Financial Statements - Statutory Basis

Aetna Better Health, Inc.
(a Louisiana corporation)

Years Ended December 31, 2018 and 2017
with Report of Independent Auditors

KPMG LLP
One Financial Plaza
755 Main Street
Hartford, CT 06103

Independent Auditors' Report

The Board of Directors
Aetna Better Health, Inc. (a Louisiana corporation)

We have audited the accompanying financial statements of Aetna Better Health, Inc. (a Louisiana corporation), which comprise the statutory statements of assets, liabilities, capital and surplus as of December 31, 2018 and 2017, and the related statutory statements of revenue and expenses, changes in capital and surplus, and cash flows for the years then ended, and the related notes to the statutory financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with statutory accounting practices prescribed or permitted by the Louisiana Department of Insurance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 to the financial statements, the financial statements are prepared by Aetna Better Health, Inc. (a Louisiana corporation) using statutory accounting practices prescribed or permitted by the Louisiana Department of Insurance, which is a basis of accounting other than U.S. generally accepted accounting principles. Accordingly, the financial statements are not intended to be presented in accordance with U.S. generally accepted accounting principles.

The effects on the financial statements of the variances between the statutory accounting practices described in Note 2 and U.S. generally accepted accounting principles, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the variances between statutory accounting practices and U.S. generally accepted accounting principles discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of Aetna Better Health, Inc. (a Louisiana corporation) as of December 31, 2018 and 2017, or the results of its operations or its cash flows for the years then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and capital and surplus of Aetna Better Health, Inc. (a Louisiana corporation) as of December 31, 2018 and 2017, and the results of its operations and its cash flow for the years then ended, in accordance with statutory accounting practices prescribed or permitted by the Louisiana Department of Insurance described in Note 2.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the supplemental schedules titled Summary Investment Schedule and Supplemental Investment Risks Interrogatories is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Louisiana Department of Insurance. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Hartford, Connecticut
May 30, 2019

Statutory Statements of Assets

		Current Year			Prior Year
		Assets	Nonadmitted Assets	Net Admitted Assets	Net Admitted Assets
1	Bonds	$119,309,002	$—	$119,309,002	$156,655,106
2	Stocks:				
	2.1 Preferred stocks	—	—	—	—
	2.2 Common stocks	—	—	—	—
3	Mortgage loans on real estate:				
	3.1 First liens	—	—	—	—
	3.2 Other than first liens	—	—	—	—
4	Real estate:				
	4.1 Properties occupied by the company	—	—	—	—
	4.2 Properties held for the production of income	—	—	—	—
	4.3 Properties held for sale	—	—	—	—
5	Cash ($2,463,038 in 2018 and $502,623 in 2017), cash equivalents ($15,803,230 in 2018 and $5,999,318 in 2017) and short-term investments ($0 in 2018 and $0 in 2017)	18,266,268	—	18,266,268	6,501,941
6	Contract loans	—	—	—	—
7	Derivatives	—	—	—	—
8	Other invested assets	—	—	—	—
9	Receivables for securities	—	—	—	84,375
10	Securities lending reinvested collateral assets	—	—	—	—
11	Aggregate write-ins for invested assets	—	—	—	—
12	Subtotals, cash and invested assets (Lines 1 to 11)	137,575,270	—	137,575,270	163,241,422
13	Title plants (for Title insurers only)	—	—	—	—
14	Investment income due and accrued	861,963	—	861,963	758,058
15	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection	61,535,908	—	61,535,908	49,553,035
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	—	—	—	—
	15.3 Accrued retrospective premiums ($0) and contracts subject to redetermination ($0)	—	—	—	—
16	Reinsurance:				
	16.1 Amounts recoverable from reinsurers	—	—	—	—
	16.2 Funds held by or deposited with reinsured companies	—	—	—	—
	16.3 Other amounts receivable under reinsurance contracts	—	—	—	—
17	Amounts receivable relating to uninsured plans	—	—	—	—
18.1	Current federal and foreign income tax recoverable and interest thereon	—	—	—	6,700,122
18.2	Net deferred tax asset	3,218,201	—	3,218,201	2,597,437
19	Guaranty funds receivable or on deposit	—	—	—	—
20	Electronic data processing equipment and software	—	—	—	—
21	Furniture and equipment, including health care delivery assets	—	—	—	—
22	Net adjustment in assets and liabilities due to foreign exchange rates	—	—	—	—
23	Receivables from parent, subsidiaries and affiliates	12,647,744	—	12,647,744	—
24	Health care ($3,061,997 in 2018 and $1,334,972 in 2017) and other amounts	7,712,457	4,650,460	3,061,997	1,334,972
25	Aggregate write-ins for other than invested assets	592,846	—	592,846	385,305
26	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	224,144,389	4,650,460	219,493,929	224,570,351
27	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	—	—	—	—
28	TOTALS (Lines 26 and 27)	$224,144,389	$4,650,460	$219,493,929	$224,570,351

	Details of Write-Ins				
2501	Current state income tax receivable	$592,846	$—	$592,846	$385,305
2502		—	—	—	—
2503		—	—	—	—
2599	Totals (Lines 2501 thru 2503) (Line 25 above)	$592,846	$—	$592,846	$385,305

Statutory Statements of Liabilities, Capital and Surplus

		Current Year Total	Prior Year Total
1	Claims unpaid (less $0 in 2018 and $65,796 in 2017 reinsurance ceded)	$84,533,931	$93,805,112
2	Accrued medical incentive pool and bonus amounts	471,526	571,678
3	Unpaid claims adjustment expenses	1,937,076	1,189,739
4	Aggregate health policy reserves, including the liability of $0 in 2018 and 2017 for medical loss ratio rebate per the Public Health Service Act	19,911,266	—
5	Aggregate life policy reserves	—	—
6	Property/casualty unearned premium reserve	—	—
7	Aggregate health claim reserves	—	—
8	Premiums received in advance	—	—
9	General expenses due or accrued	10,431,531	14,683,216
10.1	Current federal and foreign income tax payable and interest thereon	652,353	—
10.2	Net deferred tax liability	—	—
11	Ceded reinsurance premiums payable	—	—
12	Amounts withheld or retained for the account of others	—	—
13	Remittances and items not allocated	395,248	362,390
14	Borrowed money and interest thereon	—	—
15	Amounts due to parent, subsidiaries and affiliates	36,199,893	25,748,083
16	Derivatives	—	—
17	Payable for securities	—	—
18	Payable for securities lending	—	—
19	Funds held under reinsurance treaties with unauthorized reinsurers	—	—
20	Reinsurance in unauthorized companies	—	—
21	Net adjustments in assets and liabilities due to foreign exchange rates	—	—
22	Liability for amounts held under uninsured plans	—	—
23	Aggregate write-ins for other liabilities	427,165	264,146
24	Total liabilities (Lines 1 to 23)	154,959,989	136,624,364
25	Aggregate write-ins for special surplus funds	—	11,880,000
26	Common capital stock	—	—
27	Preferred capital stock	—	—
28	Gross paid in and contributed surplus	78,300,000	87,000,000
29	Surplus notes	—	—
30	Aggregate write-ins for other than special surplus funds	—	—
31	Unassigned surplus	(13,766,060)	(10,934,013)
32	Less treasury stock at cost:		
	32.1 0.000 shares common	—	—
	32.2 0.000 shares preferred	—	—
33	Total capital and surplus (Lines 25 to 31 minus Line 32)	64,533,940	87,945,987
34	Total liabilities, capital and surplus (Lines 24 and 33)	$219,493,929	$224,570,351

	Details of Write-Ins		
2301	Escheatment payable	$427,165	$264,146
2302		—	—
2303		—	—
2399	Totals (Lines 2301 thru 2303) (Line 23 above)	$427,165	$264,146
2501	Estimated health insurer fee	$—	$11,880,000
2502		—	—
2503		—	—
2599	Totals (Lines 2501 thru 2503) (Line 25 above)	$—	$11,880,000

Statutory Statements of Revenue and Expenses

		Current Year Total	Prior Year Total
1	Line not used		
2	Net premium income	$634,734,882	$591,957,999
3	Change in unearned premium reserves and reserve for rate credits	—	—
4	Fee-for-service	—	—
5	Risk revenue	—	—
6	Aggregate write-ins for other health care related revenues	—	—
7	Aggregate write-ins for other non-health revenues	—	—
8	Total revenues (Lines 2 to 7)	634,734,882	591,957,999
	Hospital and Medical:		
9	Hospital/medical benefits	347,692,608	315,142,394
10	Other professional services	5,101,053	5,370,492
11	Outside referrals	15,384,815	19,049,549
12	Emergency room and out-of-area	39,391,750	41,157,402
13	Prescription drugs	129,235,302	113,654,855
14	Aggregate write-ins for other hospital and medical	—	—
15	Incentive pool, withhold adjustments and bonus amounts	2,324,150	221,526
16	Subtotal (Lines 9 to 15)	539,129,678	494,596,218
	Less:		
17	Net reinsurance recoveries	19,586	322,618
18	Total hospital and medical (Lines 16 minus 17)	539,110,092	494,273,600
19	Non-health claims (net)	—	—
20	Claims adjustment expenses, including ($10,908,308 in 2018 and $9,553,274 in 2017) cost containment expenses	15,071,733	12,706,078
21	General administrative expenses	73,098,091	57,957,196
22	Increase in reserves for life and accident and health contracts	19,911,266	—
23	Total underwriting deductions (Lines 18 through 22)	647,191,182	564,936,874
24	Net underwriting gain/(loss) (Lines 8 minus 23)	(12,456,300)	27,021,125
25	Net investment income earned	4,013,472	3,293,500
26	Net realized capital gains (losses) less capital gains (losses) tax of ($202,900) in 2018 and ($275,566) in 2017	(1,942,538)	76,558
27	Net investment gains (Lines 25 plus 26)	2,070,934	3,370,058
28	Net gain or (loss) from agents' or premium balances charged off	—	—
29	Aggregate write-ins for other income or expenses	(66,000)	524,000
30	Net income after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	(10,451,366)	30,915,183
31	Federal and foreign income taxes incurred/(recovered)	3,918,776	8,160,926
32	Net income (Lines 30 minus 31)	($14,370,142)	$22,754,257

	Details of Write-Ins		
2901	Regulatory fines and penalties	($66,000)	$524,000
2902		—	—
2903		—	—
2999	Totals (Lines 2901 thru 2903) (Line 29 above)	($66,000)	$524,000

Statutory Statements of Changes in Capital and Surplus

		Current Year	Prior Year
	CAPITAL AND SURPLUS ACCOUNT		
33	Capital and surplus prior reporting period	$87,945,987	$62,968,453
34	Net income from Line 32	(14,370,142)	22,754,257
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 $0 in 2018 and $0 in 2017	—	—
37	Change in net unrealized foreign exchange capital gain or (loss)	—	—
38	Change in net deferred income tax	576,874	2,613,710
39	Change in nonadmitted assets	(918,779)	(390,433)
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	(8,700,000)	—
	45.2 Transferred to capital (Stock Dividend)	—	—
	45.3 Transferred from capital	—	—
46	Dividends to stockholders	—	—
47	Aggregate write-ins for gains or (losses) in surplus	—	—
48	Net change in capital and surplus (Lines 34 to 47)	(23,412,047)	24,977,534
49	Capital and surplus end of reporting period (Line 33 plus 48)	$64,533,940	$87,945,987

Statutory Statements of Cash Flows

		Current Year	Prior Year
	CASH FROM OPERATIONS		
1	Premiums collected net of reinsurance	$622,752,009	$589,753,213
2	Net investment income	3,808,021	2,963,956
3	Miscellaneous income	—	—
4	Total (Lines 1 through 3)	626,560,030	592,717,169
5	Benefit and loss related payments	551,171,119	509,704,901
6	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	—	—
7	Commissions, expenses paid and aggregate write-ins for deductions	91,947,713	76,166,883
8	Dividends paid to policyholders	—	—
9	Federal and foreign income taxes paid net of $0 tax on capital gains (losses)	(3,636,599)	15,054,762
10	Total (Lines 5 through 9)	639,482,233	600,926,546
11	Net cash from operations (Line 4 minus Line 10)	(12,922,203)	(8,209,377)
	CASH FROM INVESTMENTS		
12	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	67,964,188	39,354,595
	12.2 Stocks	—	—
	12.3 Mortgage loans	—	—
	12.4 Real estate	—	—
	12.5 Other invested assets	—	—
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(127)	(17)
	12.7 Miscellaneous proceeds	84,375	—
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	68,048,436	39,354,578
13	Cost of investments acquired (long-term only):		
	13.1 Bonds	32,661,853	65,312,866
	13.2 Stocks	—	—
	13.3 Mortgage loans	—	—
	13.4 Real estate	—	—
	13.5 Other invested assets	—	—
	13.6 Miscellaneous applications	—	—
	13.7 Total investments acquired (Lines 13.1 to 13.6)	32,661,853	65,312,866
14	Net increase (decrease) in contract loans and premium notes	—	—
15	Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	35,386,583	(25,958,288)
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16	Cash provided (applied):		
	16.1 Surplus notes, capital notes	—	—
	16.2 Capital and paid in surplus, less treasury stock	(8,700,000)	—
	16.3 Borrowed funds	—	—
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	—	—
	16.5 Dividends to stockholders	—	—
	16.6 Other cash (applied)/provided	(2,000,053)	8,732,435
17	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.6)	(10,700,053)	8,732,435
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18	Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	11,764,327	(25,435,230)
19	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	6,501,941	31,937,171
	19.2 End of period (Line 18 plus Line 19.1)	$18,266,268	$6,501,941

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

20.0001	Non cash bond exchanges	$999,581	$—

1. Organization and operation

Aetna Better Health, Inc. (a Louisiana corporation) (the "Company") is a wholly-owned subsidiary of Aetna Health Holdings, LLC, whose ultimate parent is CVS Health Corporation ("CVS Health"). On November 28, 2018, CVS Health acquired Aetna Inc. ("Aetna") and at that date became the Company's ultimate parent (the "Aetna Acquisition").

The Company was incorporated in the State of Louisiana on July 27, 2010. The Company administers a health plan for individuals who qualify for Medicaid and CHIP coverage in the State of Louisiana. The current contract ends on December 31, 2019 and the State of Louisiana has stated that contract awards beginning January 1, 2020 will be announced in early July, 2019. The Company anticipates receiving a contract extension for 2020 and beyond.

The Company elected to use rounding in reporting amounts throughout the statutory financial statements and in the accompanying notes to the statutory financial statements (collectively, the "statements") and therefore summation of amounts and consistency between related amounts within the statements may be impacted by immaterial amounts.

2. Summary of significant accounting policies and going concern

Accounting practices

The accompanying statutory financial statements of the Company have been prepared in conformity with accounting practices prescribed or permitted by the Louisiana Department of Insurance ("Louisiana Department") ("Louisiana Accounting Practices"). The Louisiana Department recognizes only statutory accounting practices prescribed or permitted by the State of Louisiana for determining and reporting the financial condition and results of operations of an insurance company, which include accounting practices and procedures adopted by the National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures Manual* ("NAIC SAP"). The Company's net income and capital and surplus as stated on a NAIC SAP basis and on the basis of practices prescribed or permitted by the State of Louisiana were the same as of and for the years ended December 31, 2018 and 2017.

The Louisiana Accounting Practices vary from U.S. generally accepted accounting principles ("GAAP"). The primary differences include the following:

- Certain assets, designated as nonadmitted assets (in part, uncollected premiums are nonadmitted in accordance with Statements of Statutory Accounting Principles ("SSAP") No. 6 - *Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers*) are not recorded as assets, but are charged to surplus. Thus, nonadmitting uncollected premiums eliminates the need for a separate allowance for doubtful accounts, which is utilized under GAAP;
- Certain assets, designated as nonadmitted assets (other receivables and prepaid capitation, which are nonadmitted in accordance with SSAP No. 4 - *Assets and Nonadmitted Assets*) are not recorded as assets, but are charged to surplus. Assets having economic value other than those which can be used to fulfill policyholder obligations, or those assets which are unavailable due to encumbrances or other third party interests are not recognized on the Statutory Statement of Assets, and are, therefore, considered nonadmitted;
- Bonds are recorded at amortized cost except for those with an NAIC designation of 3 through 6, which are reported at the lower of amortized cost or fair value. Therefore, changes in unrealized gains and losses for those securities held at amortized cost are not reflected in the financial statements. Under GAAP, bonds classified as available for sale are recorded at fair value, and related changes in unrealized gains and losses are recorded as a component of equity, net of deferred federal income taxes;
- Deferred tax assets and liabilities are determined and admitted in accordance with SSAP No. 101 - *Income Taxes* ("SSAP No. 101"). Changes in net deferred tax assets and liabilities are reflected as changes in surplus, whereas under GAAP, changes in such assets and liabilities are reflected in net income. In addition, statutory accounting requires consideration of a statutory allowance adjustment in the calculation of adjusted gross deferred tax assets and an admissibility test for deferred tax assets;

- The Company's Statutory Statements of Revenue and Expenses reflect income and expenses related to claims, losses, premiums, and other amounts unreserved or paid on behalf of uninsured administrative service contracts, as defined by the NAIC SAP, as a net reduction of administrative expense;
- In accordance with SSAP No. 2 - Revised - *Cash, Cash Equivalents, Drafts and Short-term Investments*, certain short-term borrowings are classified as a reduction of cash, cash equivalents, and short-term investments. Under GAAP, these amounts would have been classified as liabilities;
- Cash, cash equivalents, and short-term investments in the statutory statements of cash flows represents cash balances and investments with remaining maturities of one year or less at the time of acquisition. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less. The statement does not classify cash flows consistent with GAAP and a reconciliation of net earnings to net cash provided by operations is not provided; and
- Reinsurance recoverables on unpaid losses are reported as a reduction of liability for unpaid claims and claims adjustment expenses, while under GAAP, they are reported as an asset.

Use of estimates in the preparation of the financial statements

The preparation of these financial statements in conformity with Louisiana Accounting Practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenue and expenses. Actual results could differ from those estimates.

Significant accounting policies

The Company applies the following significant accounting policies:

Cash, cash equivalents and short-term investments

Cash, cash equivalents and short-term investments, consisting primarily of money market instruments and other debt issues with an original maturity of up to one year, are carried at amortized cost. Short-term investments consist primarily of investments purchased with an original maturity date of greater than three months but less than one year. Cash equivalents consist of highly liquid instruments, which mature within three months from the date of purchase. The carrying amount of cash, cash equivalents and short-term investments approximates fair value. Cash accounts with positive balances shall not be reported separately from cash accounts with negative balances. If in the aggregate, the reporting entity has a net negative cash balance, it shall be reported as a negative asset and shall not be recorded as a liability.

Bonds

Bonds, which include special deposits as discussed more fully in Note 4, are carried at amortized cost except for those bonds with an NAIC designation of 3 through 6, which are carried at the lower of amortized cost or fair value. The amount carried at fair value is not material to the financial statements. Bond premiums and discounts are amortized using the scientific interest method. When quoted prices in active markets for identical assets are available, the Company uses these quoted market prices to determine the fair value of bonds. This is used primarily for U.S. government securities. In other cases where a quoted market price for identical assets in an active market is either not available or not observable, the Company estimates fair values using valuation methodologies based on available and observable market information or by using a matrix pricing model. If quoted market prices are not available, the Company determines fair value using broker quotes or an internal analysis of each investment's financial performance and cash flow projections. The Company had no investments where fair value was determined using broker quotes or an internal analysis of financial performance and cash flow projections at December 31, 2018 and 2017. Bonds include all investments whose maturity is greater than one year when purchased.

The Company periodically reviews its bonds to determine whether a decline in fair value below the carrying value is other-than-temporary. For bonds, other than loan-backed and structured securities ("LB&SS"), an other-than-temporary impairment ("OTTI") shall be recorded if it is probable that the Company will be unable to collect all amounts due according to the contractual terms in effect at the date of acquisition. Declines deemed to be OTTI in the cost basis are recognized as realized capital losses. Yield-related impairments are deemed other-than-temporary when the Company intends to sell an investment at the reporting date before recovery of the cost of the investment.

For LB&SS, the Company records OTTI when the fair value of the loan-backed or structured security is less than the amortized cost basis at the balance sheet date and (1) the Company intends to sell the investment, or (2) the Company does not have the intent and ability to retain the investment for the time sufficient to recover the amortized cost basis, or (3) the Company does not expect to recover the entire amortized cost basis of the security, even if it does not intend to sell the security and has the intent and ability to hold. If it is determined an OTTI has occurred because of (1) or (2), the amount of the OTTI is equal to the difference between the amortized cost and the fair value of the security at the balance sheet date and this difference is recorded as a realized capital loss. If it is determined an OTTI has occurred because of (3), the amount of the OTTI is equal to the difference between the amortized cost and the present value of cash flows expected to be collected, discounted at the loan-backed or structured security's effective interest rate and this difference is also accounted for as a realized capital loss.

The Company analyzes all relevant facts and circumstances for each investment when performing its analysis to determine whether an OTTI exists. Among the factors considered in evaluating whether a decline is other-than-temporary, management considers whether the decline in fair value results from a change in the quality of the investment security itself, whether the decline results from a downward movement in the market as a whole, the prospects for realizing the carrying value of the bond based on the investee's current and short-term prospects for recovery and other factors. The risks inherent in assessing the impairment of an investment include the risk that market factors may differ from our expectations and the risk that facts and circumstances factored into our assessment may change with the passage of time. Unexpected changes to market factors and circumstances that were not present in past reporting periods may result in a current period decision to sell securities that were not other-than-temporarily-impaired in prior reporting periods.

For the Company's bonds and LB&SS that provide for a prepayment penalty or acceleration fee in the event the bond or LB&SS is liquidated prior to its scheduled termination date, the Company reports such fees as investment income when earned.

Investment income due and accrued

Accrued investment income consists primarily of interest. Interest is recognized on an accrual basis and dividends are recorded as earned on the ex-dividend date. Due and accrued income is not recorded on: (a) bonds in default; and (b) bonds delinquent more than 90 days or where collection of interest is improbable. At December 31, 2018 and 2017, the Company did not have any nonadmitted investment income due and accrued.

Premiums and amounts due and unpaid

Premium revenue for health care products is recognized as income in the month in which enrollees are entitled to health care services. Premiums collected before the effective period are reported as premiums received in advance. Premiums related to unexpired contractual coverage periods are reported as unearned premiums in the Statutory Statements of Liabilities, Capital and Surplus (refer to discussion of aggregate health policy reserves and related expenses below).

Nonadmitted amounts consist of all premiums due and unpaid greater than 90 days past due, with the exception of amounts due under government insured plans, which may be admitted assets under certain circumstances. In addition, for any customer for which the premiums due and unpaid greater than 90 days past due is more than a de minimus portion of the entire balance of premiums due and unpaid for that customer, the entire balance of premiums due and unpaid for that customer is nonadmitted. Management also performs a specific review of accounts and based on the results of the review, additional amounts may be nonadmitted. Uncollectible amounts are generally written-off and charged to revenue in the period in which the customer reconciliations are completed and agreed to by the customer (retroactivity) or when the account is determined to be uncollectible by the Company.

Pharmaceutical rebate receivables

The Company estimates pharmaceutical rebate receivables based upon historical payment trends, actual utilization and other variables. Pharmaceutical rebates for a quarter are billed to the vendor within one month of the completion of the quarter with any adjustment to previously recorded amounts reflected at the time of billing. The Company reports pharmaceutical rebate receivables as health care receivables. Pharmacy rebate receivables not in accordance with SSAP No. 84 – *Health Care and Government Insured Plan Receivables* or are over 90 days past due are nonadmitted. All rebates are processed and settled with an affiliated entity. The pharmaceutical rebate receivables are more fully discussed in Note 8.

Hospital and medical costs and claims adjustment expenses and related reserves

Hospital and medical costs consist principally of fee-for-service medical claims and capitation costs. Claims unpaid and aggregate health claim reserves include the Company's estimate of payments to be made on claims reported but not yet paid and for health care services rendered to enrollees but not yet reported to the Company as of the Statutory Statements of Assets and Liabilities, Capital and Surplus date. Such estimates are developed using actuarial principles and assumptions, which consider, among other things, historical and projected claim submission and processing payment patterns, medical cost trends, historical utilization of health care services, claim inventory levels, medical inflation, contract requirement changes in membership and product mix, seasonality and other relevant factors. The Company reflects changes in estimates in hospital and medical costs in the Statutory Statements of Revenue and Expenses in the period they are determined. Capitation costs, which are recorded in hospital and medical expenses in the Statutory Statements of Revenue and Expenses, represent contractual monthly fees paid to participating physicians and other medical providers for providing medical care, regardless of the medical services provided to the enrollee.

The Company uses the triangulation method to estimate reserves for claims incurred but not reported. The method of triangulation makes estimates of completion factors that are then applied to the total paid claims (net of coordination of benefits) to date for each incurral month. This provides an estimate of the total projected incurred claims and total amount outstanding or claims incurred but not reported (claims unpaid). For the most current dates of service where there is insufficient paid claim data to rely solely on the triangulation method, the Company examines cost and utilization trends as well as environmental factors, plan changes, provider contracts, changes in membership and/or benefits, and historical seasonal patterns to estimate the reserve required for these months.

Claims adjustment expenses, which include cost containment expenses, represent the costs incurred related to the claim settlement process such as costs to record, process and adjust claims. These expenses are included in the Company's management agreement with an affiliate described in Note 7.

Aggregate health policy reserves and related expenses

Premium deficiency reserves ("PDR") are recognized when it is probable that the expected future hospital and medical costs, including maintenance costs, will exceed anticipated future premiums and reinsurance recoveries on existing contracts. Where allowed, anticipated investment income is considered in the calculation of any PDR. For purposes of calculating a PDR, contracts are grouped in manner consistent with the method of acquiring, servicing and measuring the profitability of such contracts. The PDR balance was $19,911,266 at December 31, 2018 and reflected expectations for calendar year 2019 based on medical trend and published rates. The Company had no PDR balance at December 31, 2017.

Unearned premium reserves ("UEP") are recognized for premiums that are recorded by the Company that have not been earned as of the statement date. The Company had no UEP balance at December 31, 2018 and 2017.

Fees Paid to the Federal Government by Health Insurers

SSAP No. 106 - *Affordable Care Act Section 9010 Assessment* ("SSAP No. 106") required (1) that the health insurer fee be recognized in full on January 1 of the fee year (the calendar year in which the assessment must be paid to the federal government), in the operating expense category of insurance taxes, licenses and fees, excluding federal income taxes and (2) that in each data year preceding a fee year a reporting entity pro-ratably accrue by reclassifying from unassigned funds (surplus) to aggregate write-ins for special surplus funds an amount equal to its estimated subsequent fee year assessment. This reclassification has no impact on total capital and surplus and is reversed in full on January 1 of the fee year. On

January 22, 2018, Public Law No: 115-120 was signed into law and it imposes a moratorium on the health insurer fee for calendar year 2019. As interpreted in INT 18-02: ACA Section 9010 Assessment Moratoriums, because there is not an ACA Section 9010 fee due in September 2019, there is not an accrual of a liability on January 1, 2019 based on 2018 data year net written premiums. Accrual of a liability on January 1, 2020 for the ACA Section 9010 assessment based on 2019 data year net written premiums and the reclassification from unassigned funds (surplus) to aggregate write-ins for special surplus funds equal to the estimated 2020 fee year assessment accrued in data year 2019 will both continue as prescribed under SSAP No. 106. See Note 18 for disclosure of all amounts related to the health insurer fee for the Company.

Federal and state income taxes

The Company was included in the consolidated federal income tax return of its parent company, Aetna and Aetna's other wholly-owned subsidiaries through November 27, 2018 pursuant to the terms of a tax sharing agreement. For the tax period from November 28, 2018 through December 31, 2018, Aetna and its wholly-owned subsidiaries are included in the consolidated federal income tax return of its parent company, CVS Health, pursuant to the terms of a tax sharing agreement (and a Supplemental Tax Sharing Agreement where applicable) between CVS Health and the Company.

In accordance with both agreements, the Company's current federal and state income tax provisions are generally computed as if the Company were filing a separate federal and state income tax return; current income tax benefits, including those resulting from net operating losses, are recognized to the extent realized in the consolidated return. Pursuant to these agreements, the Company has the enforceable right to recoup federal and state income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal and state income taxes.

Income taxes are accounted for under the asset and liability method. Deferred income tax assets ("DTAs") and liabilities ("DTLs") represent the expected future tax consequences of temporary differences generated by statutory accounting as defined in SSAP No. 101. DTAs and DTLs are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. DTAs and DTLs are computed by means of identifying temporary differences which are measured using a balance sheet approach whereby statutory and tax basis balance sheets are compared. Current income tax recoverables include all current income taxes, including interest, reasonably expected to be recovered in a subsequent accounting period.

Pursuant to SSAP No. 101, gross DTAs are first reduced by a statutory valuation allowance adjustment to an amount that is more likely than not to be realized ("adjusted gross DTAs"). Adjusted gross DTAs are then admitted in an amount equal to the sum of paragraphs a. b. and c. below:

a. Federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse during a timeframe corresponding with Internal Revenue Service ("IRS") tax loss carryback provisions.

b. The amount of adjusted gross DTAs, after the application of paragraph a. above, expected to be realized within the applicable period and that is no greater than the applicable percentage as determined using the applicable Realization Threshold Limitation Table. The applicable period refers to the number of years in which the DTA will reverse in the Company's tax return and the applicable percentage refers to the percentage of the Company's statutory capital and surplus as required to be shown on the statutory balance sheet adjusted to exclude any net DTAs, electronic data processing equipment and operating system software and any net positive goodwill ("Stat Cap ExDTA").

   The Realization Threshold Limitation Tables allow DTAs to be admitted based upon either realization within 3 years and 15% of Stat Cap ExDTA, 1 year and 10% of Stat Cap ExDTA, or no DTA admitted pursuant to this paragraph b. In general, the Realization Threshold Limitation Tables allow the Company to admit more DTAs if total DTAs as reported by the Company are a smaller percentage of statutory capital and surplus.

c. The amount of gross DTAs, after the application of paragraphs a. and b. above that can be offset against existing gross DTLs. In applying this offset, the Company considers the character (i.e. ordinary versus capital) of the DTAs and DTLs such that offsetting would be permitted in the tax return under existing enacted federal income tax laws and regulations and the reversal patterns of temporary differences.

Changes in DTAs and DTLs are recognized as a separate component of gains and losses in surplus ("Change in net deferred income tax") except to the extent allocated to changes in unrealized gains and losses. Changes in DTAs and DTLs allocated to unrealized gains and losses are netted against the related changes in unrealized gains and losses and are reported as "Change in net unrealized capital gains (losses)", also a separate component of gains and losses in surplus.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "TCJA") was enacted. Among other things, the TCJA reduced the federal corporate income tax rate to 21% effective January 1, 2018. Aside from the change in the corporate income tax rate, the TCJA did not have a material impact to the financial statements.

Reinsurance

In the normal course of business, the Company seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results and to help balance its risks and capital by reinsuring certain levels of risk with other insurance enterprises. The reinsurance coverage does not relieve the Company of its primary obligations. Reinsurance premiums and reserves related to reinsured business are accounted for on a basis consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. Premiums ceded for medical losses and the related unpaid reserves have been reported as reductions of these items. The reinsurance agreements are more fully discussed in Note 10.

Reclassifications

Certain reclassifications have been made to the 2017 audited financial statements to conform with the classifications used in 2018.

Going concern

As of May 30, 2019, management evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern and management has determined that it is not probable that the Company will be unable to meet its obligations as they become due within one year after the financial statements are available to be issued. Management will continuously evaluate the Company's ability to continue as a going concern and will take appropriate action and will make appropriate disclosures if there is any change in any condition or events that would raise substantial doubt about the Company's ability to continue as a going concern.

3. Accounting changes and corrections of errors

The Company did not have any accounting changes or corrections of errors in the year ended December 31, 2018 and 2017.

4. Special deposits

Special deposits, included in bonds, consist of U.S. Government obligations, at amortized cost, which approximates fair value, of $1,000,000 at December 31, 2018 and 2017. These assets are restricted in accordance with certain state requirements relating to Health Maintenance Organizations (HMOs).

5. Bonds and other financial instruments

The following is a summary of bonds and other financial instruments receiving bond treatment, which include special deposits, cash equivalents, and short-term investments, at December 31, 2018 and 2017:

December 31, 2018

	Amortized cost	Statutory carrying value	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. Government	$43,376,218	$43,376,218	$616,656	$—	$43,992,874
U.S. states, territories and possessions (direct and guaranteed)	12,019,459	12,019,459	254,810	—	12,274,269
U.S. political subdivisions of states, territories and possessions (direct and guaranteed)	6,948,326	6,948,326	126,715	—	7,075,041
U.S. special revenue and assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	19,404,373	19,404,373	335,150	(44,307)	19,695,216
Industrial and miscellaneous (unaffiliated)	53,363,856	53,363,856	25,860	(617,656)	52,772,060
Total	$135,112,232	$135,112,232	$1,359,191	($661,963)	$135,809,460

December 31, 2017

	Amortized cost	Statutory carrying value	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. Government	$79,059,550	$79,059,550	$81,468	($149)	$79,140,869
U.S. states, territories and possessions (direct and guaranteed)	12,384,088	12,384,088	555,787	—	12,939,875
U.S. political subdivisions of states, territories and possessions (direct and guaranteed)	4,555,199	4,555,199	170,059	—	4,725,258
U.S. special revenue and assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	25,549,129	25,549,129	566,495	(13,148)	26,102,476
Industrial and miscellaneous (unaffiliated)	41,106,458	41,106,458	80,201	(168,449)	41,018,210
Total	$162,654,424	$162,654,424	$1,454,010	($181,746)	$163,926,688

Summarized below are the Company's bonds and other financial instruments receiving bond treatment, which include special deposits, with unrealized losses at December 31, 2018 and 2017, along with the related fair values, aggregated by the length of time the investments have been in an unrealized loss position:

December 31, 2018

	Less than 12 months			Greater than 12 months		
	Number of Securities	Fair value	Unrealized losses	Number of Securities	Fair value	Unrealized losses
U.S. special revenue and assessment obligations and all non–guaranteed obligations of agencies and authorities of governments and their political subdivisions	1	$4,255,240	($11,589)	1	$5,839,450	($32,718)
Industrial and miscellaneous (unaffiliated)	10	12,949,331	(118,443)	11	18,594,406	(499,213)
Total	11	$17,204,571	($130,032)	12	$24,433,856	($531,931)

	Total		
	Number of Securities	Fair value	Unrealized losses
U.S. special revenue and assessment obligations and all non–guaranteed obligations of agencies and authorities of governments and their political subdivisions	2	$10,094,690	($44,307)
Industrial and miscellaneous (unaffiliated)	21	31,543,737	(617,656)
Total	23	$41,638,427	($661,963)

December 31, 2017

	Less than 12 months			Greater than 12 months		
	Number of Securities	Fair value	Unrealized losses	Number of Securities	Fair value	Unrealized losses
U.S. Government	1	$9,088,523	($149)	—	$—	$—
U.S. special revenue and assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	3	8,489,590	(13,148)	—	—	—
Industrial and miscellaneous (unaffiliated)	17	25,389,354	(168,449)	—	—	—
Total	21	$42,967,467	($181,746)	—	$—	$—

	Total		
	Number of Securities	Fair value	Unrealized losses
U.S. Government	1	$9,088,523	($149)
U.S. special revenue and assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	3	8,489,590	(13,148)
Industrial and miscellaneous (unaffiliated)	17	25,389,354	(168,449)
Total	21	$42,967,467	($181,746)

The Company has reviewed the investments in the table above and has concluded that these are performing assets generating investment income to support the needs of the business. In performing this review, the Company considered factors such as the quality of the investment security based on research performed by external rating agencies and internal credit analysts and the prospects of realizing the carrying value of the security based on the investment's current prospects for recovery. Furthermore, the Company has no intention to sell the investments in the table above at December 31, 2018 and 2017 before their cost can be recovered and for loan-backed and structured securities the Company has the ability and intent to hold these securities for a period of time sufficient to recover the amortized cost; therefore, no OTTI was determined to have occurred on these investments during the years December 31, 2018 and 2017. In determining if the Company needs to sell before full recovery of value, the Company considers the forecasted recovery period, expected investment returns relative to other funding sources, projected cash flow and capital requirements, regulatory obligations, and other factors. Unrealized losses at December 31, 2018 and 2017 were generally caused by the widening of market credit spreads for these securities relative to interest rates on U.S. Treasury securities.

The contractual or expected maturities of bonds and assets receiving bond treatment (e.g., cash equivalents and short-term investments) at December 31, 2018 were as follows:

	Carrying value	Fair value
Due one year or less	$23,363,489	$23,356,356
Due after one year through five years	73,989,733	74,126,169
Due after five years through ten years	33,371,079	33,639,105
Due after ten years	4,387,931	4,687,830
Total	$135,112,232	$135,809,460

The maturity for a mortgage pass-through security, included in U.S. Government and U.S. special revenue and assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions, is not based on stated maturity, but instead is based on prepayment assumptions. Prepayment assumptions are calculated utilizing published repayment factors that estimate the prepayment rates on the mortgages in the Federal National Mortgage Association and Government National Mortgage Association pools.

Proceeds from the sales of bonds and other financial instruments were $66,530,188 and $37,854,595 in 2018 and 2017, respectively. Proceeds from the maturities of bonds were $1,434,000 and $1,500,000 in 2018 and 2017, respectively. Gross realized gains on sales of bonds were $127,371 and $161,299 in 2018 and 2017, respectively. Gross realized losses on sales of bonds were $266,240 and $32,699 in 2018 and 2017, respectively. Included in net realized capital losses for 2018 and 2017 were $2,006,442 and $329,309, respectively, of OTTI charges on bonds that were in an unrealized loss position. The Company conducts regular reviews of its bond investments to assess whether a decline in fair value below carrying value is an OTTI. The Company will also recognize an OTTI on bonds when the Company intends to sell a security that is in an unrealized loss position. The Company had no individually material realized capital losses bonds or other financial instruments receiving bond treatment that impacted its results of operations in 2018 or 2017.

The Company's unrealized loss position on loan-backed and structured securities held by the Company at December 31, 2018 and 2017 is as follows:

<u>December 31, 2018</u>

a. The aggregate amount of unrealized losses:		
	1. Less than 12 months	($10,631)
	2. 12 months or longer	(76,117)
b. The aggregate related fair value of securities with unrealized losses:		
	1. Less than 12 months	$3,716,638
	2. 12 months or longer	4,973,249

<u>December 31, 2017</u>

a. The aggregate amount of unrealized losses:		
	1. Less than 12 months	($23,186)
	2. 12 months or longer	—
b. The aggregate related fair value of securities with unrealized losses:		
	1. Less than 12 months	$4,976,138
	2. 12 months or longer	—

The Company has reviewed the loan-backed and structured securities in accordance with SSAP No. 43R - *Loan-Backed and Structured Securities* ("SSAP No. 43R") in the table above and have concluded that these are performing assets generating investment income to support the needs of the business. Furthermore, the Company has no intention to sell the securities at December 31, 2018 or 2017 before their cost can be recovered and does have the intent and ability to retain the securities for the time sufficient to recover the amortized cost basis; therefore, no OTTI write-down to fair value was determined to have occurred on these securities.

There was no investment income due and accrued excluded from surplus at December 31, 2018 or 2017.

The Company did not have any 5GI* securities at December 31, 2018 or 2017.

The Company did not have any assets pledged as collateral not captured in other categories at December 31, 2018 or 2017.

The Company did not have any other restricted assets at December 31, 2018 or 2017.

For securities sold, redeemed or otherwise disposed as a result of a callable feature, prepayment and acceleration fees as of December 31, 2018 and 2017 were:

	2018	2017
1. Number of CUSIPs	—	1
2. Aggregate Amount of Investment Income	$—	$15,000

6. Financial instruments

Financial instruments measured at fair value in the financial statements

Certain of the Company's financial instruments are measured at fair value in the financial statements. The fair values of these instruments are based on valuations that include inputs that can be classified within one of three levels of a hierarchy established by U.S. generally accepted accounting principles. The following are the levels of the hierarchy and a brief description of the type of valuation information ("inputs") that qualifies a financial asset or liability for each level:

- **Level 1** – Unadjusted quoted prices for identical assets or liabilities in active markets.
- **Level 2** – Inputs other than Level 1 that are based on observable market data. These include: quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets, inputs that are observable that are not prices (such as interest rates and credit risks) and inputs that are derived from or corroborated by observable markets.
- **Level 3** – Developed from unobservable data, reflecting the Company's own assumptions.

Financial assets and liabilities are classified based upon the lowest level of input that is significant to the valuation. When quoted prices in active markets for identical assets and liabilities are available, the Company uses these quoted market prices to determine the fair value of financial assets and liabilities and classifies these assets and liabilities as Level 1. In other cases where a quoted market price for identical assets and liabilities in an active market is either not available or not observable, the Company estimates fair value using valuation methodologies based on available and observable market information or by using a matrix pricing model. These financial assets and liabilities would then be classified as Level 2. If quoted market prices are not available, the Company determines fair value using broker quotes or an internal analysis of each investment's financial performance and cash flow projections. Thus, financial assets and liabilities may be classified in Level 3 even though there may be some significant inputs that may be observable.

The carrying values and estimated fair values of the Company's financial instruments at December 31, 2018 and 2017 were as follows:

December 31, 2018

	Aggregate fair value	Admitted assets	Level 1	Level 2	Level 3	Not practicable (carrying value)
Bonds, short--term investments and cash equivalents	$135,809,460	$135,112,232	$43,991,795	$91,817,665	$—	$—
Total	$135,809,460	$135,112,232	$43,991,795	$91,817,665	$—	$—

December 31, 2017

	Aggregate fair value	Admitted assets	Level 1	Level 2	Level 3	Not practicable (carrying value)
Bonds, short--term investments and cash equivalents	$163,926,688	$162,654,424	$79,139,238	$84,787,450	$—	$—
Total	$163,926,688	$162,654,424	$79,139,238	$84,787,450	$—	$—

The valuation methods and assumptions used by the Company in estimating the fair value of bonds are discussed in Note 2.

There were no material realized and unrealized capital gains, purchases, sales, settlements, or transfers into or out of the Company's Level 3 financial assets during 2018 or 2017. There were no transfers between the Company’s Level 1 or 2 financial assets during 2018 or 2017.

In evaluating the Company's management of interest rate and liquidity risk and currency exposures, the fair values of all assets and liabilities should be taken into consideration, not only those presented above.

Offsetting and netting of financial assets and liabilities

The Company did not have any offsetting and netting of financial assets or liabilities as of December 31, 2018 or 2017.

7. Information concerning parent, subsidiaries, and affiliates

As of and for the years ended December 31, 2018 and 2017, the Company had the following significant transactions with affiliates:

The Company and Aetna Medicaid Administrators LLC (“AMA”) are parties to an administrative services agreement, under which AMA and certain of its affiliates provide certain administrative services, including cash management and accounting and processing of premiums and claims. Under this agreement, the Company will remit a percentage of its earned premium revenue, as applicable, to AMA as a fee. For these services, the Company was charged $41,365,917 and $38,744,284 in 2018 and 2017, respectively.

The Company is a party to an agreement which enables the Company to receive manufacturers' pharmacy rebates from AHM under which the Company remits a percentage of its earned pharmaceutical rebates to AHM as a fee. The Company earned pharmaceutical rebates of $3,269,303 and $2,753,083, which were recorded as a reduction of medical costs, in 2018 and 2017, respectively. The terms of settlement require that these amounts be settled within 45 days after the end of the calendar quarter.

As explained in Note 2 the Company participated in a tax sharing agreement with Aetna and Aetna's other subsidiaries through November 27, 2018. Also, as explained in Note 2, the Company participates in a tax sharing agreement with CVS Health for the period from November 28, 2018 through December 31, 2018. All federal income tax receivables/payables are due from/due to Aetna for tax periods ending on or before November 27, 2018. All federal income tax receivables/payables related to the period beginning November 28, 2018 through December 31, 2018 are due from/due to CVS Health in accordance with the tax sharing agreement with CVS Health.

Amounts due to and due from affiliates shown in the accompanying Statutory Statements of Assets, Liabilities, Capital and Surplus include the Company's net receipts and disbursements processed by affiliates and transactions related to its administrative services agreement with AMA.

At December 31, 2018 and 2017, the Company had the following amounts due to/from affiliates, which exclude amounts related to pharmacy rebate transactions as discussed more fully in Note 10 and the Company's reinsurance agreement:

	December 31	
	2018	2017
Amounts due to affiliates		
Aetna Medicaid Administrators LLC	$—	$10,522,578
Aetna Inc.	36,197,303	15,225,486
Others not individually listed	2,590	19
	$36,199,893	$25,748,083
Amounts due from affiliates		
Aetna Medicaid Administrators LLC	$12,647,744	$—
	$12,647,744	$—

The terms of settlement require that these amounts be settled within 45 days after the end of the calendar quarter.

8. Health care receivables

Pharmaceutical rebates

The Company receives pharmaceutical rebates through an agreement with AHM. AHM has contractual agreements with pharmaceutical companies for rebates, which cover the Company's membership as well as the membership of other Aetna affiliates. The Company receives those rebates from AHM that relate to the Company's membership. The Company estimates pharmaceutical rebate receivables based upon the historical payment trends, actual utilization and other variables. Actual rebates collected are applied to the collection periods below, using a first in first out methodology. At December 31, 2018 and 2017, the Company has pharmaceutical rebate receivables of $894,044 and $732,169, respectively (refer to the Company's accounting practices related to pharmaceutical rebates receivables in Note 2).

The following table discloses the quarterly revenue and subsequent cash collections relating to the pharmaceutical rebates discussed in Note 2:

Quarter	Estimated pharmacy rebates as reported on financial statements	Pharmacy rebates as invoiced/ confirmed	Actual rebates collected within 90 days of invoicing/ confirmation	Actual rebates collected within 91 to 180 days of invoicing/ confirmation	Actual rebates collected more than 180 days after invoicing/ confirmation
12/31/2018	$894,044	$—	$—	$—	$—
9/30/2018	926,281	894,044	—	—	—
6/30/2018	861,577	924,049	203,721	—	—
3/31/2018	740,676	861,273	294,629	531,029	—
12/31/2017	732,169	739,338	336,694	396,020	—
9/30/2017	632,953	731,168	342,620	382,790	248
6/30/2017	438,408	632,438	188,967	432,557	10,016
3/31/2017	424,111	438,300	123,441	312,237	439
12/31/2016	453,001	422,689	144,710	275,258	1,623
9/30/2016	364,342	362,385	161,366	178,397	20,661
6/30/2016	167,062	167,215	44,026	83,680	38,898
3/31/2016	142,155	142,113	83,063	40,304	18,244

Other receivables

The Company reported $2,167,953 and $602,803 of claim overpayment receivables at December 31, 2018 and 2017, respectively.

9. Income taxes

The components of the net DTAs recognized in the Company's Statutory Statements of Assets and Liabilities, Capital and Surplus are as follows:

	December 31, 2018		
	Ordinary	Capital	Total
Gross DTAs	$6,758,464	$524,499	$7,282,963
Statutory valuation allowance adjustment	(3,203,320)	(524,499)	(3,727,819)
Adjusted gross DTAs	3,555,144	—	3,555,144
DTAs nonadmitted	—	—	—
Subtotal net admitted DTAs	3,555,144	—	3,555,144
DTLs	(336,943)	—	(336,943)
Net admitted DTAs/(DTLs)	$3,218,201	$—	$3,218,201

	December 31, 2017		
	Ordinary	Capital	Total
Gross DTAs	$2,437,654	$271,210	$2,708,864
Statutory valuation allowance adjustment	—	—	—
Adjusted gross DTAs	2,437,654	271,210	2,708,864
DTAs nonadmitted	—	(43,890)	(43,890)
Subtotal net admitted DTAs	2,437,654	227,320	2,664,974
DTLs	—	(67,537)	(67,537)
Net admitted DTAs/(DTLs)	$2,437,654	$159,783	$2,597,437

	Change		
	Ordinary	Capital	Total
Gross DTAs	$4,320,810	$253,289	$4,574,099
Statutory valuation allowance adjustment	(3,203,320)	(524,499)	(3,727,819)
Adjusted gross DTAs	1,117,490	(271,210)	846,280
DTAs nonadmitted	—	43,890	43,890
Subtotal net admitted DTAs	1,117,490	(227,320)	890,170
DTLs	(336,943)	67,537	(269,406)
Net admitted DTAs/(DTLs)	$780,547	($159,783)	$620,764

The amount of admitted gross DTAs admitted under each component of SSAP No. 101 is as follows:

	December 31, 2018		
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	$3,218,201	$—	$3,218,201
(b) Adjusted gross DTAs expected to be realized (excluding the amount of DTAs) after application of the threshold limitations (the lesser of (b)1 and (b)2 below):	—	—	—
1. Adjusted gross DTAs expected to be realized following the balance sheet date	—	—	—
2. Adjusted gross DTAs allowed per limitation threshold	XX	XX	9,197,361
(c) Adjusted gross DTAs (excluding the amount of DTAs from (a) and (b) above) offset by gross DTLs	336,943	—	336,943
(d) DTAs admitted as the result of application of SSAP No. 101	$3,555,144	$—	$3,555,144

	December 31, 2017		
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	$2,421,022	$27,235	$2,448,257
(b) Adjusted gross DTAs expected to be realized (excluding the amount of DTAs) after application of the threshold limitations (the lesser of (b)1 and (b)2 below):	16,632	132,548	149,180
1. Adjusted gross DTAs expected to be realized following the balance sheet date	16,632	132,548	149,180
2. Adjusted gross DTAs allowed per limitation threshold	XX	XX	12,802,283
(c) Adjusted gross DTAs (excluding the amount of DTAs from (a) and (b) above) offset by gross DTLs	—	67,537	67,537
(d) DTAs admitted as the result of application of SSAP No. 101	$2,437,654	$227,320	$2,664,974

	Change		
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	$797,179	($27,235)	$769,944
(b) Adjusted gross DTAs expected to be realized (excluding the amount of DTAs) after application of the threshold limitations (the lesser of (b)1 and (b)2 below):	(16,632)	(132,548)	(149,180)
1. Adjusted gross DTAs expected to be realized following the balance sheet date	(16,632)	(132,548)	(149,180)
2. Adjusted gross DTAs allowed per limitation threshold	XX	XX	(3,604,922)
(c) Adjusted gross DTAs (excluding the amount of DTAs from (a) and (b) above) offset by gross DTLs	336,943	(67,537)	269,406
(d) DTAs admitted as the result of application of SSAP No. 101	$1,117,490	($227,320)	$890,170

	2018	2017
(a) Ratio percentage used to determine recovery period and threshold limitation amount	342%	435%
(b) Amount of adjusted capital and surplus used to determine recovery period threshold limitation in (b)2 above	$61,315,738	$85,348,550

The impact of tax planning strategies is as follows:

	December 31, 2018		
	Ordinary	Capital	Total
(a) Determination of adjusted gross DTAs and net admitted DTAs, by tax character as a percentage:			
1. Adjusted gross DTAs	$3,555,144	$—	$3,555,144
2. Percentage of adjusted DTAs by tax character attributable to the impact of tax planning strategies	0%	0%	0%
3. Net admitted adjusted gross DTAs	3,555,144	—	3,555,144
4. Percentage of net admitted adjusted DTAs by tax character admitted because of the impact of tax planning strategies	0%	0%	0%

	December 31, 2017		
	Ordinary	Capital	Total
(a) Determination of adjusted gross DTAs and net admitted DTAs, by tax character as a percentage:			
1. Adjusted gross DTAs	$2,437,654	$271,210	$2,708,864
2. Percentage of adjusted DTAs by tax character attributable to the impact of tax planning strategies	0%	5%	5%
3. Net admitted adjusted gross DTAs	2,437,654	227,320	2,664,974
4. Percentage of net admitted adjusted DTAs by tax character admitted because of the impact of tax planning strategies	0%	5%	5%

	Change		
	Ordinary	Capital	Total
(a) Determination of adjusted gross DTAs and net admitted DTAs, by tax character as a percentage:			
1. Adjusted gross DTAs	$1,117,490	($271,210)	$846,280
2. Percentage of adjusted DTAs by tax character attributable to the impact of tax planning strategies	0%	(5)%	(5)%
3. Net admitted adjusted gross DTAs	1,117,490	(227,320)	890,170
4. Percentage of net admitted adjusted DTAs by tax character admitted because of the impact of tax planning strategies	0%	(5)%	(5)%

The Company's tax-planning strategies do not include the use of reinsurance.

There are no DTLs that were not recognized at December 31, 2018 or 2017.

The provision (benefit) for income taxes for the years ended December 31, 2018 and 2017 was as follows:

	December 31		
	2018	2017	Change
Federal income tax on operations	$3,918,776	$8,160,926	($4,242,150)
Federal income tax provision (benefit) on net capital (losses) gains	(202,900)	(275,566)	72,666
Federal income tax incurred	$3,715,876	$7,885,360	($4,169,484)

The tax effects of temporary differences that gave rise to deferred tax assets and liabilities at December 31, 2018 and 2017 were as follows:

	December 31		
	2018	2017	Change
DTAs:			
Ordinary			
Discounting of Unpaid Losses	$1,600,502	$1,663,218	($62,716)
Policyholder Reserves	4,181,366	—	4,181,366
Nonadmitted Assets	976,596	774,436	202,160
Total ordinary DTAs	6,758,464	2,437,654	4,320,810
Statutory valuation allowance adjustment	(3,203,320)	—	(3,203,320)
Nonadmitted ordinary DTAs	—	—	—
Admitted ordinary DTAs	3,555,144	2,437,654	1,117,490
Capital			
Investments	524,499	271,210	253,289
Total capital DTAs	524,499	271,210	253,289
Statutory valuation allowance	(524,499)	—	(524,499)
Nonadmitted capital DTAs	—	(43,890)	43,890
Admitted capital DTAs	—	227,320	(227,320)
Admitted DTAs	3,555,144	2,664,974	890,170
DTLs:			
Ordinary			
Investments	214,437	—	214,437
Discounted Unpaid Losses - TCJA Transitional Tax Adjustment	122,506	—	122,506
Ordinary DTLs	336,943	—	336,943
Capital			
Investments	—	67,537	(67,537)
Capital DTLs	—	67,537	(67,537)
Total DTLs	336,943	67,537	269,406
Net admitted DTAs	$3,218,201	$2,597,437	$620,764

The change in net deferred income taxes is comprised of the following:

	December 31		
	2018	2017	Change
Total DTAs	$3,555,144	$2,708,864	$846,280
Total DTLs	(336,943)	(67,537)	(269,406)
Net DTAs/(DTLs)	3,218,201	2,641,327	576,874
Tax effect of unrealized gains (losses)			—
Change in net deferred income tax			$576,874

The valuation allowance adjustment to gross DTAs was $3,727,819 for December 31, 2018. There was no valuation adjustment for December 31, 2017.

The provision (benefit) for federal income taxes is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The items causing this difference are as follows:

	December 31, 2018	Effective tax rate	December 31, 2017	Effective tax rate
Provision computed at statutory rate	($2,237,393)	21.0 %	$10,723,866	35.0 %
Health Insurer Fee	2,492,778	(23.4)%	—	— %
Transfer Pricing Adjustment	(1,055,015)	9.9 %	(2,149,445)	(7.0)%
Tax-Exempt Interest	(180,921)	1.7 %	(272,281)	(0.9)%
Change in Nonadmitted Assets	(202,160)	1.9 %	(121,291)	(0.4)%
Prior Year True-Up	580,035	(5.4)%	252,915	0.8 %
Change in Valuation Allowance Adjustment	3,727,819	(35.0)%	(4,739,598)	(15.5)%
Impact on Deferred Tax for Enacted Rate Change	—	— %	1,760,884	5.7 %
Non-Deductible Penalties	—	— %	(183,400)	(0.6)%
Other	13,859	(0.1)%	(1)	(0.1)%
Total	$3,139,002	(29.4)%	$5,271,649	17.2 %
Federal and foreign income tax (benefit) expense incurred	$3,715,876	(34.9)%	$7,885,360	25.7 %
Change in net deferred income taxes	(576,874)	5.4 %	(2,613,710)	(8.5)%
Total statutory income taxes	$3,139,002	(29.5)%	$5,271,650	17.2 %

The transfer pricing adjustment allows taxpayers to apply different methods to price current period intercompany services at arm's length prices as compared to what would be charged to an unrelated entity, which results in a permanent deduction for tax reporting purposes.

At December 31, 2018 and 2017, the Company had no net capital loss or net operating loss carryforwards for tax purposes.

The amount of federal income taxes incurred that is available for recoupment in the event of future net losses are:

Year	Ordinary	Capital	Total
2018	$268,183	$—	$268,183
2018	2,950,018	—	2,950,018
2017	N/A	—	—
Total	$3,218,201	$—	$3,218,201

The Company did not report any deposits as admitted assets under Internal Revenue Code Section 6603 at December 31, 2018 and 2017.

At December 31, 2018, the Company's Federal Income Tax Return was consolidated with the following entities:

Aetna Inc.	CVS Health Corporation
@ Credentials Inc.	Accendo Insurance Company
Accordant Common, LLC	Accordant Health Services, LLC
Accuscript MO, Inc.	ACS Acqco Corp.
Active Health Management, Inc.	Adminco, Inc.
Administrative Enterprises, Inc.	Advanced Care Scripts, Inc.
Advanced Healthcare Distributors, LLC	AdvancePCS Specialty Rx, LLC
ADVANCERX.COM, LLC	Aetna Asset Advisors, LLC
Aetna Behavioral Health, LLC	Aetna Better Health Inc. (Georgia)
Aetna Better Health Inc. (IL)	Aetna Better Health Inc. (NJ)
Aetna Better Health Inc. (NY)	Aetna Better Health Inc. (OH)
Aetna Better Health Inc. (Tennessee)	Aetna Better Health of California, Inc.
Aetna Better Health of Iowa, Inc.	Aetna Better Health of Kansas Inc.
Aetna Better Health of Kentucky Insurance Co.	Aetna Better Health of Michigan, Inc.
Aetna Better Health of Missouri LLC	Aetna Better Health of Nevada Inc.
Aetna Better Health of North Carolina, Inc.	Aetna Better Health of Oklahoma Inc.
Aetna Better Health of Texas, Inc.	Aetna Better Health of Washington, Inc.
Aetna Better Health, Inc. (Connecticut)	Aetna Better Health, Inc. (LA)
Aetna Better Health, Inc. (PA)	Aetna Capital Management, LLC
Aetna Card Solutions, LLC	Aetna Dental Inc. (New Jersey)
Aetna Dental Inc. (Texas)	Aetna Dental of California, Inc.
Aetna Financial Holdings, LLC	Aetna Florida, Inc.
Aetna Health Holdings, LLC	Aetna Health Inc. (Connecticut)
Aetna Health Inc. (Florida)	Aetna Health Inc. (Georgia)
Aetna Health Inc. (LA)	Aetna Health Inc. (Maine)
Aetna Health Inc. (Michigan)	Aetna Health Inc. (New Jersey)
Aetna Health Inc. (NY)	Aetna Health Inc. (Pennsylvania)
Aetna Health Inc. (Texas)	Aetna Health Insurance Company
Aetna Health Insurance Company of New York	Aetna Health Management, LLC
Aetna Health of California Inc.	Aetna Health of Iowa, Inc
Aetna Health of Utah, Inc.	Aetna HealthAssurance Pennsylvania, Inc.
Aetna Integrated Informatics, Inc.	Aetna International Inc.
Aetna Ireland Inc.	Aetna Life & Casualty (Bermuda) Limited
Aetna Medicaid Administrators LLC	Aetna Network Services LLC
Aetna Pharmacy Management Services, LLC	Aetna Risk Assurance Company of Connecticut
Aetna Rx Home Delivery, LLC	Aetna Specialty Pharmacy, LLC
Aetna Student Health Agency, Inc.	Aetna Workers' Comp Access, LLC
Alabama CVS Pharmacy, LLC	Alajasper Realty Services, LLC
Alaska CVS Pharmacy, LLC	Allviant Corporation
AMC - New York, Inc.	AMC - Tennessee, Inc.
American Drug Stores Delaware, LLC	American Health Holding, Inc.
Apria Finance Holdings, Inc.	APS Acquisition LLC

APS-Summit Care Pharmacy, LLC	Arizona CVS Stores, LLC
Arkansas CVS Pharmacy, LLC	ASCO Healthcare of New England Limited Partnership
ASCO HealthCare, LLC	ASI Wings, LLC
AUSHC Holdings, Inc. (CT)	Badger Acquisition LLC
Badger Acquisition of Kentucky, LLC	Badger Acquisition of Minnesota, LLC
Badger Acquisition of Ohio, LLC	Baumel Eisner Neuromedical Institute, LLC
Best Care LTC Acquisition Company, LLC	Bluegrass Pharmacy of Lexington, LLC
BPNY Acquisition Corp	Bruin Acquisition Co., Inc.
bswift, LLC	Busse CVS, LLC #3110
Campo's Medical Pharmacy, Inc.	Care Pharmaceutical Services, LP
Care4, LP	Carecenter Pharmacy, LLC
Carecenter Pharmacy, LLC	Carefree Insurance Services, Inc.
Caremark Arizona Specialty Pharmacy Holding, LLC	Caremark Arizona Specialty Pharmacy, LLC
Caremark California Specialty Pharmacy Holding, LLC	Caremark California Specialty Pharmacy, LLC
Caremark Dallas Pharmacy, LLC	Caremark Hawaii Mail Pharmacy Holding, LLC
Caremark Hawaii Mail Pharmacy, LLC	Caremark Illinois Mail Pharmacy Holding, LLC
Caremark Irving Resource Center Holding, LLC	Caremark Irving Resource Center, LLC
Caremark Ohio Specialty Pharmacy Holding, LLC	Caremark Ohio Specialty Pharmacy, LLC
Caremark PA Specialty Pharmacy Holding, LLC	Caremark PCS, LLC
Caremark Pennsylvania Specialty Pharmacy, LLC	Caremark PHC, LLC
Caremark Puerto Rico Holding, LLC	Caremark Puerto Rico Specialty Pharmacy Holding, LLC
Caremark Puerto Rico Specialty Pharmacy, LLC	Caremark Puerto Rico, LLC
Caremark Redlands Pharmacy, LLC	Caremark Rx, LLC
Caremark Texas Mail Pharmacy Holding, LLC	Caremark Texas Mail Pharmacy, LLC
Caremark Ulysses Holding Corp.	Caremark, LLC
CaremarkPCS Alabama Mail Pharmacy Holding, LLC	CaremarkPCS Alabama Mail Pharmacy, LLC
CaremarkPCS Health, LLC	CaremarkPCS Pennsylvania Mail Pharmacy Holding, LLC
CaremarkPCS Pennsylvania Mail Pharmacy, LLC	CC Advertising & Marketing, LLC
CCRx Holdings, LLC	CCRx of North Carolina Holdings, LLC
CCRx of North Carolina, LLC	Central Rx Services, LLC
Choice Source Therapeutic Of Houston, Texas, LLC	Choice Source, LLC
CHP Acquisition Corp.	Circle Tallahassee Re, LLC
Claims Administration Corporation	Cofinity, Inc.
Compass Health Services, LLC	CompScript, LLC
Connecticut CVS Pharmacy, LLC	Continuing Care RX, LLC
Coram Alternate Site Services, Inc.	Coram Clinical Trials, Inc.
Coram Healthcare Corporation of Alabama	Coram Healthcare Corporation Of Florida
Coram Healthcare Corporation Of Greater D.C.	Coram Healthcare Corporation of Greater New York
Coram Healthcare Corporation of Indiana	Coram Healthcare Corporation of Massachusetts
Coram Healthcare Corporation of Mississippi	Coram Healthcare Corporation of Nevada
Coram Healthcare Corporation of North Texas	Coram Healthcare Corporation of Northern California

Coram Healthcare Corporation of Southern California	Coram Healthcare Corporation Of Southern Florida
Coram Healthcare Corporation of Utah	Coram LLC
Coram Specialty Infusion Services, LLC	CoramRX, LLC
Corporate Benefit Strategies, Inc.	Coventry Consumer Advantage, Inc.
Coventry Health and Life Insurance Company	Coventry Health Care National Accounts, Inc.
Coventry Health Care National Network, Inc.	Coventry Health Care of Florida, Inc.
Coventry Health Care of Illinois, Inc.	Coventry Health Care of Kansas, Inc.
Coventry Health Care of Missouri, Inc.	Coventry Health Care of Nebraska, Inc.
Coventry Health Care of Virginia, Inc.	Coventry Health Care of West Virginia, Inc.
Coventry Health Care Workers Compensation, Inc.	Coventry Health Plan of Florida, Inc.
Coventry HealthCare Management Corporation	Coventry Prescription Management Services, Inc.
Coventry Rehabilitation Services, Inc.	Coventry Transplant Network, Inc.
CP Acquisition Corp.	CP Services LLC
CSR, Inc.	CVS 1001 MA, LLC
CVS 10015 MA, LLC	CVS 10019 AR, LLC
CVS 10024 VA, LLC	CVS 10049 KY, LLC
CVS 10078 FL, LLC	CVS 10099 DE, LLC
CVS 10117 VA, LLC	CVS 10125 MA, LLC
CVS 10154 GA, LLC	CVS 10170 VA, LLC
CVS 10175 OK, LLC	CVS 10196 MA, LLC
CVS 10201 MN, LLC	CVS 10206 AL, LLC
CVS 10208 AL, LLC	CVS 10238 DE, LLC
CVS 10242 NE, LLC	CVS 10251 VA, LLC
CVS 10273 OK, LLC	CVS 10275 OK, LLC
CVS 10279 KY, LLC	CVS 10286 VA, LLC
CVS 10320 VA, LLC	CVS 10326 OK, LLC
CVS 10346 FL, LLC	CVS 10374 OH, LLC
CVS 10376 DE, LLC	CVS 10396 MN, LLC
CVS 1041 MA, LLC	CVS 10410 NE, LLC
CVS 10419 WI, LLC	CVS 10422 VA, LLC
CVS 10430 AR, LLC	CVS 10432 AR, LLC
CVS 10453 VA, LLC	CVS 10454 VA, LLC
CVS 10501 MA, LLC	CVS 10504 FL, LLC
CVS 10515 TN, LLC	CVS 10518 AR, LLC
CVS 10533 WI, LLC	CVS 10534 AR, LLC
CVS 10539 AR, LLC	CVS 10560 OK, LLC
CVS 10563 VA, LLC	CVS 10586 VA, LLC
CVS 10589 GA, LLC	CVS 10644 FL, LLC
CVS 10666 AR, LLC	CVS 10683 KY, LLC
CVS 10684 VA, LLC	CVS 10746 VA, LLC
CVS 10756 MN, LLC	CVS 10768 VA, LLC
CVS 10770 VA, LLC	CVS 10779 AR, LLC
CVS 10781 CO, LLC	CVS 10782 CO, LLC
CVS 10783 CO, LLC	CVS 10784 CO, LLC

CVS 10785 CO, LLC
CVS 10787 SC, LLC
CVS 10788 KY, LLC
CVS 1079 GA, LLC
CVS 10811 AL, LLC
CVS 10812 KY, LLC
CVS 10816 AR, LLC
CVS 10830 CO, LLC
CVS 10831 CO, LLC
CVS 10836 MA, LLC
CVS 10893 OH, LLC
CVS 10898 AL, LLC
CVS 10937 VA, LLC
CVS 10949 TN, LLC
CVS 10958 CO, LLC
CVS 10967 VA, LLC
CVS 10968 VA, LLC
CVS 10975 AR, LLC
CVS 10976 OK, LLC
CVS 10990 VA, LLC
CVS 10992 VA, LLC
CVS 11000 CO, LLC
CVS 11001 CO, LLC
CVS 11002 CO, LLC
CVS 11016 AL, LLC
CVS 11017 GA, LLC
CVS 11019 KY, LLC
CVS 11024 CO, LLC
CVS 11056 VA, LLC
CVS 11070 MN, LLC
CVS 11083 VA, LLC
CVS 11086 OH, LLC
CVS 11089 KY, LLC
CVS 11092 OK, LLC
CVS 11093 AR, LLC
CVS 11104 CO, LLC
CVS 11105 CO, LLC
CVS 11115 VA, LLC
CVS 11155 OH, LLC
CVS 11158 AR, LLC
CVS 11179 VA, LLC
CVS 11233 VA, LLC
CVS 1126 FL, LLC
CVS 1131 MA, LLC
CVS 11337 CO, LLC
CVS 1194 SC, LLC
CVS 1200 SC, LLC
CVS 1383 VA, LLC
CVS 1420 GA, LLC
CVS 1427, LLC
CVS 1435 MD, LLC
CVS 1452 MD, LLC
CVS 1461 MD, LLC
CVS 1525 VA, LLC
CVS 1538 VA, LLC
CVS 1547 VA, LLC
CVS 1556 VA, LLC
CVS 1561 VA, LLC
CVS 1589 MI, LLC
CVS 1743 AZ, LLC
CVS 180 SC, LLC
CVS 1803 MA, LLC
CVS 2003 VA, LLC
CVS 2004 VA, LLC
CVS 2019 VA, LLC
CVS 2048 RI, LLC
CVS 2065 RI, LLC
CVS 2212 GA, LLC
CVS 2545 CT, LLC
CVS 264 NJ, LLC
CVS 2747 FL, LLC
CVS 2776 VA, LLC
CVS 2829 FL, LLC
CVS 2948 Henderson, LLC #2948
CVS 301 MA, LLC
CVS 3042 DE, LLC
CVS 3121 FL, LLC
CVS 3186 WV, LLC
CVS 3227 FL, LLC
CVS 3232 NC, LLC
CVS 3250 FL, LLC
CVS 3257 FL, LLC
CVS 326 RI, LLC
CVS 3268 Gilbert, LLC #3268
CVS 3269 FL, LLC
CVS 3271 FL, LLC
CVS 3301 OH, LLC
CVS 3318 FL, LLC

CVS 3320 OH, LLC
CVS 3343 OH, LLC
CVS 3353 OH, LLC
CVS 3356 OH, LLC
CVS 3380 SC, LLC
CVS 3407 OH, LLC
CVS 3416 OH, LLC
CVS 3418 FL, LLC
CVS 3432 OH, LLC
CVS 3452 OH, LLC
CVS 3460 VA, LLC
CVS 3468 OH, LLC
CVS 3471 OH, LLC
CVS 3537 SC, LLC
CVS 3558 NV, LLC
CVS 3563 NC, LLC
CVS 3625 AZ, LLC
CVS 3667 FL, LLC
CVS 373 MA, LLC
CVS 3745 Peoria, LLC #3745
CVS 3749 AZ, LLC
CVS 3805 SC, LLC
CVS 3818 FL, LLC
CVS 3831 NC, LLC
CVS 3833 NC, LLC
CVS 3923 FL, LLC
CVS 3965 AZ, LLC
CVS 3967 AZ, LLC
CVS 397 RI, LLC
CVS 3973 NC, LLC
CVS 3987 NC, LLC
CVS 3988 NC, LLC
CVS 4015 FL, LLC
CVS 4016 MA, LLC
CVS 4073 MA, LLC
CVS 410 FL, LLC
CVS 4110 TN, LLC
CVS 4153 SC, LLC
CVS 4225 MD, LLC
CVS 4300 OH, LLC
CVS 433 MA, LLC
CVS 4331 OH, LLC
CVS 4380 WI, LLC
CVS 4419 WV, LLC
CVS 4480 FL, LLC
CVS 4485 FL, LLC
CVS 449 MA, LLC
CVS 4519 MS, LLC
CVS 4523 SC, LLC
CVS 4533 TN, LLC
CVS 4536 MS, LLC
CVS 4544 RI, LLC (f/k/a CVS 75566 RI, LLC)
CVS 4639 FL, LLC
CVS 4669 GA, LLC
CVS 4672 GA, LLC
CVS 4695 GA, LLC
CVS 4738 FL, LLC (f/k/a CVS 75462 FL, LLC)
CVS 4769 SC, LLC
CVS 4795 AZ, LLC
CVS 4832 AL, LLC
CVS 4840 AL, LLC
CVS 4853 AL, LLC
CVS 4896 OK, LLC
CVS 4900 AL, LLC
CVS 4905 AL, LLC
CVS 4944 AL, LLC
CVS 4976 AL, LLC
CVS 4981 MA, LLC
CVS 4993 MS, LLC
CVS 5018 TN, LLC
CVS 5021 VA, LLC
CVS 5029 AZ, LLC
CVS 5089 NY, LLC
CVS 5111 FL, LLC
CVS 5112 FL, LLC
CVS 5113 NV, LLC
CVS 5131 AZ, LLC
CVS 516 VA, LLC
CVS 5165 FL, LLC
CVS 5168 MS, LLC
CVS 5180 FL, LLC
CVS 5271 KS, LLC
CVS 5282 LA, LLC
CVS 5354 LA, LLC
CVS 5374 LA, LLC
CVS 5375 FL, LLC
CVS 5382 IL, LLC
CVS 5419 SC, LLC

CVS 5432 LA, LLC	CVS 5448 FL, LLC
CVS 5467 VA, LLC	CVS 5469 LA, LLC
CVS 5492 MN, LLC	CVS 5523 GA, LLC
CVS 5537 NC, LLC	CVS 5542 SC, LLC
CVS 5545 NC, LLC	CVS 5552 SC, LLC
CVS 5568 NC, LLC	CVS 5577 NC, LLC
CVS 5585 NC, LLC	CVS 5589 FL, LLC
CVS 5595 NC, LLC	CVS 5616 MN, LLC
CVS 5622 GA, LLC	CVS 5625 MO, LLC
CVS 5680 GA, LLC	CVS 5683 GA, LLC
CVS 5740 MS, LLC	CVS 5779 AZ, LLC
CVS 5783 IL, LLC	CVS 5791 AZ, LLC
CVS 5793 AZ, LLC	CVS 5801 MS, LLC
CVS 5812 AZ, LLC	CVS 5815 FL, LLC
CVS 5816 FL, LLC	CVS 582 MA, LLC
CVS 5828 CA, LLC	CVS 5829 IL, LLC
CVS 5849 AZ, LLC	CVS 5850 MS, LLC
CVS 5851 IL, LLC	CVS 5856 MA, LLC
CVS 5890 AZ, LLC	CVS 5891 AZ, LLC
CVS 5892 AZ, LLC	CVS 5893 AZ, LLC
CVS 590 RI, LLC	CVS 5931 AZ, LLC
CVS 5934 AZ, LLC	CVS 6009 OK, LLC
CVS 6012 GA, LLC	CVS 6073 NJ, LLC
CVS 6089 OH, LLC	CVS 6116 KY, LLC
CVS 612 MA, LLC	CVS 6135 NJ, LLC
CVS 6142 OK, LLC	CVS 6201 MN, LLC
CVS 6233 OK, LLC	CVS 6304 TN, LLC
CVS 6305 WV, LLC	CVS 6306 WV, LLC
CVS 6342 KY, LLC	CVS 6349 OH, LLC
CVS 6363 TN, LLC	CVS 6384 KY, LLC
CVS 6395 TN, LLC	CVS 6413 TN, LLC
CVS 6423, LLC	CVS 6429 TN, LLC
CVS 6572 IN. II, LLC	CVS 6572 IN., LLC
CVS 6796 MA, LLC	CVS 6852 VA, LLC
CVS 6867 NV, LLC	CVS 6869 DE, LLC
CVS 6874 IN, LLC	CVS 6941 KY, LLC
CVS 6972 FL, LLC	CVS 7036, LLC
CVS 7047, LLC	CVS 7057 NC, LLC
CVS 7070 MS, LLC	CVS 709 FL, LLC
CVS 7109 MA, LLC	CVS 7133 FL, LLC
CVS 7148 NC, LLC	CVS 7157 NC, LLC
CVS 7173 FL, LLC	CVS 7180 AL, LLC
CVS 7200, LLC	CVS 7215 AL, LLC
CVS 7382 NC, LLC	CVS 75024 AL, LLC

CVS 75121 SC, LLC
CVS 75124 MI, LLC
CVS 75129 FL, LLC
CVS 75137 MD, LLC
CVS 75139 NJ, LLC
CVS 75144 RI, LLC
CVS 75151 OH, LLC
CVS 75156 NV, LLC
CVS 75157 MI, LLC
CVS 75160 SC, LLC
CVS 75161 AZ, LLC
CVS 75162 AZ, LLC
CVS 75163 GA, LLC
CVS 75165 GA, LLC
CVS 7519 MN, LLC
CVS 75195 FL, LLC
CVS 75235 RI, LLC
CVS 75249 FL, LLC
CVS 75257 NJ, LLC
CVS 75269 MI, LLC
CVS 75275 TN, LLC
CVS 75280 NC, LLC
CVS 75294 FL, LLC
CVS 75307 KS, LLC
CVS 75312 VA, LLC
CVS 75334 FL, LLC
CVS 75363 GA, LLC
CVS 75365 GA, LLC
CVS 75374 NJ, LLC
CVS 75377 NC, LLC
CVS 75380 GA, LLC
CVS 75393 DE, LLC
CVS 75408 FL, LLC
CVS 75416 KY, LLC
CVS 75441 GA, LLC
CVS 75444 NV, LLC
CVS 75461 AL, LLC
CVS 75485 NC, LLC
CVS 75486 KS, LLC
CVS 75503 GA, LLC
CVS 75536 GA, LLC
CVS 75558 FL, LLC
CVS 75560 NJ, LLC
CVS 75561 NJ, LLC
CVS 75562 VA, LLC
CVS 75563 MD, LLC
CVS 75569 GA, LLC
CVS 75572 NC, LLC
CVS 75583 MA, LLC
CVS 75584 MA, LLC
CVS 75590 MN, LLC
CVS 75615 FL, LLC
CVS 75619 NJ, LLC
CVS 75626 GA, LLC
CVS 75636 NV, LLC
CVS 75642 VA, LLC
CVS 75651 SC, LLC
CVS 75659 OK, LLC
CVS 75660 OK, LLC
CVS 75669 MA, LLC
CVS 75676 KY, LLC
CVS 75679 SC, LLC
CVS 75707 FL, LLC
CVS 75718 OH, LLC
CVS 75719 MN, LLC
CVS 75733 NV, LLC
CVS 75738 RI, LLC
CVS 75740 NJ, LLC
CVS 75743 NJ, LLC
CVS 75770 NC, LLC
CVS 75771 NC, LLC
CVS 75774 MA, LLC
CVS 75795 DE, LLC
CVS 75799 NJ, LLC
CVS 75849 NC, LLC
CVS 75896 MA, LLC
CVS 75905 NJ, LLC
CVS 75924 FL, LLC
CVS 75935 NV, LLC
CVS 75946 VA, LLC
CVS 75947 GA, LLC
CVS 75952 WI, LLC
CVS 75958 MN, LLC
CVS 75959 MN, LLC
CVS 75961 SC, LLC
CVS 75977 MN, LLC
CVS 75978 FL, LLC
CVS 75995 DE, LLC

CVS 7648 KY, LLC
CVS 770 FL, LLC
CVS 7701, LLC
CVS 7885 GA, LLC
CVS 7888 GA, LLC
CVS 8003 MI, LLC
CVS 8009 MI, LLC
CVS 8067 MI, LLC
CVS 8071 MI, LLC
CVS 8078 MI, LLC
CVS 8086 MI, LLC
CVS 8103 MI, LLC
CVS 8123 MI, LLC
CVS 8133 MI, LLC
CVS 8165 MI, LLC
CVS 8207 MI, LLC
CVS 8281 MD, LLC
CVS 8302 MI, LLC
CVS 8303 TN, LLC
CVS 8415 NE, LLC
CVS 8549 MI, LLC
CVS 8615 NE, LLC
CVS 866 FL, LLC
CVS 8774 WI, LLC
CVS 8776 WI, LLC
CVS 8909 NC, LLC
CVS 8956 MS, LLC
CVS 8975 SC, LLC
CVS 8993 MS, LLC
CVS 920 MA, LLC
CVS 921 IL, LLC
CVS 932 FL, LLC
CVS 962 GA, LLC
CVS 9674 CA, LLC
CVS 976 FL, LLC
CVS AL Distribution, LLC
CVS ALBANY, LLC
CVS AOC Services, LLC
CVS ARCLIGHT, INC.
CVS Bay City 8207 MI, LLC
CVS Bellmore Avenue, LLC #2154
CVS Caremark Advanced Technology Pharmacy, LLC
CVS Caremark Indemnity Ltd.
CVS Caremark Part D Services, LLC
CVS Durham 7042, LLC
CVS EGL 5624 MO, LLC
CVS EGL 571 FL, LLC
CVS EGL 7958 FL, LLC
CVS ETB Holding Company, LLC
CVS Falmouth KY, LLC
CVS Foreign, Inc. #9736
CVS Gilbert 3272, LLC #3272
CVS Grand Bay 4782, LLC
CVS Greensboro, LLC
CVS Indiana, LLC #0877
CVS International, LLC
CVS Lagrange 4540, LLC
CVS Logan 3454, LLC
CVS Manchester NH, LLC #0200
CVS Michigan, LLC #9415
CVS Montgomery 6094, LLC
CVS NV Holding Company, LLC
CVS Orlando FL Distribution, LLC
CVS PA Distribution, LLC
CVS Pharmacy Inc.
CVS PR Center Inc.
CVS PR Center, Inc.
CVS PR Holding Company, LLC
CVS RCI, LLC
CVS RS Arizona, LLC
CVS Rx Services, Inc. #0886
CVS Safir Sourcing, LLC
CVS SC Distribution, LLC
CVS SP 5897 FL, LLC
CVS State Capital, LLC #0800
CVS TN Distribution, LLC
CVS Transportation, LLC
CVS TX Holding Company, LLC
CVS Vero FL Distribution, LLC
CVS Washington 6448, LLC
CVS Weymouth 1853, LLC
CVS WWRE, INC.
D&R Pharmaceutical Services, LLC
D.A.W., LLC
Delaware CVS Pharmacy, LLC
Delaware Physicians Care, Inc.
DG Danville KY, LLC
Digital EHealth, LLC

Digital Enterprise Realty, LLC	District Of Columbia CVS Pharmacy, LLC
E.T.B., INC.	Echo Merger Sub, Inc
Eckerd Corporation Of FL, Inc.	Employee Assistance Services, LLC
Enloe Drugs, LLC	Enterprise Safety Organization, LLC
Escalante Solutions, Llc	Evergreen Pharmaceutical of California, Inc.
Evergreen Pharmaceutical, LLC	Express Pharmacy Services of PA, LLC
First Health Group Corp.	First Health Life and Health Insurance Company
First Script Network Services, Inc.	Florida Health Plan Administrators, LLC
FOCUS Healthcare Management, Inc.	Garfield Beach CVS, LLC
Generation Health, LLC	Geneva Woods Health Services, LLC
Geneva Woods LTC Pharmacy, LLC	Geneva Woods Management, LLC
Geneva Woods Pharmacy Alaska, LLC	Geneva Woods Pharmacy Washington, LLC
Geneva Woods Pharmacy Wyoming, LLC	Geneva Woods Pharmacy, Inc.
Geneva Woods Retail Pharmacy, LLC	Georgia CVS Pharmacy, LLC
German Dobson CVS, LLC #5038	Goodyear CVS, LLC #3749
Grand St. Paul CVS, LLC	Grandview Pharmacy, LLC
Group Dental Service of Maryland, Inc.	Group Dental Service, Inc.
HCP Acquisition Sub, LLC	Health and Human Resource Center, Inc.
Health Data & Managment Solutions, Inc.	Health Re, Inc.
Healthagen LLC	HealthAssurance Pennsylvania, Inc.
Highland Park CVS, LLC	Holiday CVS, LLC
Home Care Pharmacy, LLC	Home Pharmacy Services, LLC
Hook-Superx, LLC	Horizon Behavioral Services, LLC
Idaho CVS Pharmacy, LLC	Institutional Health Care Services, LLC
Interlock Pharmacy Systems, LLC	Iowa CVS Pharmacy, LLC
Ironbound CVS Urban Renewal, LLC	iTriage, LLC
JEC Funding, Inc.	JHC Acquisition, LLC
Kansas CVS Pharmacy, LLC	Kentucky CVS Pharmacy, LLC
Langsam Health Services, LLC	LCPS Acquisition, LLC
LHS Acquisition Sub, LLC	Lobos Acquisition, LLC
Lo-Med Prescription Services, LLC	Longs Drug Stores California, LLC
Longs Drug Stores, LLC	Louisiana CVS Pharmacy, LLC
Managed Care Coordinators, Inc.	Managed Healthcare, Inc.
Martin Health Services, Inc.	Maryland CVS Pharmacy, LLC
Massachusetts CVS Pharmacy, Inc.	Med World Acquisition Corp.
Medical Arts Health Care, Inc.	Melville Realty Co., Inc.
Member Health, LLC	Mental Health Associates, Inc.
Mental Health Network of New York IPA, Inc.	Meritain Health, Inc.
Merwin IV & Specialty Pharmacy, LLC	Merwin Long Term Care, Inc.
Merwin Rx-Compounding Pharmacy, LLC	MetraComp, Inc.
MHHP Acquisition Company, LLC	MHNet Life and Health Insurance Company
MHNet of Florida, Inc.	MHNet Specialty Services LLC
Minuteclinic Diagnostic Of Alabama, LLC	Minuteclinic Diagnostic Of Arizona, LLC
Minuteclinic Diagnostic Of Florida, LLC	Minuteclinic Diagnostic Of Georgia, LLC

Minuteclinic Diagnostic Of Hawaii, LLC	Minuteclinic Diagnostic Of Illinois, LLC
Minuteclinic Diagnostic Of Kentucky, LLC	Minuteclinic Diagnostic Of Louisiana, LLC
Minuteclinic Diagnostic Of Maine, LLC	Minuteclinic Diagnostic Of Maryland, LLC
Minuteclinic Diagnostic Of Massachusetts, LLC	Minuteclinic Diagnostic Of Nebraska, LLC
Minuteclinic Diagnostic Of New Hampshire, LLC	Minuteclinic Diagnostic Of New Mexico, LLC
Minuteclinic Diagnostic Of Ohio, LLC	Minuteclinic Diagnostic Of Oklahoma, LLC
Minuteclinic Diagnostic Of Oregon, LLC	Minuteclinic Diagnostic Of Pennsylvania, LLC
Minuteclinic Diagnostic Of Rhode Island, LLC	Minuteclinic Diagnostic Of South Carolina, LLC
Minuteclinic Diagnostic Of Texas, LLC	Minuteclinic Diagnostic Of Utah, LLC
Minuteclinic Diagnostic Of Virginia, LLC	Minuteclinic Diagnostic Of Washington, LLC
Minuteclinic Diagnostic Of Wisconsin, LLC	Minuteclinic Online Diagnostic Services, LLC
Minuteclinic Telehealth Services, LLC	Minuteclinic, LLC
Mississippi CVS Pharmacy, LLC	Missouri CVS Pharmacy, LLC
Montana CVS Pharmacy, LLC	Mountain Grove Investment Group LLC
NCS Healthcare of Illinois, LLC	NCS Healthcare of Indiana LLC
NCS Healthcare of Iowa, LLC	NCS Healthcare of Kansas, LLC
NCS Healthcare of Kentucky, Inc.	NCS Healthcare of Montana, Inc.
NCS Healthcare of New Hampshire, Inc.	NCS Healthcare of New Mexico, Inc.
NCS Healthcare of Ohio, LLC	NCS Healthcare of South Carolina, Inc.
NCS Healthcare of Tennessee, Inc.	NCS Healthcare of Wisconsin, LLC
NCS Healthcare, LLC	NCSH Acquisition Sub, LLC
Nebraska CVS Pharmacy, LLC	NeighborCare Holdings, Inc.
NeighborCare of Indiana, LLC	NeighborCare of New Hampshire, LLC
NeighborCare of Virginia, LLC	NeighborCare Pharmacies, LLC
NeighborCare Pharmacy of Virginia, LLC	NeighborCare Pharmacy Services, Inc.
NeighborCare Services Corporation	NeighborCare, Inc.
Nevada CVS Pharmacy, LLC	New Jersey CVS Pharmacy, LLC
NH Acquisition Sub, LLC	Niagara Re, Inc.
NIV Acquisition, LLC	North Carolina CVS Pharmacy, LLC
North Shore Pharmacy Services LLC	Novologix, LLC
NS Acquisition Sub, LLC	NSPS Acquisition Sub, LLC
Ocean Acquisition Sub, LLC	OCR Services Corporation
OCR-RA Acquisition, LLC	Ohio CVS Stores, LLC
Oklahoma CVS Pharmacy, LLC	Omnicare Distribution Center LLC
Omnicare ESC LLC	Omnicare Foundation
Omnicare Headquarters LLC	Omnicare Holding Company
Omnicare Indiana Partnership Holding Company LLC	Omnicare of Nevada, LLC
Omnicare of New York, LLC	Omnicare Pharmacies of Pennsylvania East LLC
Omnicare Pharmacies of Pennsylvania West LLC	Omnicare Pharmacies of the Great Plains Holding Company
Omnicare Pharmacy and Supply Services LLC	Omnicare Pharmacy of Florida, LP
Omnicare Pharmacy of Maine LLC	Omnicare Pharmacy of Nebraska, LLC
Omnicare Pharmacy of North Carolina, LLC	Omnicare Pharmacy of Pueblo, LLC
Omnicare Pharmacy of Tennessee, LLC	Omnicare Pharmacy of Texas 1, LP

Omnicare Pharmacy of Texas 2, LP	Omnicare Pharmacy of the Midwest, LLC
Omnicare Property Management, LLC	Omnicare, Inc.
OPGP Acquisition Sub, LLC	OPM Acquisition Sub, LLC
Oregon CVS Pharmacy, LLC	Part D Holding Co., LLC
PayFlex Holdings, Inc.	PayFlex Systems USA, Inc.
Pennsylvania CVS Pharmacy, LLC	Pennsylvania Life Insurance Company
Performax, Inc.	Pharmacare Holding Company
Pharmacare Pharmacy, LLC	Pharmacare Specialty Healthcare Distributors, LLC
Pharmacy Associates of Glens Falls, Inc.	Pharmacy Consultants, LLC
Pharmacy Holding #1, LLC	Pharmacy Holding #2, LLC
PharmaSource Healthcare, Inc.	Pharm-Corp of Maine LLC
Pharmed Holdings, Inc.	Pharmore, Inc.
Phoenix Data Solutions LLC	PMRP Acquisition Company, LLC
PP Acquisition Company, LLC	Precision Benefit Services, Inc.
PrimeNet, Inc.	PRN Pharmaceutical Services, LP
Procare 4268 Yankee, LLC	Procare Pharmacy Direct, LLC
Procare Pharmacy, LLC	Prodigy Health Group, Inc.
Professional Pharmacy Services, Inc.	Professional Risk Management, Inc.
PSI Arkansas Acquisition, LLC	Puerto Rico CVS Pharmacy, LLC
Red Oak Sourcing, LLC	Resources for Living, LLC
Retrac, Inc. #107	Rhode Island CVS Pharmacy, LLC
Richmond Heights Acquisition Corp.	Roeschen's Healthcare LLC
Rx Innovations 4439, LLC	RxAMERICA, LLC
RXC Acquisition Company	Schaller Anderson Medical Administrators Inc
Scrip World, LLC	Sheffield Avenue CVS, LLC #3690
Shore Pharmaceutical Providers, LLC	Silverscript Insurance Company
Sky Acquisition LLC	South Carolina CVS Pharmacy, LLC
South Wabash CVS, LLC #3674	Specialized Pharmacy Services, LLC
Specialty Services Holding LLC	Speedwell CVS Urban Renewal, LLC
Sterling Healthcare Services, Inc.	Strategic Resource Company
Suburban Medical Services, LLC	Superior Care Pharmacy, Inc.
T2 Medical, Inc.	TCPI Acquistion Corp.
Tennessee CVs Pharmacy, LLC	The Vasquez Group, Inc.
Thomas Phoenix CVS, LLC #3625	Three Forks Apothecary, LLC
Thundermist Services, LLC	U.S. Health Care Properties, Inc.
UAC Holding, Inc.	UC Acquisition Corp.
Uni-Care Health Services of Maine, Inc.	Utah CVS Pharmacy, LLC
Value Health Care Services LLC	VAPS Acquisition Company, LLC
Vermont CVS Pharmacy, LLC	VHCS Acquisition Sub, LLC
Virginia CVS Pharmacy, LLC	Warm Springs Road CVS, LLC #2928
Washington CVS Pharmacy, LLC	Washington Lamb CVS, LLC #3172
Weber Medical Systems LLC	Wellpartner, LLC
West Virginia CVS Pharmacy, LLC	Westhaven Services Co, LLC
Williamson Drug Company, Incorporated	Wisconsin CVS Pharmacy, LLC

Woodruff Realty Associates, LLC #2085	Woodward Detroit CVS, LLC
Work & Family Benefits, Inc.	WP Smart Holdings, LLC
ZS Acquisition Company, LLC	976 Miami RE, LLC

As explained in Note 2, the Company participates in a tax sharing agreement with its parent and affiliates.

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.

The Company is subject to state income taxes in the State of Louisiana. State income tax expense is recorded in general administrative expenses in the Statutory Statements of Revenue and Expenses. For the years ended December 31, 2018 and 2017, the Company incurred state income tax expenses of ($207,541) and $207,541, respectively. The Company had no state income tax payable at December 31, 2018 or 2017. The Company's state income tax receivable of $592,846 and $385,305 at December 31, 2018 and 2017, respectively, were in included as an aggregate write-in in the Statutory Statements of Assets.

The Company is subject to premium taxes in Louisiana. These tax expenses are recorded in general administrative expenses in the Statutory Statements of Revenue and Expenses. The expenses for these taxes were $34,451,329 and $32,046,093 for the years ended December 31, 2018 and 2017, respectively. The Company's premium tax payables of $10,426,432 and $14,681,631 at December 31, 2018 and 2017, respectively, were included in general expenses due or accrued in the Statutory Statements of Liabilities, Capital and Surplus.

10. Reinsurance

Effective February 1, 2017, the Company and Berkley Life and Health Insurance Company ("Berkley") entered into an excess loss reinsurance agreement. Under this agreement, Berkley is liable for 90% of covered expenses in excess of the specific deductible of $500,000 per covered member, with a maximum reimbursement of $5,000,000 per member per agreement year. The Company paid reinsurance premiums of $320,473 in 2018 and $350,464 in 2017. In 2018 and 2017, the Company realized reinsurance recoveries of $19,586 and $322,618, respectively.

11. Remittances and items not allocated

Remittances and items not allocated of $395,248 and $362,390 at December 31, 2018 and 2017, respectively, consist of unidentified cash receipts from policyholders received at the end of the month which cannot be applied to a specific account until the next accounting period due to the timing of when the funds are received.

12. Change in claims unpaid, unpaid claims adjustment expense, and aggregate health claim reserves

The following table shows the components of the change in claims unpaid, accrued medical incentive pool and bonus amounts, unpaid claims adjustment expense and aggregate health claim reserves for the years ended December 31, 2018 and 2017:

	2018	2017
Balance, January 1	$95,566,529	$110,705,794
Health care receivable	(5,022,763)	(1,001,642)
Balance, January 1, net of health care receivable	90,543,766	109,704,152
Incurred related to:		
Current year	588,042,777	540,829,707
Prior years	(33,860,952)	(33,850,029)
Total incurred	554,181,825	506,979,678
Paid related to:		
Current year	506,621,721	456,636,325
Prior years	58,873,794	69,503,739
Total paid	565,495,515	526,140,064
Balance, December 31, net of health care receivable	79,230,076	90,543,766
Health care receivable	7,712,457	5,022,763
Balance, December 31	$86,942,533	$95,566,529

In 2018, reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years decreased by $33,860,952 from $95,566,529 in 2017 to $61,705,577 in 2018. In 2017, reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years decreased by $33,850,029 from $110,705,794 in 2016 to $76,855,765 in 2017. The lower than anticipated health care cost trend rates observed in 2018 and 2017 for claims incurred in 2017 and 2016, respectively, were due to moderating outpatient and physician trends and faster than expected claim payment speed. The Company considers historical trend rates together with knowledge of recent events that may impact current trends when developing estimates of current trend rates. Original estimates are increased or decreased as additional information becomes known regarding individual claims. Historical health care cost trend rates are not necessarily representative of current trends.

Net coordination of benefits are implicit in the claims incurred but not reported calculation and could not be specifically identified.

13. Capital and surplus, shareholder's dividend restrictions and quasi-reorganizations

The Company had 10,000 shares of common stock with no par value, with 1,000 shares issued and outstanding at December 31, 2018 and 2017.

Dividend restrictions

No domestic stock insurer shall declare and pay any dividends to its stockholders unless its capital is fully paid in cash and is unimpaired and it has a surplus beyond its capital stock and the initial minimum surplus required and all other liabilities equal to fifteen percent of its capital stock, provided that this restriction shall not apply to an insurer when its paid-in capital and surplus exceed the minimum required by the Louisiana Department Code by one hundred percent or more.

At December 31, 2018 the Company could not pay ordinary dividends to stockholders. At December 31, 2017, there was $22,677,699 of the Company's net income less realized capital gains that may be paid as ordinary dividends to stockholders.

The Company did not pay any dividends in 2018 or 2017.

The Company did not receive any capital contributions in 2018 or 2017. The Company had a return of capital of $8,700,000 in 2018.

There were no restrictions placed on the Company's surplus, including for whom the surplus was being held at December 31, 2018 or 2017 except as noted in Note 16.

The Company did not hold any stock for any special purposes at December 31, 2018 or 2017.

Changes in the balances of special surplus funds from the prior year are due to the accrual of estimated 2017 ACA health insurer fees reclassified from unassigned funds or surplus to aggregate write-ins for special surplus funds as discussed more fully in Note 2 and 18.

The Company did not have any unrealized gains and losses in unassigned surplus funds at December 31, 2018 or 2017.

.

The Company did not have any special surplus funds or surplus notes at December 31, 2018 or 2017.

14. Contingencies

Litigation and regulatory proceedings

The following description of litigation and regulatory proceedings covers CVS Health and certain of its subsidiaries, including the Company. Certain of the proceedings described below may not impact the Company directly but may have an indirect impact on the Company as the Company is a member of the CVS Health holding company group (the "CVS Health Group").

The Company is a party to numerous legal proceedings, investigations, audits and claims arising, for the most part, in the ordinary course of its businesses, including the matters described below. The Company records accruals for outstanding legal matters when it believes it is probable that a loss will be incurred and the amount can be reasonably estimated. The Company evaluates, on a quarterly basis, developments in legal matters that could affect the amount of any accrual and developments that would make a loss contingency both probable and reasonably estimable. If a loss contingency is not both probable and estimable, the Company does not establish an accrued liability.

Except as otherwise noted, the Company cannot predict with certainty the timing or outcome of the legal matters described below, and the Company is unable to reasonably estimate a possible loss or range of possible loss in excess of amounts already accrued for these matters. It is reasonably possible that the outcome of such legal matters could be material to the Company.

Provider Proceedings

The CVS Health Group is named as a defendant in purported class actions and individual lawsuits arising out of its practices related to the payment of claims for services rendered to its members by health care providers with whom the CVS Health Group has a contract and with whom the CVS Health Group does not have a contract ("out-of-network providers"). Among other things, these lawsuits allege that the CVS Health Group paid too little to its health plan members and/or providers for these services and/or otherwise allege that the CVS Health Group failed to timely or appropriately pay or administer claims and benefits (including the CVS Health Group's post payment audit and collection practices and reductions in payments to providers due to sequestration). Other major health insurers are the subject of similar litigation or have settled similar litigation.

The CVS Health Group also has received subpoenas and/or requests for documents and other information from, and been investigated by, attorneys general and other state and/or federal regulators, legislators and agencies relating to, and the CVS Health Group is involved in other litigation regarding, its out-of-network benefit payment and administration practices. It is reasonably possible that others could initiate additional litigation or additional regulatory action against one or more members of the CVS Health Group, including the Company, with respect to their respective out-of-network benefit payment and/or administration practices.

CMS Actions

The Centers for Medicare & Medicaid Services ("CMS") regularly audits the Company's performance to determine its compliance with CMS's regulations and its contracts with CMS and to assess the quality of services it provides to Medicare beneficiaries. CMS uses various payment mechanisms to allocate and adjust premium payments to the Company's and other companies' Medicare plans by considering the applicable health status of Medicare members as supported by information prepared, maintained and provided by health care providers. The CVS Health Group collects claim and encounter data from providers and generally relies on providers to appropriately code their submissions to the CVS Health Group and document their medical records, including the diagnosis data submitted to the CVS Health Group with claims. CMS pays increased premiums to Medicare Advantage plans and Medicare PDP plans for members who have certain medical conditions identified with specific diagnosis codes. Federal regulators review and audit the providers' medical records to determine whether those records support the related diagnosis codes that determine the members' health status and the resulting risk-adjusted premium payments to the CVS Health Group. In that regard, CMS has instituted risk adjustment data validation ("RADV") audits of various Medicare Advantage plans, including certain of the CVS Health Group's plans, to validate coding practices and supporting medical record documentation maintained by health care providers and the resulting risk adjusted premium payments to the plans. CMS may require the CVS Health Group to refund premium payments if the CVS Health Group's risk adjusted premiums are not properly supported by medical record data. The Office of Inspector General (the "OIG") also is auditing the CVS Health Group's risk adjustment-related data and that of other companies. The CVS Health Group expects CMS and the OIG to continue these types of audits.

Other Legal and Regulatory Proceedings

The CVS Health Group is also a party to other legal proceedings and is subject to government investigations, inquiries and audits and has received and is cooperating with the government in response to CIDs, subpoenas or similar process from various governmental agencies requesting information, all arising in the ordinary course of its businesses. These other legal proceedings include claims of or relating to bad faith, medical malpractice, non-compliance with state and federal regulatory regimes, marketing misconduct, failure to timely or appropriately pay or administer claims and benefits, provider network structure (including the use of performance-based networks and termination of provider contracts), rescission of insurance coverage, improper disclosure or use of personal information, anticompetitive practices, general contractual matters, product liability, intellectual property litigation and employment litigation. Some of these other legal proceedings are or are purported to be class actions or derivative claims. The CVS Health Group is defending itself against the claims brought in these matters.

Awards to the Company and others of certain government contracts, particularly Medicaid contracts and contracts with government customers in the Company's health care businesses, are subject to increasingly frequent protests by unsuccessful bidders. These protests may result in awards to the Company being reversed, delayed or modified. The loss or delay in implementation of any government contract could adversely affect the Company's results of operations. The Company will continue to defend contract awards it receives.

There also continues to be a heightened level of review and/or audit by regulatory authorities of, and increased litigation regarding, the Company's and the rest of the health care and related benefits industry's business and reporting practices, including premium rate increases, utilization management, development and application of medical policies, complaint, grievance and appeal processing, information privacy, provider network structure (including provider network adequacy, the use of performance-based networks and termination of provider contracts), provider directory accuracy, calculation of minimum medical loss ratios and/or payment of related rebates, delegated arrangements, rescission of insurance coverage, limited benefit health products, student health products, pharmacy benefit management practices (including the use of narrow networks and the placement of drugs in formulary tiers), sales practices, customer service practices, vendor oversight and claim payment practices (including payments to out-of-network providers).

As a leading national health care and related benefits company, the CVS Health Group regularly is the subject of government actions of the types described above. These government actions may prevent or delay the Company from implementing planned premium rate increases and may result, and have resulted, in restrictions on the Company's businesses, changes to or clarifications of the Company's business practices, retroactive adjustments to premiums, refunds or other payments to members, beneficiaries, states or the federal government, withholding of premium payments to the Company by government agencies, assessments of damages, civil or criminal fines or penalties, or other sanctions, including the possible suspension or loss of licensure and/or suspension or exclusion from participation in government programs.

The Company can give no assurance, however, that its businesses, financial condition, results of operations and/or cash flows will not be materially adversely affected, or that the Company will not be required to materially change its business practices, based on: (i) future enactment of new health care or other laws or regulations; (ii) the interpretation or application of existing laws or regulations as they may relate to one or more of the Company's businesses, one or more of the industries in which the Company competes and/or the health care industry generally; (iii) pending or future federal or state governmental investigations of one or more of the CVS Health Group's and/or the Company's businesses, one or more of the industries in which the CVS Health Group and/or the Company competes and/or the health care industry generally; (iv) pending or future government audits, investigations or enforcement actions against the CVS Health Group and/or the Company; (v) adverse developments in any pending *qui tam* lawsuit against the CVS Health Group and/or the Company, whether sealed or unsealed, or in any future *qui tam* lawsuit that may be filed against the CVS Health Group and/or the Company; or (vi) adverse developments in pending or future legal proceedings against the CVS Health Group and/or the Company or affecting one or more of the industries in which the CVS Health Group and/or the Company competes and/or the health care industry generally.

Litigation Insurance Coverage

The Company maintains insurance coverage for certain litigation exposures in an amount it believes is reasonable.

Health Care Reform

The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, "Health Care Reform" or the "ACA"), has made broad-based changes to the U.S. health care system. If the ACA is not further amended, repealed or replaced, certain of its components will continue to be phased in until 2022. While the Company anticipates continued efforts in 2019 and beyond to invalidate, modify, repeal or replace Health Care Reform, the Company expects aspects of Health Care Reform to continue to significantly impact the Company's business operations and financial results, including pricing, medical benefit ratios ("MBRs") and the geographies in which the Company's products are available.

While most of the significant aspects of Health Care Reform became effective during or prior to 2014, parts of Health Care Reform continue to evolve through the promulgation of executive orders, regulations and guidance as well as ongoing litigation. Additional changes to Health Care Reform and those regulations and guidance at the federal and/or state level are likely, and those changes are likely to be significant. Growing state and federal budgetary pressures make it more likely that any changes, including changes at the state level in response to changes to, or invalidation, repeal or replacement of, Health Care Reform and/or changes in the funding levels and/or payment mechanisms of federally supported benefit programs, will be adverse to the Company. For example, if any elements of Health Care Reform are invalidated or repealed at the federal level, the Company expects that some states would seek to enact similar requirements, such as prohibiting pre-existing condition exclusions, prohibiting rescission of insurance coverage, requiring coverage for dependents up to age 26, requiring guaranteed renewability of insurance coverage and prohibiting lifetime limits on insurance coverage.

Potential repeal of Health Care Reform, ongoing legislative, regulatory and administrative policy changes to Health Care Reform, the results of congressional and state level elections, the December 2018 U.S. District Court decision invalidating Health Care Reform and other pending litigation challenging aspects of the law or funding for the law and federal budget negotiations continue to create uncertainty about the ultimate impact of Health Care Reform. The pending litigation challenging Health Care Reform includes challenges by various states of the federal government's decision to curtail payments related to the Cost-Sharing Subsidy Program. The time frame for conclusion and final outcome and ultimate impact of this litigation are uncertain. Given the inherent difficulty of foreseeing the nature and scope of future changes to Health Care Reform and how states, businesses and individuals will respond to those changes, the Company cannot predict the impact on it of future changes to Health Care Reform. It is reasonably possible that invalidation, repeal or replacement of or other changes to Health Care Reform and/or states' responses to such changes, in the aggregate, could have a significant adverse effect on the Company's businesses, results of operations and cash flows.

15. Contractual arrangements with providers

The Company generally compensates primary care physicians through prospective compensation arrangements which incorporate quality assessment standards, comprehensiveness of care, utilization and office status components. These components are used to adjust the capitation payments to individual physician offices and to determine the amount of additional periodic payments. The Company has prospective compensation arrangements for mental health, substance abuse, diagnostic laboratory, radiology and diagnostic imaging services, podiatric treatment, physical therapy and prescription drug dispensing. The Company has contracts that provide for all-inclusive per diem and per case hospitalization rates and fixed rates for ambulatory surgery, emergency room services and specialist services. The Company has also entered into quality based compensation arrangements with certain hospitals, as well as agreements with certain integrated health delivery systems under which the systems are compensated on a substantially fixed prospective basis for medical services, including primary, specialist and hospital care. The arrangements described above cover the majority of medical expenses.

16. Minimum capital and surplus

Pursuant to the laws of Louisiana, each health maintenance organization shall establish prior to the issuance of any certificate of authority, and shall maintain as long as it does business in Louisiana as a health maintenance organization, capital and surplus in the amount of three million dollars. At both December 31, 2018 and 2017, the Company's capital and surplus exceeded all such requirements.

The NAIC utilizes risk-based capital ("RBC") standards for health organizations, including HMOs, that are designed to identify weakly capitalized companies by comparing each company's adjusted capital and surplus to its required capital and surplus (the "RBC Ratio"). The RBC Ratio is designed to reflect the risk profile of the company. Within certain ratio ranges, regulators have increasing authority to take action as the RBC Ratio decreases. There are four levels of regulatory action, ranging from requiring insurers to submit a comprehensive plan to the state insurance commissioner to requiring the state insurance commissioner to place the insurer under regulatory control. At December 31, 2018 and 2017, the Company had capital and surplus that exceeded the highest threshold specified by the RBC rules.

17. Medicaid

The Company's Medicaid plan products also are heavily regulated by CMS and state Medicaid agencies, which have the right to audit the Company's performance to determine compliance with CMS contracts and regulations. The Company's Medicaid products, and Children's Health Insurance Program ("CHIP") contracts also are subject to complex federal and state regulations and oversight by state Medicaid agencies regarding the services the Company provides to Medicaid enrollees, payment for those services, network requirements (including mandatory inclusion of specified high-cost providers), and other aspects of these programs, and by external review organizations which audit Medicaid plans on behalf of the state Medicaid agencies. The laws, regulations and contractual requirements applicable to the Company and other participants in Medicaid plans including requirements that the Company submit encounter data to the applicable state agency, are extensive, complex and subject to change. The Company has invested significant resources to comply with these standards, and its Medicaid program compliance efforts will continue to require significant resources. CMS and/or state Medicaid agencies may fine the Company, withhold payments to the Company, seek premium and other refunds, terminate the Company's existing contracts, elect not to award the Company new contracts or not to renew the Company's existing contracts, prohibit the Company from continuing to market and/or enroll members in or refuse to automatically assign members to one or more of the Company's Medicaid products, exclude the Company from participating in one or more Medicaid programs and/or institute other sanctions and/or civil monetary penalties against the Company if it fails to comply with CMS or state regulations or the Company's contractual requirements. The Company cannot predict whether pending or future federal or state legislation or court proceedings will change various aspects of the Medicaid program, nor can it predict the impact those changes will have on its business operations or financial results, but the effects could be materially adverse.

For the years ended December 31, 2018 and 2017, all of the Companies premiums were recorded under the Medicaid and CHIP program. For the years ended December 31, 2018 and 2017, all of the Companies premium and other receivables were recorded under the Medicaid and CHIP program.

18. Subsequent events

Type I - Recognized subsequent events

Subsequent events have been considered through May 30, 2019.

The Company had no known reportable recognized subsequent events.

Type II - Nonrecognized subsequent events

Subsequent events have been considered through May 30, 2019.

As discussed in Note 2, in January 2018, the health insurer fee was suspended for 2019. As a result, there is no annual health insurance industry fee payable on September 30, 2019 and there are no amounts reflected in the Company's aggregate write-ins for special surplus funds related to this payable at December 31, 2018 as a result. There is also no resulting impact to the Company's RBC to assess as of December 31, 2018 as a result of this suspension. As of December 31, 2017, the Company estimated its portion of the annual health industry fee that was payable on October 1, 2018 to be $11,880,000. This was estimated based on premiums written subject to the ACA assessment of $592,308,464. During 2018, the Company paid $11,870,370 to the federal government for its portion of the health insurer fee due on October 1, 2018.

SUMMARY INVESTMENT SCHEDULE

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
Investment Categories	Amount	Percentage	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3 + 4) Amount	Percentage
1. Bonds:						
1.1 U.S. treasury securities	43,375,139	31.528	43,375,139	0	43,375,139	31.528
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies						
1.22 Issued by U.S. government sponsored agencies						
1.3 Non-U.S. government (including Canada, excluding mortgaged-backed securities)						
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S. :						
1.41 States, territories and possessions general obligations	12,019,459	8.737	12,019,459	0	12,019,459	8.737
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	6,948,326	5.051	6,948,326		6,948,326	5.051
1.43 Revenue and assessment obligations	19,404,373	14.105	19,404,373	0	19,404,373	14.105
1.44 Industrial development and similar obligations						
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA						
1.512 Issued or guaranteed by FNMA and FHLMC						
1.513 All other						
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA						
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521						
1.523 All other	11,717,617	8.517	11,717,617	0	11,717,617	8.517
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	23,880,583	17.358	23,880,583	0	23,880,583	17.358
2.2 Unaffiliated non-U.S. securities (including Canada)	1,963,505	1.427	1,963,505	0	1,963,505	1.427
2.3 Affiliated securities						
3. Equity interests:						
3.1 Investments in mutual funds	0	0.000	0	0	0	0.000
3.2 Preferred stocks:						
3.21 Affiliated						
3.22 Unaffiliated						
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated						
3.32 Unaffiliated						
3.4 Other equity securities:						
3.41 Affiliated						
3.42 Unaffiliated						
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated						
3.52 Unaffiliated						
4. Mortgage loans:						
4.1 Construction and land development						
4.2 Agricultural						
4.3 Single family residential properties						
4.4 Multifamily residential properties						
4.5 Commercial loans						
4.6 Mezzanine real estate loans						
5. Real estate investments:						
5.1 Property occupied by company						
5.2 Property held for production of income (including $ .... of property acquired in satisfaction of debt)						
5.3 Property held for sale (including $ .... property acquired in satisfaction of debt)						
6. Contract loans						
7. Derivatives						
8. Receivables for securities						
9. Securities Lending (Line 10, Asset Page reinvested collateral)				XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	18,266,268	13.277	18,266,268	0	18,266,268	13.277
11. Other invested assets						
12. Total invested assets	137,575,270	100.000	137,575,270	0	137,575,270	100.000

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SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2018
(To Be Filed by April 1)

Of The Aetna Better Health, Inc. (a Louisiana corporation)

ADDRESS (City, State and Zip Code) Downers Grove , IL 60515

NAIC Group Code 0001 NAIC Company Code 15616 Federal Employer's Identification Number (FEIN) 80-0629718

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 219,493,929

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	LOUISIANA STATE REF-SER B	Bond	$ 7,893,741	3.6 %
2.02	CAPITAL ONE MULTI-ASSET EXE TR SERIES 2017-A1 CLASS A1	Bond	$ 5,940,712	2.7 %
2.03	SAN JOSE CA REDEV AGY REF-SUB-SER B	Bond	$ 5,872,168	2.7 %
2.04	METROPOLITAN TRANSN AUTH N Y REF-TRANSPTRN-SUBSER C-1	Bond	$ 4,877,445	2.2 %
2.05	ALABAMA ECON SETTLEMENT AUTH BP SETTLEMENT REV-SER A	Bond	$ 4,387,931	2.0 %
2.06	COLUMBIA DIST OF SER D	Bond	$ 4,323,338	2.0 %
2.07	MET TRANSPRTN AUTH NY REVENUE BANS SUBSERIES SER B-2	Bond	$ 4,266,829	1.9 %
2.08	ILLINOIS STATE GENERAL OBLIGATION UNLTD	Bond	$ 4,125,718	1.9 %
2.09	AMERENENERGY GENERATING CP 3(a)3	Cash Equivalent	$ 3,999,706	1.8 %
2.10	HUBBELL INC CP 4(2) 144A	Cash Equivalent	$ 3,999,700	1.8 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC-1	$ 119,998,360	54.7 %	3.07	P/RP-1	$	0.0 %
3.02	NAIC-2	$ 15,112,793	6.9 %	3.08	P/RP-2	$	0.0 %
3.03	NAIC-3	$ 0	0.0 %	3.09	P/RP-3	$	0.0 %
3.04	NAIC-4	$ 0	0.0 %	3.10	P/RP-4	$	0.0 %
3.05	NAIC-5	$ 0	0.0 %	3.11	P/RP-5	$	0.0 %
3.06	NAIC-6	$ 0	0.0 %	3.12	P/RP-6	$	0.0 %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02	Total admitted assets held in foreign investments	$	0.0 %
4.03	Foreign-currency-denominated investments	$	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$	0.0 %

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

		1	2
5.01	Countries designated NAIC-1	$	0.0 %
5.02	Countries designated NAIC-2	$	0.0 %
5.03	Countries designated NAIC-3 or below	$	0.0 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC - 1:		
6.01	Country 1:	$	0.0 %
6.02	Country 2:	$	0.0 %
	Countries designated NAIC - 2:		
6.03	Country 1:	$	0.0 %
6.04	Country 2:	$	0.0 %
	Countries designated NAIC - 3 or below:		
6.05	Country 1:	$	0.0 %
6.06	Country 2:	$	0.0 %

		1	2
7.	Aggregate unhedged foreign currency exposure	$	0.0 %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

		1	2
8.01	Countries designated NAIC-1	$	0.0 %
8.02	Countries designated NAIC-2	$	0.0 %
8.03	Countries designated NAIC-3 or below	$	0.0 %

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC - 1:		
9.01	Country 1:	$	0.0 %
9.02	Country 2:	$	0.0 %
	Countries designated NAIC - 2:		
9.03	Country 1:	$	0.0 %
9.04	Country 2:	$	0.0 %
	Countries designated NAIC - 3 or below:		
9.05	Country 1:	$	0.0 %
9.06	Country 2:	$	0.0 %

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Designation	3	4
10.01			$	0.0 %
10.02			$	0.0 %
10.03			$	0.0 %
10.04			$	0.0 %
10.05			$	0.0 %
10.06			$	0.0 %
10.07			$	0.0 %
10.08			$	0.0 %
10.09			$	0.0 %
10.10			$	0.0 %

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11.

		1	2
11.02	Total admitted assets held in Canadian investments	$	0.0 %
11.03	Canadian-currency-denominated investments	$	0.0 %
11.04	Canadian-denominated insurance liabilities	$	0.0 %
11.05	Unhedged Canadian currency exposure	$	0.0 %

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions:

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$	0.0 %
12.04		$	0.0 %
12.05		$	0.0 %

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

	1 Issuer	2	3
13.02		$	0.0 %
13.03		$	0.0 %
13.04		$	0.0 %
13.05		$	0.0 %
13.06		$	0.0 %
13.07		$	0.0 %
13.08		$	0.0 %
13.09		$	0.0 %
13.10		$	0.0 %
13.11		$	0.0 %

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	0.0 %
14.04		$	0.0 %
14.05		$	0.0 %

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	0.0 %
	Largest three investments in general partnership interests:		
15.03		$	0.0 %
15.04		$	0.0 %
15.05		$	0.0 %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	0.0 %
16.03		$	0.0 %
16.04		$	0.0 %
16.05		$	0.0 %
16.06		$	0.0 %
16.07		$	0.0 %
16.08		$	0.0 %
16.09		$	0.0 %
16.10		$	0.0 %
16.11		$	0.0 %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$	0.0 %
16.13	Mortgage loans over 90 days past due	$	0.0 %
16.14	Mortgage loans in the process of foreclosure	$	0.0 %
16.15	Mortgage loans foreclosed	$	0.0 %
16.16	Restructured mortgage loans	$	0.0 %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

		Residential		Commercial		Agricultural	
	Loan to Value	1	2	3	4	5	6
17.01	above 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.02	91 to 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.03	81 to 90%	$	0.0 %	$	0.0 %	$	0.0 %
17.04	71 to 80%	$	0.0 %	$	0.0 %	$	0.0 %
17.05	below 70%	$	0.0 %	$	0.0 %	$	0.0 %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1	2	3
18.02		$	0.0 %
18.03		$	0.0 %
18.04		$	0.0 %
18.05		$	0.0 %
18.06		$	0.0 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$	0.0 %
	Largest three investments held in mezzanine real estate loans:		
19.03		$	0.0 %
19.04		$	0.0 %
19.05		$	0.0 %

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

		At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
20.01	Securities lending agreements (do not include assets held as collateral for such transactions)	$	0.0 %	$	$	$
20.02	Repurchase agreements	$	0.0 %	$	$	$
20.03	Reverse repurchase agreements	$	0.0 %	$	$	$
20.04	Dollar repurchase agreements	$	0.0 %	$	$	$
20.05	Dollar reverse repurchase agreements	$	0.0 %	$	$	$

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

		Owned 1	Owned 2	Written 3	Written 4
21.01	Hedging	$	0.0 %	$	0.0 %
21.02	Income generation	$	0.0 %	$	0.0 %
21.03	Other	$	0.0 %	$	0.0 %

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

		At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
22.01	Hedging	$ 0	0.0 %	$	$	$
22.02	Income generation	$ 0	0.0 %	$	$	$
22.03	Replications	$ 0	0.0 %	$	$	$
22.04	Other	$ 0	0.0 %	$	$	$

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

		At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
23.01	Hedging	$ 0	0.0 %	$	$	$
23.02	Income generation	$	0.0 %	$	$	$
23.03	Replications	$	0.0 %	$	$	$
23.04	Other	$	0.0 %	$	$	$