221,350 were non-admitted for the years ended December 31, 2019 and 2018, respectively. The Company's investment in VSP Holding Company, Inc. exceeds 10% of the total admitted assets of the Company. VSP Holding Company, Inc. had assets of \$753,425,000 and liabilities of \$316,235,000, respectively, as of November 30, 2019 and net income of \$19,518,000 for the eleven months ended November 30, 2019.</p> <p>The Company owns an 7.7% interest in VSP Optical Group, whose carrying value exceeds 10% of the admitted assets of the Company. The Company carries VSP Optical Group at GAAP equity. There is no goodwill. The net carrying values of the investment in VSP Optical Group of \$54,901,819 and \$51,202,982 were nonadmitted for the years ended December 31, 2019 and 2018, respectively. The investment was admitted in prior years when stand-alone audits were completed. VSP Optical Group, Inc. had assets of \$2,145,494,000 and liabilities of \$1,426,612,000, respectively, as of November 30, 2019 and net income of \$43,531,000 for the eleven months ended November 30, 2019.</p> <p>The Company owns a 100% interest in Independent Eye Care MSO, Inc. which the Company is treating as a non-admitted asset since a stand-alone audit is not performed. The net carrying value of the investment in Independent Eye Care MSO, Inc. of \$33,374,000 was non-admitted for the year ended December 31, 2019. The Company's investment in Independent Eye Care MSO, Inc. represents less than 10% of the total admitted assets of the Company. Independent Eye Care MSO, Inc. had assets of \$36,867,000 and liabilities of \$3,497,000 as of December 31, 2019 and net income of \$2,320,000 as of December 31, 2019.</p>
J.	Investments in Impaired SCAs
	Not Applicable
K.	Investment in Foreign Insurance Subsidiary
	Not Applicable
L.	Investment in Downstream Noninsurance Holding Company
	Not Applicable

NOTES TO FINANCIAL STATEMENTS

M. All SCA Investments

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
	%	\$	\$	\$
Total SSAP No. 97 8a Entities	XXX	\$	\$	\$
b. SSAP No. 97 8b(ii) Entities				
Eyefinity, Inc.	100.0%	\$ 2,569,453	\$	\$ 2,569,453
Total SSAP No. 97 8b(ii) Entities	XXX	\$ 2,569,453	\$	\$ 2,569,453
c. SSAP No. 97 8b(iii) Entities				
VSP Holding Company, Inc.	45.0%	\$ 196,735,500	\$	\$ 196,735,500
VSP Optical Group, Inc.	7.7%	\$ 54,901,819	\$	\$ 54,901,819
Independent Eye Care MSO Inc	100.0%	\$ 33,374,000	\$	\$ 33,374,000
Total SSAP No. 97 8b(iii) Entities	XXX	\$ 285,011,319	\$	\$ 285,011,319
d. SSAP No. 97 8b(iv) Entities				
	%	\$	\$	\$
Total SSAP No. 97 8b(iv) Entities	XXX	\$	\$	\$
e. Total SSAP No. 97 8b Entities (except 8b(i) entities) (b + c + d)	XXX	\$ 287,580,772	\$	\$ 287,580,772
f. Aggregate Total (a + e)	XXX	\$ 287,580,772	\$	\$ 287,580,772

(2) NAIC Filing Response Information

SCA Entity (Should be the same entities as shown in M(1) above)	Type of NAIC Filing*	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method Resubmission Required Y/N	Code**
a. SSAP No. 97 8a Entities						
			\$			
Total SSAP No. 97 8a Entities	XXX	XXX	\$	XXX	XXX	XXX
b. SSAP No. 97 8b(ii) Entities						
Eyefinity, Inc.	S1	06/08/2017	\$ 6,260,353	Y	N	I
Total SSAP No. 97 8b(ii) Entities	XXX	XXX	\$ 6,260,353	XXX	XXX	XXX
c. SSAP No. 97 8b(iii) Entities						
VSP Holding Company, Inc.	S1	01/18/2017	\$ 220,165,872	Y	N	I
VSP Optical Group, Inc.	S2	05/25/2016	\$ 30,295,442	Y	N	I
Independent Eye Care MSO Inc	S1	02/05/2020	\$ 31,000,000	Y	N	I
Total SSAP No. 97 8b(iii) Entities	XXX	XXX	\$ 281,461,314	XXX	XXX	XXX
d. SSAP No. 97 8b(iv) Entities						
			\$			
Total SSAP No. 97 8b(iv) Entities	XXX	XXX	\$	XXX	XXX	XXX
e. Total SSAP No. 97 8b Entities (except 8b(i) entities) (b + c + d)	XXX	XXX	\$ 287,721,667	XXX	XXX	XXX
f. Aggregate Total (a + e)	XXX	XXX	\$ 287,721,667	XXX	XXX	XXX

\* S1 – Sub-1, S2 – Sub-2 or RDF – Resubmission of Disallowed Filing

\*\* I – Immaterial or M – Material

N. Investment in Insurance SCAs

Not Applicable

O. SCA or SSAP 48 Entity Loss Tracking

Not Applicable

Note 11 – Debt

Not Applicable

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

Not Applicable

Note 13 – Capital and Surplus, Shareholder’s Dividend Restrictions and Quasi-Reorganizations

(1) Number of Share and Par or State Value of Each Class

The Company has 100,000 shares of \$100 par value common stock authorized of which 25,000 shares are issued and outstanding.

(2) Dividend Rate, Liquidation Value and Redemption Schedule of Preferred Stock Issues

The Company has no preferred stock outstanding.



NOTES TO FINANCIAL STATEMENTS

- (3)

Dividend Restrictions

The Company is required to notify the Commissioner prior to payment of extraordinary dividends, and may do so unless disapproved within 30 days of notification.
- (4)

Dates and Amounts of Dividends Paid

The Company paid an ordinary dividend to Vision Service Plan, the Parent Company, on August 12, 2019, totaling \$47M.
- (5)

Profits that may be Paid as Ordinary Dividends to Stockholders

The Company has no restrictions on the Company's profits.
- (6)

Restrictions Placed on Unassigned Funds (Surplus)

The Company has no restrictions on surplus.
- (7)

Amount of Advances to Surplus not Repaid

Not Applicable
- (8)

Amount of Stock Held for Special Purposes

Not Applicable
- (9)

Reasons for Changes in Balance of Special Surplus Funds from Prior Period

Not Applicable
- (10)

The Portion of Unassigned Funds (Surplus) Represented or Reduced by Unrealized Gains and Losses is: \$100,266,080.
- (11)

The Reporting Entity Issued the Following Surplus Debentures or Similar Obligations

Not Applicable
- (12)

The impact of any restatement due to prior quasi-reorganizations is as follows

Not Applicable
- (13)

Effective Date of Quasi-Reorganization for a Period of Ten Years Following Reorganization

Not Applicable

Note 14 – Liabilities, Contingencies and Assessments

- A.

Contingent Commitments

(1)

Total SSAP No. 97, Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88, and SSAP No. 48, Joint Ventures, Partnerships and Limited Liability Company contingent liabilities: \$0 .

(2)

Detail of other contingent commitments

Not Applicable

(3)

Guarantee Obligations

Not Applicable
- B.

Assessments

(1)

Assessments Where Amount is Known or Unknown

Not Applicable

(2)

Assessments

The asset represents accrued premium tax offsets related to the PennTreaty/American National Insurance Companies' insolvencies.

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$	1,596,795
b.	Decreases current year:		
			299,189
c.	Increases current year:		
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$	1,297,606

- (3)

Guaranty Fund Liabilities and Assets Related to Assessments from Insolvencies for Long-Term Care Contracts

The Company has established a liability due to expected assessments from various state insurance guaranty funds related to the PennTreaty/American National Insurance Companies' insolvencies. The liability, and related asset representing future credits on premium tax returns are based on the 4.25% discounted tables on the National Organization of Life & Health Insurance Guaranty Associations website. The liability and asset at December 31, 2019 totaled \$1,297,606 and \$5,470,703, respectively.

NOTES TO FINANCIAL STATEMENTS

a. Discount Rate Applied 4.3%

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
PennTreaty Insurance Company	\$ 1,858,138,558	\$ 1,163,289,274	\$ 1,738,431,216	\$ 1,064,574,459
American National Insurance Company	\$ 533,295,637	\$ 231,840,883	\$ 300,251,346	\$ 133,105,856

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
PennTreaty Insurance Company	30	44-66		28	'5-20	
American National Insurance Company	29	16-64		28	'5-20	

C. Gain Contingencies

Not Applicable

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

Not Applicable

E. Joint and Several Liabilities

Not Applicable

F. All Other Contingencies

Not Applicable

Note 15 – Leases

Not Applicable

Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not Applicable

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not Applicable

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

A. ASO Plans

The Company does not have ASO Plans.

B. ASC Plans

The gain from operations from Administrative Services Contract (ASC) uninsured plans and he uninsured portion of partially insured plans was as follows during 2019:

	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical cost incurred	\$ 697,629,238	\$	\$ 697,629,238
b. Gross administrative fees accrued	56,080,676		56,080,676
c. Other income or expenses (including interest paid to or received from plans)	(129,284,141)		(129,284,141)
d. Gross expenses incurred (claims and administrative)	681,092,068		681,092,068
e. Total net gain or loss from operations	\$ (56,666,295)	\$	\$ (56,666,295)

C. Medicare or Similarly Structured Cost Based Reimbursement Contract - Not Applicable

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

Not Applicable

NOTES TO FINANCIAL STATEMENTS

Note 20 – Fair Value Measurements

A. Fair Value Measurements

(1) Fair Value Measurements at Reporting Date

Description for Each Type of Asset or Liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
Assets at Fair Value					
Common Stock	\$ 28,494,878	\$	\$	\$	\$ 28,494,878
Total	\$ 28,494,878	\$	\$	\$	\$ 28,494,878
Liabilities at Fair Value					
	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy - Not Applicable

(3) Policies when Transfers Between Levels are Recognized - Not Applicable

(4) Description of Valuation Techniques and Inputs Used in Fair Value Measurement - Not Applicable

(5) Fair Value Disclosures - Not Applicable

B. Fair Value Reporting under SSAP 100 and Other Accounting Pronouncements

Not Applicable

C. Fair Value Level

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Short-term investments	\$ 6,244,851	\$ 6,250,333	\$	\$ 6,244,851	\$	\$	\$
Bonds	\$ 47,372,259	\$ 47,170,338	\$ 695,013	\$ 46,677,246	\$	\$	\$
Common Stock	\$ 28,494,878	\$ 28,494,878	\$ 28,494,878	\$	\$	\$	\$
Cash Equivalents	\$ 81,241,343	\$ 81,241,343	\$ 30,818,531	\$ 50,422,812	\$	\$	\$

D. Not Practicable to Estimate Fair Value

Not Applicable

E. NAV Practical Expedient Investments

Not Applicable

Note 21 – Other Items

Not Applicable

Note 22 – Events Subsequent

Subsequent events have been considered through 2/28/20 for the statutory statement issued on March 2, 2020. No events have occurred subsequent to the close of the books or accounts for this statement that may have a material effect on the financial condition of the Company.

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 [ X ] No [ ]

	2019	2018
B. ACA fee assessment payable for the upcoming year	\$ 25,540,002	\$
C. ACA fee assessment paid	\$	\$ 23,356,995
D. Premium written subject to ACA 9010 assessment	\$ 1,296,446,804	\$ 1,234,928,616
E. Total adjusted capital before surplus adjustment (Five-Year Historical Line 14)	\$ 189,245,357	
F. Total adjusted capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ 163,705,355	
G. Authorized control level (Five-Year Historical Line 15)	\$ 31,171,397	
H. Would reporting the ACA assessment as of December 31, 2019 have triggered an RBC action level (YES/NO)?	Yes [ ] No [ X ]	

On January 1, 2020, the Company will be subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers as defined in the guidance, based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2019, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2020, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2020 to be \$25,540,002. This amount is reflected in special surplus. This assessment is expected to impact risk based capital by (13%). Reporting the ACA assessment as of December 31, 2019 would not have triggered an RBC action level.

NOTES TO FINANCIAL STATEMENTS

Note 23 – Reinsurance

Not Applicable

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not Applicable

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

A. Change in Incurred Losses and Loss Adjustment Expenses

	2019	2018
BALANCE—January 1	\$ 62,092,326	\$ 60,413,449
Incurred related to:		
Current year	1,040,401,004	993,813,808
Prior years	(4,705,474)	(3,757,955)
Total incurred	1,035,695,530	990,055,853
Paid related to:		
Current year	(978,589,913)	(931,721,482)
Prior years	(57,386,852)	(56,655,494)
Total paid	(1,035,976,765)	(988,376,976)
BALANCE - December 31	\$ 61,811,091	\$ 62,092,326

Reserves as of December 31, 2019 were \$61,811,091. As of December 31, 2019, \$57,386,852 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$4,705,474 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$4,705,474 favorable prior-year development from December 31, 2018 to December 31, 2019. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

B. Information about Significant Changes in Methodologies and Assumptions

Not Applicable

Note 26 – Intercompany Pooling Arrangements

Not Applicable

Note 27 – Structured Settlements

Not Applicable

Note 28 – Health Care Receivables

Not Applicable

Note 29 – Participating Policies

Not Applicable

Note 30 – Premium Deficiency Reserves

1.

Liability carried for premium deficiency reserve:

\$0
2.

Date of most recent evaluation of this liability:

January 9, 2020
3.

Was anticipated investment income utilized in the calculation?

Yes [ ] No [ X ]

Note 31 – Anticipated Salvage and Subrogation

Not Applicable

Vision Service Plan Insurance Company  
FIVE-YEAR HISTORICAL DATA

	1 2019	2 2018	3 2017	4 2016	5 2015
<b>Balance Sheet (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28).....	342,989,651	295,689,699	307,131,500	261,297,821	286,497,782
2. Total liabilities (Page 3, Line 24).....	153,744,287	121,208,572	133,619,969	114,306,104	97,902,202
3. Statutory minimum capital and surplus requirement.....	62,342,794	54,917,098	51,091,740	45,017,826	43,341,084
4. Total capital and surplus (Page 3, Line 33).....	189,245,364	174,481,127	173,511,531	146,991,717	188,595,580
<b>Income Statement (Page 4)</b>					
5. Total revenues (Line 8).....	1,339,114,454	1,183,957,486	1,134,424,303	1,064,051,427	992,812,279
6. Total medical and hospital expenses (Line 18).....	1,003,223,865	893,716,877	863,011,052	820,691,721	775,161,989
7. Claims adjustment expenses (Line 20).....	23,157,601	18,913,961	16,712,002	15,791,614	13,262,792
8. Total administrative expenses (Line 21).....	229,146,897	208,520,845	172,573,417	177,214,385	159,369,567
9. Net underwriting gain (loss) (Line 24).....	83,586,091	62,805,803	82,127,832	50,353,707	45,017,931
10. Net investment gain (loss) (Line 27).....	5,639,643	3,316,494	1,794,409	519,392	1,680,216
11. Total other income (Lines 28 plus 29).....	(333,133)	(242,510)	(183,227)	(338,402)	(152,029)
12. Net income or (loss) (Line 32).....	71,102,239	47,174,816	54,676,303	27,732,692	26,757,863
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11).....	66,122,023	46,483,058	37,071,084	33,300,384	29,888,764
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital.....	189,245,364	174,481,127	173,511,531	146,991,717	188,595,580
15. Authorized control level risk-based capital.....	31,171,397	27,458,549	25,545,870	24,776,823	25,374,548
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7).....	16,881,064	14,926,955	14,390,936	13,775,002	12,966,549
17. Total member months (Column 6, Line 7).....	202,160,248	178,591,741	172,429,364	164,783,548	154,012,651
<b>Operating Percentage (Page 4)</b> <b>(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0</b>					
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 (Line 18 plus Line 19).....	77.2	78.5	79.2	80.2	81.2
20. Cost containment expenses.....					
21. Other claims adjustment expenses.....	1.8	1.7	1.5	1.6	1.4
22. Total underwriting deductions (Line 23).....	96.6	98.4	96.5	99.1	99.3
23. Total underwriting gain (loss) (Line 24).....	6.4	5.5	7.5	4.5	4.2
<b>Unpaid Claims Analysis (U&amp;I Exhibit, Part 2B)</b>					
24. Total claims incurred for prior years (Line 13, Col. 5).....	55,589,092	51,367,716	51,035,344	45,855,365	40,981,239
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)].....	61,060,218	54,572,853	52,820,251	47,176,322	40,239,381
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....					29,278,197
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....	287,580,772	256,407,165	295,528,661	274,364,349	266,188,330
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....					
30. Affiliated mortgage loans on real estate.....					
31. All other affiliated.....					
32. Total of above Lines 26 to 31.....	287,580,772	256,407,165	295,528,661	274,364,349	295,466,527
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: