Louisiana Healthcare Connections, Inc.

Statutory-Basis Financial Statements
as of and for the years ended December 31, 2020 and 2019,
Supplemental Schedules as of and for the year ended
December 31, 2020, and Independent Auditors' Report

Louisiana Healthcare Connections, Inc.

Statutory-Basis Financial Statements and

Supplemental Schedules

As of and for the years ended December 31, 2020 and 2019

Contents

KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1761

Independent Auditors' Report

The Audit Committee of the Board of Directors
Louisiana Healthcare Connections, Inc.:

We have audited the accompanying financial statements of Louisiana Healthcare Connections, Inc. (the Company), which comprise the statutory-basis statements of admitted assets, liabilities, and capital and surplus as of December 31, 2020 and 2019, and the related statutory-basis statements of revenue and expenses, changes in capital and surplus, and cash flow for the years then ended, and the related notes to the statutory-basis 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 the Company 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.

KPMG

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 the Company as of December 31, 2020 and 2019, 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 admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2020 and 2019, 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 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

St. Louis, Missouri
May 3, 2021

Louisiana Healthcare Connections, Inc.

Statutory-Basis Statements of Admitted Assets, Liabilities, and

Capital and Surplus

	As of December 31, 2020	As of December 31, 2019
	($ in Thousands)	
Admitted Assets		
Cash, cash equivalents and short-term investments	$ 251,734	$ 166,041
Bonds	145,570	112,489
Uncollected premiums	241,952	225,268
Accrued retrospective premiums	185	70
Receivable for amounts paid for uninsured plans	336	76
Federal income tax recoverable	1,329	1,201
Net deferred tax asset	6,771	3,761
Healthcare and other amounts receivable	11,727	10,673
Goodwill	15,726	11,712
Other assets	3,799	4,870
Total admitted assets	$ 679,129	$ 536,161
Liabilities and Capital and Surplus		
Liabilities:		
Unpaid claims	$ 182,557	$ 159,643
Unpaid claims adjustment expenses	2,050	2,182
Aggregate health policy reserves	53,924	—
Liability for amounts held under uninsured plans	42	—
General expenses due or accrued	57,259	41,617
State income tax payable	—	660
Hospital assessment payable	189,891	192,944
Other liabilities	3,807	859
Total liabilities	489,530	397,905
Capital and surplus:		
Common stock, no par value, 5,000 shares authorized, 1,000 shares issued and outstanding	—	—
Gross paid-in and contributed surplus	334,191	306,191
Special surplus - subsequent year ACA fee obligation	—	43,283
Unassigned deficit	(144,592)	(211,218)
Total capital and surplus	189,599	138,256
Total liabilities and capital and surplus	$ 679,129	$ 536,161

See notes to statutory-basis financial statements

Louisiana Healthcare Connections, Inc.

Statutory-Basis Statements of Revenue and Expenses

	For the Years Ended December 31,	
	2020	2019
	($ in Thousands)	
Revenue		
Premiums	$ 2,688,655	$ 2,406,599
Expenses		
Medical expenses	2,299,127	2,093,380
Claims adjustment expenses	21,116	25,584
General administrative expenses	358,608	303,231
Total expenses	$ 2,678,851	$ 2,422,195
Investment income:		
Net investment income	4,078	7,174
Net realized capital gains (losses) (net tax expense (benefit) of $17 and ($2), respectively)	65	(6)
Income (loss) before federal income taxes	13,947	(8,428)
Federal income tax expense (benefit)	13,861	(1,703)
Net income (loss)	$ 86	$ (6,725)

See notes to statutory-basis financial statements

Louisiana Healthcare Connections, Inc.

Statutory-Basis Statements of Changes in Capital and Surplus

	As of December 31,	
	2020	**2019**
	($ in Thousands)	
Capital and surplus, January 1	$ 138,256	$ 133,182
Net income (loss)	86	(6,725)
Change in deferred income tax	3,616	(4)
Change in nonadmitted assets	19,641	11,803
Capital contribution from parent	28,000	—
Net change in capital and surplus	51,343	5,074
Capital and surplus, December 31	$ 189,599	$ 138,256

See notes to statutory-basis financial statements

Louisiana Healthcare Connections, Inc.

Statutory-Basis Statements of Cash Flow

	For the Years Ended December 31,	
	2020	**2019**
	($ in Thousands)	
Cash from operations:		
Premiums collected, net of reinsurance	$ 2,725,230	$ 2,285,318
Net investment income	4,032	7,052
Benefits and loss related payments	(2,274,274)	(2,073,385)
Commissions, expenses paid and aggregate write-ins	(350,689)	(269,445)
Income taxes (paid) recovered	(17,605)	6,494
Net cash provided by (used in) operations	86,694	(43,966)
Cash from investments:		
Total investments sold, matured or repaid	23,613	10,564
Total investments acquired	(56,358)	(29,909)
Net cash used in investments	(32,745)	(19,345)
Cash from financing and miscellaneous sources:		
Capital contribution from parent	28,000	20,000
Other cash provided	3,744	—
Net cash provided by financing and miscellaneous sources	31,744	20,000
Net change in cash, cash equivalents and short-term investments	85,693	(43,311)
Cash, cash equivalents and short-term investments, beginning of year	166,041	209,352
Cash, cash equivalents and short-term investments, end of year	$ 251,734	$ 166,041
Supplemental disclosures for cash flow information:		
Amortization of goodwill and intangibles	$ 13,740	$ 13,740

See notes to statutory-basis financial statements

($ in Thousands)

1. ORGANIZATION AND NATURE OF OPERATIONS

Louisiana Healthcare Connections, Inc. (“the Company”, “we”, “our”, “us”) is wholly-owned by Healthy Louisiana Holdings LLC ("HLH"). Centene Corporation (“Centene”) owns all of the issued and outstanding shares of the Company's stock through HLH.

The Company was incorporated in October 2009 and is organized as a network model Health Maintenance Organization (HMO). It is subject to regulation by the Louisiana Department of Insurance ("LDI"). The Company holds a contract with the Louisiana Department of Health ("LDH") to provide specified Medicaid core benefits and services to Medicaid recipients. On July 1, 2014, Community Health Solutions of America, Inc. ("CHS") assigned its contract with LDH under the Bayou Health Shared Savings Program ("SSP") to the Company (see Note 2H). SSP serves a population substantially similar to the Company’s original contract but on an administrative services only ("ASO") basis. LDH ended the SSP as of January 31, 2015. The Company offers Medicare ("MA") health plans and prescription drug benefits to Medicare beneficiaries through the Medicare Part D Program (“PDP”). The Company offers its MA plan pursuant to a contract with the Centers for Medicare & Medicaid Services ("CMS").

The Company contracted with LDH to provide healthcare services to Medicaid eligible recipients through December 31, 2020. In January 2021, the Company received a contract extension to December 31, 2021. Revenue generated from the LDH contract accounted for 99.7% and 99.9% of premium income for the years ended December 31, 2020 and 2019, respectively.

The Company's current Medicare contract expires on December 31, 2021 and is renewable annually for successive one-year terms. Revenue generated from the CMS contract accounted for .3% and .1% of premium income for the years ended December 31, 2020 and 2019, respectively.

The Company’s total premiums by contract are shown below:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Medicaid	$ 2,679,950	$ 2,404,304
MA	8,705	2,295
Total Premiums	$ 2,688,655	$ 2,406,599

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The statutory-basis financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by LDI for determining and reporting the financial condition and the results of operations of an insurance company and for determining its solvency under Louisiana insurance law.

The State of Louisiana has adopted certain prescribed accounting policies found in the revised National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual ("NAIC SAP"), subject to any deviations prescribed or permitted by LDI Statutory Accounting Principles ("SAP"). In 2020 and 2019, there were no differences between SAP and NAIC SAP that impacted the Company. SAP differs in certain respects from U.S. generally accepted accounting principles ("GAAP") followed by other types of enterprises in determining their financial position, results of operations, and cash flows. The most significant variances are as follows:

A. Under SAP, certain assets, designated as "nonadmitted assets" are excluded from the statutory-basis statements of admitted assets, liabilities, and capital and surplus and are charged to unassigned surplus. The balance of nonadmitted assets at December 31, 2020 and 2019, are $39,528 and $59,169, respectively. Under GAAP, such assets are included in the balance sheets subject to impairment and allowances.
B. The statutory-basis financial statements reflect certain assets and liabilities net of ceded reinsurance.
C. Under SAP, debt securities are generally carried at amortized cost. Under GAAP, debt securities are carried at amortized cost only if there is both a positive intent and ability to hold to maturity. Otherwise, they are carried at fair value with unrealized gains and losses recognized in operations or accumulated other comprehensive income according to prescribed rules.
D. Under SAP, the statements of cash flow reconcile to changes in cash, cash equivalents and short-term investments with original maturities of one year or less. Under GAAP, the statements of cash flows reconcile to changes in cash, cash equivalents and short-term investments with an original maturity period of three months or less and restricted cash. The statutory-basis statements of cash flow are presented in a specified format, which differs from the format prescribed by GAAP.
E. Under SAP, net deferred income tax assets are admitted following the application of certain criteria with the resulting change in admitted deferred tax asset amount being credited directly to capital and surplus. Under GAAP and SAP, deferred income tax assets and liabilities are recorded for temporary differences between the reported amounts of assets and liabilities and those in the Company's income tax return. Changes to deferred income tax assets and liabilities are recorded in current operations under GAAP and directly to surplus under SAP.

F. Comprehensive income is not determined for statutory-basis reporting, and there is no statement reflecting accumulated other comprehensive income.

The aggregate effect of the foregoing differences between SAP and GAAP has not been determined, but is presumed to be material. Certain prior year amounts were reclassified to conform with the current year presentation. In the current year, the Company classified the change in amounts due from parent, subsidiaries, and affiliates within financing and miscellaneous as other cash provided (used) in the Statutory-Basis Statements of Cash Flow. This aligns with the presentation of our Annual Statement. See Note 11, Reconciliation to Statutory Filing, for discussion on an adjustment that has been recorded within the audit financial statements.

B. Management's Estimates

The preparation of statutory-basis financial statements in conformity with the accounting practices prescribed or permitted by LDI requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory-basis financial statements and the reported amounts of revenue and expenses during the reporting period. Future events and their effects cannot be predicted with certainty; accordingly, the accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of the financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the operating environment changes. The Company evaluates and updates its assumptions and estimates on an ongoing basis and may employ outside experts to assist in the evaluation, as considered necessary. Actual results could differ from those estimates.

C. Cash, Cash Equivalents and Short-Term Investments

Cash represents amounts held by the Company in disbursement accounts at banks. Cash equivalents consist primarily of money market mutual funds and short-term, highly-liquid investments with original maturities of three months or less, which are stated at amortized cost. Short-term investments consist of investments with original maturities greater than three months and less than one year. Short-term investments are stated at cost or amortized cost, which approximates fair value.

D. Fair Value Measurements

In the normal course of business, the Company invests in various financial assets and incurs various financial liabilities. Fair values are disclosed for all financial instruments, whether or not such values are recognized. Management obtains quoted market prices or other observable inputs for these disclosures. The carrying amounts reported for cash, cash equivalents, short-term investments, uncollected premiums, general expenses due or accrued, and certain other assets and liabilities are carried at cost, which approximates fair value because of their short-term nature.

E. Bonds

Bonds are valued as prescribed by the NAIC and are generally carried at amortized cost with the accretion of discounts and amortization of premiums being computed under the scientific method. Realized gains and losses are calculated using the specific-identification method. Asset-backed securities are revalued using currently estimated cash flows and prepayment assumptions. A prospective adjustment methodology is used for all asset-backed securities.

The Company evaluates all of its bonds for impairment based on current market prices, economic conditions, and the financial condition of the issuer. Investments that have declines in fair value below cost, which are judged to be other-than-temporary, are written down to estimated fair value. Factors considered in evaluating whether a decline in value is other-than-temporary include: (1) whether the decline is substantial, (2) the Company's ability and intent to retain the investment for a period of time sufficient to allow for an anticipated recovery in value, (3) the duration and extent to which the fair value has been less than cost, and (4) the financial condition and near-term prospects of the issuer in relation to the anticipated recovery period. There were no charges recorded in 2020 and 2019 related to other-than-temporary impairments.

Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported.

F. Reinsurance

The Company limits its risk of certain catastrophic losses by maintaining reinsurance coverage. Premiums are recorded net of ceded reinsurance premiums. Medical expenses are recorded net of reinsurance recoveries. The Company is liable in the event its reinsurer is unable to meet its obligations. The Company recognizes receivables for reinsurance recoveries on paid losses that remain outstanding as of period-end.

G. *Healthcare and Other Amounts Receivable*

Healthcare receivables consist of pharmaceutical rebate receivables admitted in accordance with Statements of Statutory Accounting Principles ("SSAP") No. 84, *Certain Healthcare Receivables and Receivables under*

Government Insured Plans. The Company records pharmaceutical rebate receivables based on actual utilization and estimated rebate rates. Network rebate receivable is determined retrospectively based upon several pharmacy performance measures. The pharmacy benefit manager calculates the network rebate receivable, withholds the rebate from pharmacies and remits payment to the Company. Accordingly, the Company recorded admitted healthcare and other amounts receivable at December 31, 2020 and 2019, in the amount of $11,727 and $10,673, respectively.

H. Goodwill

The Company purchased all assets from CHS related to Bayou Health, including, but not limited to, their SSP contract effective July 1, 2014. This transaction gave the Company the right to provide administrative services to approximately 210,000 Bayou Health members. Investment in the transaction was recorded using the statutory purchase method.

SSAP No. 68, *Business Combinations and Goodwill*, states that positive goodwill is limited to 10% of the acquiring entity's capital and surplus as required to be shown on the statutory statements of admitted assets, liabilities, and capital and surplus of the reporting entity for its most recently filed statement excluding any net positive goodwill, electronic data processing equipment and operating system software, and net deferred tax assets. Accordingly, the Company admitted goodwill related to the acquisition in the amount of $15,726 and $11,712 at December 31, 2020 and 2019, respectively. Amortization expense recorded in general administrative expenses was $12,464 for the years ended December 31, 2020 and 2019. There were no indications of goodwill impairment as of and during the years ended December 31, 2020 and 2019.

I. Amounts Due From (To) Affiliates

Amounts due from (to) affiliates generally consist of amounts receivable (payable) from (to) related parties under various service agreements as well as parent contribution receivables. See Note 9, *Related Party Transactions* for detailed amounts due from (to) affiliates.

J. Receivable for Amounts Paid For Uninsured Plans/Liability for Amounts Held under Uninsured Plans

For qualifying low income members, CMS pays for some, or all, of the member's monthly premium. The Company receives certain Part D prospective subsidy payments from CMS for MA members as a fixed monthly per member amount, based on the estimated costs of providing prescription drug benefits over the plan year, as reflected in bids. Approximately nine to ten months subsequent to the end of the plan year, or later in the case of the coverage gap discount subsidy, a settlement payment is made between CMS and the

Company based on the difference between the prospective payments and actual claims experience. The subsidy components under Part D are described below:

Low-Income Cost Sharing Subsidy ("LICS")-For qualifying low-income subsidy members, CMS reimburses the Company for all or a portion of the low income subsidy member's deductible, coinsurance and co-payment amounts above the out-of-pocket threshold.

Catastrophic Reinsurance Subsidy-CMS reimburses the Company for 80% of the drug costs after a member reaches his or her out-of-pocket catastrophic threshold through a catastrophic reinsurance subsidy.

Coverage Gap Discount Subsidy ("CGDS")-CMS provides monthly prospective payments for pharmaceutical manufacturer discounts made available to members.

Catastrophic reinsurance subsidies and LICS subsidies represent cost reimbursements under the Medicare Part D program. The Company is fully reimbursed by CMS for costs incurred for these contract elements and, accordingly, there is no insurance risk to the Company. Therefore, amounts received for these subsidies are not considered premiums, and are reported, net of the subsidy benefits paid, as deposits. Costs incurred over deposits received are recorded as a receivable for amounts paid for uninsured plans and deposits received in excess of costs incurred are recorded as a liability for amounts held under uninsured plans. Historically, the settlement payments between the Company and CMS have not been materially different from our estimates.

CGDS advance payments are recorded as a receivable for amounts paid for uninsured plans. Receivables are set up for manufacturer-invoiced amounts. Manufacturer payments reduce the receivable as payments are received. After the end of the contract year, during the Medicare Part D payment reconciliation process for the CGDS, CMS will perform a cost-based reconciliation to ensure the Medicare Part D sponsor is paid for gap discounts advanced at the point of sale, based on accepted prescription drug event data.

For uninsured plans activity, the Company recorded a receivable due from CMS of $336 and $76 at December 31, 2020 and 2019, respectively. This represents 100% of the Company's amounts receivable from uninsured accident and health plans. There are no recorded allowances and reserves for adjustment of recorded revenues. There were no adjustments to revenue resulting from the audit of receivables related to revenues recorded in the prior period.

K. Accrued Retrospective Premiums/Aggregate Health Policy Reserves

The Company's MA premiums are subject to risk sharing through the CMS Medicare Part D risk corridor provisions. The risk corridor calculation compares actual experience to the target amount of prescription drug costs, limited to costs under the standard coverage as defined by CMS, less rebates included in the submitted plan year bid. The Company receives additional premiums from CMS if actual experience is more than 5% above the target amount. The Company refunds premiums to CMS if actual experience is more than 5% below the target amount. Based on the risk corridor provision and MA activity-to-date, an estimated risk-sharing receivable or payable is recorded as an adjustment to premiums. After the close of the annual plan year, CMS performs the risk corridor calculation and any differences are settled between CMS and the Company. Historically, there have not been material differences between recorded estimates and the subsequent CMS settlement amounts.

At December 31, 2020 and 2019, there was a balance due from CMS of approximately $185 and $70, respectively. At December 31, 2020 and 2019, there was a balance due to CMS of approximately $9 and $0, respectively. The balance due from/to CMS is recorded as an adjustment to premiums at December 31, 2020 and 2019.

Medicaid Minimum Loss Ratio

The Company recorded a minimum loss ratio rebate payable of $53,916 and $0, on its LDH contract at December 31, 2020 and 2019, respectively. This is recorded as return of premium payable.

L. Premium Deficiency Reserve

Premium deficiency reserves are recognized when expected incurred costs, claim adjustment expenses, and administration costs exceed the premiums to be collected for the remainder of a contract period. The Company considered anticipated investment income when calculating its premium deficiency reserves. The adequacy of reserve requirements is continually reviewed by management, with any reductions in the reserve being recorded as a beneficial effect. No premium deficiency reserve was recorded in aggregate health policy reserves at December 31, 2020 and 2019, based on the Company's expectation regarding the profitability of contracts in force at December 31, 2020 and 2019.

M. Premiums and Uncollected Premiums

Premiums are recognized in the period in which members are entitled to receive covered services. During 2020 and 2019, the Company earned all of its premium revenue, net of ceded reinsurance premiums, under the contract with CMS and similarly funded government-insured plans. Substantially, all premiums are based on a fixed amount per eligible enrolled member per month.

Uncollected premiums include amounts receivable under government-insured plans. Amounts receivable under government-insured plans, including amounts over 90 days due, which qualify as accident and health contracts are admitted assets under SAP. At December 31, 2020 and 2019, the Company had no uncollected premiums over 90 days, included in admitted assets.

The Company records premium tax income and expense within premiums and general administrative expenses, respectively. During 2020 and 2019, the Company recorded premium tax income and expense of $139,118 and $132,276, respectively.

N. Medical and Claims Adjustment Expenses, Unpaid Claims and Unpaid Claims Adjustment Expenses

Unpaid claims includes claims reported but not yet paid, or inventory, and estimates for claims incurred but not reported ("IBNR"). Unpaid claims adjustment expenses include estimates for the costs necessary to process unpaid claims. The Company estimates its medical claims liability using actuarial methods that are commonly used by health insurance actuaries and meet Actuarial Standards of Practice. These actuarial methods consider factors such as historical data for payment patterns, cost trends, product mix, seasonality, utilization of healthcare services, and other relevant factors.

The Actuarial Standards of Practice generally require that claims payable estimates be adequate to cover obligations under moderately adverse conditions. Moderately adverse conditions are situations in which the actual claims are expected to be higher than the otherwise estimated value of such claims at the time of estimate. In many situations, the claims amounts ultimately settled will be different than the estimate that satisfies the Actuarial Standards of Practice. The Company includes in its IBNR an estimate for claims payable under moderately adverse conditions, which represents the risk of adverse deviation of the estimates in its actuarial method of reserving.

The Company uses its judgment to determine the assumptions to be used in the calculation of the required estimates. The assumptions it considers when estimating IBNR include, without limitation, claims receipt and payment experience (and variations in that experience), changes in membership, provider billing practices, healthcare service utilization trends, cost trends, product mix, seasonality, prior authorization of medical services, benefit changes, known outbreaks of disease or increased incidence of illness such as influenza, provider contract changes, changes to fee schedules, and the incidence of high dollar or catastrophic claims patterns, maturity of lines of business and other factors.

The Company's development of the medical claims liability estimate is a continuous process, which it monitors and refines on a monthly basis as additional claims receipts and payment information becomes available. As more complete claim information becomes available, the Company adjusts the amount of the estimates and includes the changes in estimates in medical costs in the period in which the changes are identified. In every reporting period, the operating results include the effects of more completely developed medical claims liability estimates associated with previously reported periods. The Company consistently applies its reserving methodology from period to period. As additional information becomes known, the Company adjusts the actuarial model accordingly to establish medical claims liability estimates. Management believes the amount of medical claims payable is reasonable and adequate to cover the Company's liability for unpaid claims at December 31, 2020 and 2019, however, actual claim payments may differ from established estimates.

Claims adjustment expenses are subdivided into cost containment expenses and other claim adjustment expenses. Cost containment expenses, which include care and disease management, utilization review services, quality assurance and on-call nurses, are intended to reduce the number of health services provided or the cost of such services. Other claims adjustment expenses are all other costs which do not meet the definition of cost containment expenses.

O. Accrued Medical Incentive Pool and Bonus Amounts

The Company participates in a physician incentive plan with certain contracted primary care providers. This plan is designed to encourage the delivery of quality care to members. Amounts are accrued and expensed as certain quality metrics are met. This activity is recorded as a component of unpaid claims.

P. Hospital Assessment Payable

Hospital assessment payable consists of amounts payable to hospitals, physicians, and ambulance providers to compensate them for serving Medicaid members. These amounts are a component of the premium revenue earned under the Company's at-risk contract with LDH and are made on a pass-through basis. The Company records hospital assessment revenue within premiums.

Q. General Administrative Expenses

The Company has a management services agreement with Centene Management Company, LLC ("CMC"). Under the agreement, the Company pays CMC a fee based on a percentage of its monthly revenue for which CMC provides the services necessary to manage the business operations of the Company and assumes responsibility for all associated costs. CMC assumes responsibility for program planning and development, management information systems, financial systems and services, facilities arrangement, claims administration, provider and enrollee services and records, case management, care coordination, utilization and peer review, and quality assurance/quality improvement. In addition, under the agreement, the Company also pays other direct costs associated with the business not covered by the management services agreement.

R. Net Investment Income

Investment income is comprised of interest and dividends earned on the Company's invested assets, which include cash, cash equivalents, short-term investments and bonds. All investment income due and accrued with amounts that are over 90 days past due is considered nonadmitted. There were no nonadmitted interest income amounts due and accrued at December 31, 2020 and 2019.

S. Income Taxes

Deferred tax assets and liabilities are recorded for the future tax consequences attributable to differences between the statutory-basis financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities 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.

Valuation allowances are provided when it is considered more likely than not that deferred tax assets will not be realized. In determining if a deductible temporary difference or net operating loss can be realized, the Company considers future reversals of existing taxable temporary differences, future taxable income, taxable income in prior carryback periods, and tax planning strategies.

For the years ended December 31, 2020 and 2019, the Company filed a consolidated federal income tax return with Centene and its other subsidiaries. In accordance with the group's tax allocation agreement, the subsidiaries reimburse or recover from Centene their portion of the income taxes as calculated on a separate company basis.

($ in Thousands)

3. INVESTMENT AND RESTRICTED ASSETS

The amortized cost and estimated fair value of investment in bonds are as follows:

	Gross Unrealized At December 31, 2020			
	Amortized Cost	Gains	Losses	Estimated Fair Value
U.S. States, territories and possessions	$ 2,018	$ 67	$ (1)	$ 2,084
Political subdivisions of states, territories and possessions	3,536	231	—	3,767
Special revenue and assessments	28,672	1,265	(14)	29,923
Industrial and miscellaneous	111,344	4,416	(64)	115,696
Total	$ 145,570	$ 5,979	$ (79)	$ 151,470

	Gross Unrealized At December 31, 2019			
	Amortized Cost	Gains	Losses	Estimated Fair Value
U.S. States, territories and possessions	$ 2,039	$ 51	$ —	$ 2,090
Political subdivisions of states, territories and possessions	3,023	121	(3)	3,141
Special revenue and assessments	23,020	585	(58)	23,547
Industrial and miscellaneous	84,407	2,732	(26)	87,113
Total	$ 112,489	$ 3,489	$ (87)	$ 115,891

The above tables excludes short-term bonds reported in cash, cash equivalents and short-term investments at December 31, 2020 and 2019, of $800 and $2,500, respectively.

The fair values of the Company's bonds are evaluated based on NAIC designations set forth by the Securities Valuation Office ("SVO"). The SVO does not provide fair market values for certain of the Company's bonds. As such, the Company utilizes independent pricing services to estimate fair value for bonds, which are not actively traded on the measurement date or for which the SVO does not provide fair market values.

The following tables illustrate the gross unrealized losses included in the Company's investment portfolio aggregated by investment category. The table also illustrates the length of time the securities have been in an unrealized loss position as follows:

($ in Thousands)

	December 31, 2020					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
Corporate debt	$ 7,983	$ (31)	$ —	$ —	$ 7,983	$ (31)
Mortgage-backed securities	4,870	(39)	1,572	(9)	6,442	(48)
Total	$ 12,853	$ (70)	$ 1,572	$ (9)	$ 14,425	$ (79)

	December 31, 2019					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
Corporate debt	$ 5,954	$ (75)	$ —	$ —	$ 5,954	$ (75)
Mortgage-backed securities	2,449	(4)	1,572	(8)	4,021	(12)
Total	$ 8,403	$ (79)	$ 1,572	$ (8)	$ 9,975	$ (87)

The Company views the decrease in value of all of the securities with unrealized losses at December 31, 2020 and 2019 as temporary, expects recovery in fair value, anticipates continued payments under the terms of the securities, and has the intent and ability to hold these securities until maturity or a recovery in fair value occurs. Therefore, no impairment of these securities was recorded during 2020 or 2019.

The amortized cost and fair value of debt securities by contractual maturity, are shown below. Actual maturities may differ due to call or prepayment options.

	At December 31, 2020	
	Amortized cost	Estimated fair value
Due in one year or less	$ 23,204	$ 23,441
Due after one year through five years	82,233	86,239
Due after five years through ten years	39,440	41,094
Due after ten years	693	696
Total	$ 145,570	$ 151,470

Net proceeds from sales, maturities, repayments on bonds, and other disposals of investments in debt securities during 2020 and 2019 were $23,613 and $10,564, respectively. The Company had net realized gains/(losses) on the sale of bonds of $65 and ($6) during 2020 and 2019, respectively. Net investment income for the years ended December 31, 2020 and 2019 was $4,078 and $7,174, respectively.

($ in Thousands)

Restricted assets are pledged in accordance with regulatory requirements. The Company had $1,000 on deposit in accordance with LDI requirements at December 31, 2020 and 2019.

4. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value are categorized based upon the extent to which the fair value estimates are based upon observable or unobservable inputs. Level inputs are as follows:

Level input	Input definition
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The carrying values and estimated fair values of the Company's financial instruments were as follows:

	Fair Value Measurements December 31, 2020					
	Aggregate fair value	Admitted assets	Level I	Level II	Level III	Not practicable (carrying value)
Cash, cash equivalents and short-term investments	$ 251,734	$ 251,734	$ 251,734	$ —	$ —	$ —
Bonds	151,470	145,570	490	150,980	—	—

	Fair Value Measurements December 31, 2019					
	Aggregate fair value	Admitted assets	Level I	Level II	Level III	Not practicable (carrying value)
Cash, cash equivalents and short-term investments	$ 166,041	$ 166,041	$ 166,041	$ —	$ —	$ —
Bonds	115,891	112,489	—	115,891	—	—

There have been no movements between levels during the years ended December 31, 2020 or 2019.

5. REINSURANCE

For hospital inpatient services incurred during 2020, the Company obtained reinsurance coverage for the Medicaid and Medicare population from PartnerRe Ltd, an unaffiliated entity, equal to 80% of expenses in excess of $3,000 per covered person per agreement term, up to $5,000 per covered person per agreement term. Reimbursement for services provided at hospitals is subject to coinsurance provisions.

For hospital inpatient services incurred during 2019, the Company obtained reinsurance coverage for the Medicaid and Medicare population from Partner Re Ltd, an unaffiliated entity, equal to 90% of expenses in excess of $1,250 per covered person per agreement term, up to $3,000 per covered person per agreement term. Reimbursement for services provided at hospitals is subject to coinsurance provision. Eligible hospital expenses are limited to an average daily maximum of $15 in 2019.

The reinsurance agreement also provides for certain coverage in the event of the insolvency of the Company, as defined in the reinsurance agreement. The reinsurance company agrees to continue benefits to the Company's members who are hospitalized at the time of the insolvency until the earlier of the member's discharge from the hospital or the date the covered person becomes eligible for health insurance coverage or benefit under another group or blanket policy or plan or any federal, state, or local governmental plan or program. The reinsurance company will also continue to provide benefits for any member for medical services incurred after the date of insolvency until the end of the period for which applicable premium was paid prior to the insolvency date.

Under this reinsurance agreement, the Company recorded ceded premiums of $360 and $706, and reinsurance (additions) recoveries of ($10) and $92, for the years ended December 31, 2020 and 2019, respectively. The Company had a receivable from reinsurers of $0 and $92, and ceded reinsurance premiums payable of $310 and $859, at December 31, 2020 and 2019, respectively.

($ in Thousands)

6. UNPAID CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

The following table provides a reconciliation of the beginning and ending balance of unpaid claims for the following periods:

	Year ended December 31, 2020	2019
Unpaid claims at January 1,	$ 159,643	$ 144,271
Claims expenses incurred related to:		
Current year	2,312,611	2,113,028
Prior years	(13,484)	(19,648)
	2,299,127	2,093,380
Claims expenses paid related to:		
Current year	(2,140,414)	(1,968,082)
Prior years	(135,799)	(109,926)
	(2,276,213)	(2,078,008)
Unpaid claims at December 31,	$ 182,557	$ 159,643

The incurred amounts related to prior years represent the variation between the Company's estimated expense for prior years' claims and the actual amounts required to satisfy such claims. During 2020 and 2019, the Company experienced $13,484 and $19,648, respectively, of favorable development on prior year claims generally as a result of ongoing analysis of recent development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

Claims adjustment expenses of $21,248 and $25,448 were paid during 2020 and 2019, respectively. Adjustments to claims adjustment expenses incurred attributable to insured events of the prior year were immaterial for 2020 and 2019.

($ in Thousands)

7. INCOME TAXES

The December 31, 2020 and 2019 balances and related disclosures are calculated and presented pursuant to SSAP No. 101, Income Taxes.

The net deferred tax asset (liability) at December 31, and change from the prior year, is comprised of the following components:

		12/31/2020			12/31/2019		
	(1)	Ordinary	Capital	Total	Ordinary	Capital	Total
(a)	Gross deferred tax assets	$ 13,006	$ —	$ 13,006	$ 15,997	$ —	$ 15,997
(b)	Statutory valuation allowance adjustment	—	—	—	(6,569)	—	(6,569)
(c)	Adjusted gross deferred tax assets	13,006	—	13,006	9,428	—	9,428
(d)	Deferred tax assets nonadmitted	(6,053)	—	(6,053)	(5,447)	—	(5,447)
(e)	Net admitted deferred tax assets	6,953	—	6,953	3,981	—	3,981
(f)	Deferred tax liabilities	(182)	—	(182)	(220)	—	(220)
(g)	Net admitted deferred tax asset/(Net deferred tax liability)	$ 6,771	$ —	$ 6,771	$ 3,761	$ —	$ 3,761
	(2)						
	Admission Calculation Components SSAP 101:						
(a)	Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	$ 5,052	$ —	$ 5,052	$ 3,761	$ —	$ 3,761
(b)	Adjusted Gross DTAs Expected to be Realized After Application of the Threshold Limitation	1,719	—	1,719	—	—	—
	1. Adjusted Gross DTAs Expected to be Realized Following the Balance Sheet Date	1,719	—	1,719	—	—	—
	2. Adjusted Gross DTAs Allowed per Limitation Threshold	XXX	XXX	27,424	XXX	XXX	—
(c)	Adjusted Gross Deferred Tax Assets Offset by Gross Deferred Tax Liabilities	182	—	182	220	—	220
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No 101	$ 6,953	$ —	$ 6,953	$ 3,981	$ —	$ 3,981

		Change		
	(1)	Ordinary	Capital	Total
(a)	Gross Deferred Tax Assets	$ (2,991)	$ —	$ (2,991)
(b)	Statutory Valuation Allowance Adjustments	6,569	—	6,569
(c)	Adjusted Gross Deferred Tax Assets	3,578	—	3,578
(d)	Deferred Tax Assets Nonadmitted	(606)	—	(606)
(e)	Subtotal Net Admitted Deferred Tax Asset	2,972	—	2,972
(f)	Deferred Tax Liabilities	38	—	38
(g)	Net Admitted Deferred Tax Asset/Liability	$ 3,010	$ —	$ 3,010

($ in Thousands)

(2)				
Admission Calculation Components SSAP 101:				
(a)	Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	$ 1,291	$ —	$ 1,291
(b)	Adjusted Gross Deferred Tax Assets Expected to be Realized After Application of the Threshold Limitation	1,719	—	1,719
	1. Adjusted Gross Deferred Tax Asset Expected to be Realized Following the Balance Sheet Date	1,719	—	1,719
	2. Adjusted Gross Deferred Tax Asset Allowed per Limitation Threshold	XXX	XXX	27,424
(c)	Adjusted Gross Deferred Tax Assets Offset by Gross Deferred Tax Liabilities	(38)	—	(38)
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No 101	$ 2,972	$ —	$ 2,972

Information used in "expected to be realized" calculation consists of the following:

	2020	2019
Authorized control level risk-based capital ratio without net deferred tax asset	314.0 %	199.0 %
Adjusted capital and surplus	$ 167,102	$ 122,784

	(4)	12/31/2020		12/31/2019		Change	
	Impact of Tax-Planning Strategies	**Ordinary**	**Capital**	**Ordinary**	**Capital**	**Ordinary**	**Capital**
(a)	Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, By Tax Character as a Percentage						
1	Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact of Tax Planning Strategies	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
2	Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because of The Impact of Tax Planning Strategies	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
(b)	Does the Company's tax-planning strategies include the use of reinsurance?					Yes _____	No __X__

The Company has no temporary differences for which tax liabilities have not been established.

($ in Thousands)

Current income taxes incurred consist of the following major components:

	(1) Current Income Tax	12/31/2020	12/31/2019	Change
(a)	Federal	$ 13,858	$ (1,699)	$ 15,557
(b)	Foreign	—	—	—
(c)	Subtotal	13,858	(1,699)	$ 15,557
(d)	Tax on capital gains/(losses)	17	(2)	19
(e)	Utilization of capital loss carryforwards	—	—	—
(f)	Other, including prior year underaccrual (overaccrual)	3	(4)	7
(g)	Federal and foreign income taxes incurred	$ 13,878	$ (1,705)	$ 15,583

Deferred income tax assets and liabilities consist of the following major components:

	(2) Deferred Tax Assets	12/31/2020	12/31/2019	Change
(a)	Ordinary			
	Discounting of unpaid losses and LAE	$ 589	$ 518	$ 71
	Unearned premiums	—	—	—
	Policyholder reserves	—	—	—
	Investments	—	—	—
	Deferred acquisition costs	—	—	—
	Policyholder dividends accrued	—	—	—
	Fixed assets	—	—	—
	Accrued Expenses	59	—	59
	Pension accruals	—	—	—
	Nonadmitted assets	966	1,524	(558)
	Net operating loss carryforward	—	—	—
	Tax credit carryforward	—	—	—
	Goodwill & Intangible Amortization	11,392	13,955	(2,563)
	Premium deficiency reserve	—	—	—
	Other (separately disclose items >5%)	—	—	—
	Gross ordinary DTAs	$ 13,006	$ 15,997	$ (2,991)
(b)	Statutory valuation adjustment - ordinary	—	(6,569)	6,569
(c)	Nonadmitted ordinary DTAs (-)	(6,053)	(5,447)	(606)
(d)	Admitted ordinary DTAs	$ 6,953	$ 3,981	$ 2,972
(e)	Capital			
	Investments	$ —	$ —	$ —
	Net capital loss carryforward	—	—	—
	Real estate	—	—	—
	Other (separately disclose items >5%)	—	—	—
	Unrealized capital losses	—	—	—
	Gross capital DTAs	$ —	$ —	$ —
(f)	Statutory valuation adjustment - capital (-)	—	—	—

(g)	Nonadmitted capital DTAs (-)	—	—	—
(h)	Admitted capital deferred tax assets	$ —	$ —	$ —
(i)	Admitted deferred tax assets	$ 6,953	$ 3,981	$ 2,972
	(3) Deferred Tax Liabilities:			
(a)	Ordinary			
	Investments	$ (48)	$ (40)	$ (8)
	Fixed assets	—	—	—
	Deferred and uncollected premiums	—	—	—
	Policyholder reserves/salvage and subrogation	(134)	(161)	27
	Other (separately disclose items >5%)	—	(19)	19
	Ordinary DTLs	$ (182)	$ (220)	$ 38
(b)	Capital			
	Investments	—	—	—
	Real estate	—	—	—
	Other (separately disclose items >5%)	—	—	—
	Unrealized capital gains	—	—	—
	Capital DTLs	$ —	$ —	$ —
(c)	DTLs	$ (182)	$ (220)	$ 38
	(4) Net deferred tax assets/liabilities	$ 6,771	$ 3,761	$ 3,010

The change in deferred income taxes reported in surplus before consideration of nonadmitted assets is comprised of the following components:

	2020	2019	Change
Total deferred tax assets	$ 13,006	$ 15,997	$ (2,991)
Total deferred tax liabilities	(182)	(220)	38
Net deferred tax assets	$ 12,824	$ 15,777	$ (2,953)
Statutory valuation allowance adjustment	—	(6,569)	6,569
Net deferred tax assets after statutory valuation allowance	$ 12,824	$ 9,208	$ 3,616
Tax effect of unrealized gains(losses)	—	—	—
Change in net deferred income tax [(charge)/benefit]	$ 12,824	$ 9,208	$ 3,616

The Company's income tax incurred and change in deferred income tax differs from the amount obtained by applying the federal statutory rate of 21% for the years ended December 31, 2020 and 2019 to income before income taxes as follows:

	2020	% of Pre-tax Income	2019	% of Pre-tax Income
Income Before Taxes	$ 2,932	21.0 %	$ (1,770)	21.0 %
Tax-Exempt Interest	(40)	(0.3)%	(37)	0.4 %

($ in Thousands)

Proration		10	0.1 %	9	(0.1)%
Health Insurer Fee		9,664	69.2 %	—	— %
Meals & Entertainment, Nondeductible Expenses, Etc.		9	0.1 %	10	(0.1)%
Statutory Valuation Allowance Adjustment		(6,569)	(47.0)%	(3,480)	41.3 %
Deferred Taxes on Nonadmitted Assets		4,252	30.4 %	3,574	(42.4)%
Other, Including Prior Year True-Up		4	— %	(7)	0.1 %
Total statutory income tax	$	10,262	73.5 % $	(1,701)	20.2 %

		2020	% of Pre-tax Income	2019	% of Pre-tax Income
Federal Income Taxes Incurred [Expense/(Benefit)]	$	13,861	99.3 % $	(1,703)	20.2 %
Tax on Capital Gains/(Losses)		17	0.1 %	(2)	— %
Change in Net Deferred Income Tax [Charge/(Benefit)]		(3,616)	(25.9)%	4	— %
Total Statutory Income Taxes	$	10,262	73.5 % $	(1,701)	20.2 %

At December 31, 2020 and 2019, the Company had no operating loss or tax credit carryforwards for tax purposes.

The amount of income tax expense that is available for recoupment in the event of future net losses is:

	Ordinary	Capital	Total
Year:			
2018	N/A	$ —	$ —
2019	—	—	—
2020	13,857	17	13,874

The aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Code (IRC) is $0.

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's federal income tax return is consolidated with Centene and its subsidiaries including the following:

Absolute Total Care, Inc.
AcariaHealth Pharmacy #11, Inc.
AcariaHealth Pharmacy #12, Inc.
AcariaHealth Pharmacy #13, Inc.
AcariaHealth Pharmacy #14, Inc.
AcariaHealth Pharmacy, Inc.
AcariaHealth Solutions, Inc.
AcariaHealth, Inc.
Access Medical Acquisition, Inc.
Access Medical Group of Florida City, Inc.
Golden Triangle Physician Alliance
Granite State Health Plan, Inc.
Hallmark Life Insurance Company
Harmony Behavioral Health IPA, Inc.
Harmony Behavioral Health, Inc.
Harmony Health Management, Inc.
Harmony Health Plan, Inc.
Harmony Health Systems, Inc.
Health Net Access, Inc.
Health Net Community Solutions of Arizona, Inc.
Sunflower State Health Plan, Inc.
Sunshine Health Community Solutions, Inc.
Sunshine State Health Plan, Inc.
Superior Health Community Solutions, Inc.
Superior HealthPlan, Inc.
Tennessee Total Care, Inc.
The WellCare Management Group, Inc.
Trillium Community Health Plan, Inc.
U.S. Medical Management Holdings, Inc.
U.S. Medical Management, LLC

Access Medical Group of Hialeah, Inc.	Health Net Community Solutions, Inc.	UAM Agent Services Corp.
Access Medical Group of Miami, Inc.	Health Net Health Plan of Oregon, Inc.	UAM/APS Holding Corp.
Access Medical Group of North Miami Beach, Inc.	Health Net Life Insurance Company	Universal American Corporation
Access Medical Group of Opa-Locka, Inc.	Health Net Life Reinsurance Company	Universal American Financial Corporation
Access Medical Group of Perrine, Inc.	Health Net of Arizona, Inc.	University Health Plans, Inc.
Access Medical Group of Tampa II, Inc.	Health Net of California, Inc.	VPA of Texas, PLLC
Access Medical Group of Tampa III, Inc.	Health Net Pharmaceutical Services	VPA, P.C.
Access Medical Group of Tampa, Inc.	Health Plan Real Estate Holding, Inc.	WCG Health Management, Inc.
Access Medical Group of Westchester, Inc.	HealthSmart Benefit Solutions, Inc.	WellCare Health Insurance Company of America
Accountable Care Coalition of DeKalb, LLC	HealthSmart Care Management Solutions, LP	WellCare Health Insurance Company of Kentucky, Inc.
Accountable Care Coalition of Southeast Texas, Inc.	HealthSmart Information Systems, Inc.	WellCare Health Insurance Company of Louisiana, Inc.
Accountable Care Coalition of Texas, Inc.	HealthSmart Preferred Care II, LP	WellCare Health Insurance Company of Nevada, Inc.
Agate Resources, Inc.	HealthSmart Preferred Network II, Inc.	WellCare Health Insurance Company of New Hampshire, Inc.
Ambetter of Magnolia Inc.	HealthSmart Primary Care Clinics, LP	WellCare Health Insurance Company of New Jersey, Inc.
Ambetter of North Carolina, Inc.	HealthSmart Rx Solutions, Inc.	WellCare Health Insurance Company of Oklahoma, Inc.
Ambetter of Peach State Inc.	Healthy Missouri Holdings, Inc.	WellCare Health Insurance Company of Washington, Inc.
American Progressive Life and Health Insurance Company of New York	Healthy Washington Holdings, Inc.	WellCare Health Insurance Company of Wisconsin, Inc.
Apixio, inc.	Heritage Health Systems of Texas, Inc.	WellCare Health Insurance of Arizona, Inc.
APS Healthcare Holdings, Inc.	Heritage Health Systems, Inc.	WellCare Health Insurance of Connecticut, Inc.
APS Healthcare, Inc.	Heritage Physician Networks	WellCare Health Insurance of Hawaii, Inc.
APS Parent, Inc.	HHS Texas Management, Inc.	WellCare Health Insurance of New York, Inc.
Arkansas Health & Wellness Health Plan, Inc.	Home State Health Plan, Inc.	WellCare Health Insurance of North Carolina
AWC of Syracuse, Inc.	HomeScripts.com, LLC	WellCare Health Insurance of Tennessee, Inc.
Bankers Reserve Life Insurance Company of Wisconsin	IlliniCare Health Plan, Inc.	WellCare Health Insurance of the Southwest, Inc.
Bridgeway Health Solutions of Arizona, Inc.	Insight Merger Sub, Inc.	WellCare Health Plans of Arizona, Inc.
Buckeye Community Health Plan, Inc.	Integrated Mental Health Services, 501(A)	WellCare Health Plans of California, Inc.
Buckeye Health Plan Community Solutions, Inc.	Interpreta Holdings, Inc.	WellCare Health Plans of Kentucky, Inc.
Calibrate Acquisition Co.	Interpreta, Inc.	WellCare Health Plans of Massachusetts, Inc.
California Health and Wellness Plan	Iowa Total Care, Inc.	WellCare Health Plans of Missouri, Inc.
Care 1st Health Plan of Arizona, Inc.	Kentucky Spirit Health Plan, Inc.	WellCare Health Plans of New Jersey, Inc.
Care1st Health Plan Administrative Services	LBB Industries, Inc.	WellCare Health Plans of Rhode Island, Inc.
Carolina Complete Health Holding Company Partnership	LiveHealthier, Inc.	WellCare Health Plans of Tennessee, Inc.
Carolina Complete Health, Inc.	Louisiana Healthcare Connections, Inc.	WellCare Health Plans of Vermont, Inc.
Celtic Group, Inc.	Magnolia Health Plan, Inc.	WellCare Health Plans of Wisconsin, Inc.
Celtic Insurance Company	Managed Health Network	WellCare Health Plans, Inc. f/k/a Wellington Merger Sub II, Inc.
Celticare Health Plan of Massachusetts, Inc.	Managed Health Services Insurance Corporation	WellCare National Health Insurance Company
Cenpatico of Arizona, Inc.	Maryland Collaborative Care Transformation Organization, Inc.	WellCare of Alabama, Inc.
Centene Company of Texas, LP	Mauli Ola Health and Wellness, Inc.	WellCare of Arkansas, Inc.
Centene Corporation	Meridian Health Plan of Illinois, Inc.	WellCare of California, Inc.
Centene Escrow II Corporation	Meridian Health Plan of Michigan, Inc.	WellCare of Connecticut, Inc.
Centene Health Plan Holdings, Inc.	MHM Services, Inc.	WellCare of Florida, Inc.
Centene Venture Company Alabama Health Plan, Inc.	MHN Government Services - Guam, Inc.	WellCare of Georgia, Inc.
Centene Venture Company Michigan	MHN Government Services - International, Inc.	WellCare of Illinois, Inc.
Community Medical Holdings Corp.	MHN Government Services - Puerto Rico, Inc.	WellCare of Indiana, Inc.
Comprehensive Health Management, Inc.	MHS Consulting International, Inc.	WellCare of Kansas, Inc.
Comprehensive Reinsurance, Ltd.	MHS Travel & Charter, Inc.	WellCare of Maine, Inc.
Coordinated Care Corporation	Michigan Complete Health, Inc.	WellCare of Michigan Holding Company
Coordinated Care of Washington, Inc.	Nebraska Total Care, Inc.	WellCare of Mississippi, Inc.
District Community Care, Inc.	New York Quality Healthcare Corporation	WellCare of Missouri Health Insurance Company, Inc.
Envolve - New York, Inc.	New York Rx, Inc.	WellCare of New Hampshire, Inc.
Envolve Benefit Options, Inc.	NovaSys Health, Inc.	WellCare of New York, Inc.
Envolve Captive Insurance Company, Inc.	Ohana Health Plan, Inc.	WellCare of North Carolina, Inc.
Envolve Dental IPA of New York, Inc.	Oklahoma Complete Health, Inc.	WellCare of Ohio, Inc.
Envolve Dental of Florida, Inc.	One Care by Care1st Health Plans of Arizona, Inc.	WellCare of Oklahoma, Inc.
Envolve Dental of Texas, Inc.	Patriots Holding Co.	WellCare of Pennsylvania, Inc.
Envolve Dental, Inc.	Peach State Health Plan, Inc.	WellCare of Puerto Rico, Inc.

($ in Thousands)

Envolve Optical, Inc.	Pennsylvania Health & Wellness, Inc.	WellCare of South Carolina, Inc.
Envolve PeopleCare, Inc.	Prowl Holdings, LLC	WellCare of Texas, Inc.
Envolve Pharmacy Solutions, Inc.	QCA Health Plan, Inc.	WellCare of Virginia, Inc.
Envolve Total Vision, Inc.	QualChoice Life and Health Insurance Company, Inc.	WellCare of Washington, Inc.
Envolve Vision Benefits, Inc.	Quincy Coverage Corporation	WellCare Pharmacy Benefits Management, Inc.
Envolve Vision IPA of New York, Inc.	RX Direct, Inc.	WellCare Prescription Insurance, Inc.
Envolve Vision of Florida, Inc.	Salus Administrative Services, Inc.	Western Sky Community Care, Inc.
Envolve Vision of Texas, Inc.	SelectCare Health Plans, Inc.	Windsor Health Group, Inc.
Envolve Vision, Inc.	SelectCare of Texas, Inc.	Worlco Management Services, Inc.
Envolve, Inc.	SilverSummit Healthplan, Inc.	

The method of allocation among companies is subject to written agreements whereby allocation is made primarily on a separate company basis using the percentage method pursuant to provisions of IRC Sections §1502 and §1552 and Treasury Regulations §1.1502 and §1.1552. This percentage method allocates a tax asset (i.e., intercompany receivable) for any benefit derived by the consolidated group for the member's losses or credits that offset consolidated taxable income. In accordance with the tax sharing agreements, each member shall pay to Centene or receive from Centene the amount of tax liability or benefit reported on each member's pro forma federal income tax return within 90 days of the date Centene files its consolidated federal income tax return.

8. MINIMUM SURPLUS REQUIREMENTS AND DIVIDEND RESTRICTIONS

Louisiana statutes require that each Louisiana domestic insurer maintain a minimum capital and surplus equal to 200% of the Company Action Level Risk Based Capital calculation. At December 31, 2020 and 2019, the Company's required minimum capital and surplus was $106,578 and $123,402, respectively, compared to the actual capital and surplus of $189,599 and $138,256, respectively.

Dividends are restricted to surplus, which is derived from realized net profits. Ordinary and extraordinary dividends are paid as determined by the Board of Directors and required to be approved by the Commissioner of the Department prior to the dividend declaration. No dividends were declared or paid by the Company during the years ended December 31, 2020 and 2019.

9. RELATED PARTY TRANSACTIONS

Capital Contributions
The Company received a capital contribution of $28,000, in 2020, from its Parent Company, Centene.

($ in Thousands)

The Company’s transactions, amounts due to and admitted amounts due from related parties in exchange for services provided for the years ended December 31, 2020 and 2019 are as follows:

Affiliate	Expense 2020	Expense 2019	Amount due (to) from 2020	Amount due (to) from 2019	Services Provided
CMC	$ 204,854	$ 187,823	$ (3,207)	$ 2,434	General management services (2)
Envolve Dental, Inc	7,213	9,147	(716)	(621)	Managed dental (1)
Envolve PeopleCare, Inc.	2,563	2,483	372	(194)	Nurse-line triage and life and health management (2) (1)
Envolve Vision, Inc.	19,308	20,433	(3,419)	(1,733)	Managed vision (1)
Envolve Pharmacy Solutions, Inc.	504,308	415,203	(1,750)	1,480	Pharmacy benefits management (1) (2)
U.S. Medical Management	89	779	—	—	In-home health services
Social Health Bridge Trust	31	—	(3)	—	Health improvement services (1)

(1) Amounts due to affiliates reflected in unpaid claims at December 31, 2020 and 2019.

(2) Amounts due to/from affiliates reflected in other liabilities/assets at December 31, 2020 and 2019.

10. RISKS AND CONTINGENCIES

The Company’s profitability depends in large part on accurately predicting and effectively managing medical service costs. The Company continually reviews its premium and benefit structure to reflect its underlying claims experience and revised actuarial data; however, several factors could adversely affect the medical service costs. Certain of these factors, which include changes in healthcare practices, inflation, new technologies, major epidemics, natural disasters, and malpractice litigation, are beyond any health plan’s control and could adversely affect the Company’s ability to accurately predict and effectively control healthcare costs. Costs in excess of those anticipated could have a material adverse effect on the Company’s results of operations.

The Company is monitoring the current COVID-19 pandemic. Due to market volatility and economic measures taken to contain the virus, there may be impact to our operations and financial position, however we are unable to estimate those impacts, if any, at this time.

From time to time, the Company may be involved in litigation arising in the ordinary course of operations. While the results of litigation cannot be predicted with certainty, management is of the opinion, after reviewing these matters with legal counsel, that the final outcome of such litigation, if any, will not have a material adverse effect on the Company's financial position.

($ in Thousands)

11. RECONCILIATION TO STATUTORY FILING

Subsequent to the issuance of the Company's 2020 Annual Statement and prior to the issuance of the Company's audited financial statements, the Company identified a change in reclassification of amortization of goodwill and intangibles in the Statutory-Basis Statements of Cash Flow. The adjustment has been reclassified within the audited financial statements.

The following is a reconciliation of Statutory-Basis Statements of Cash Flow in the accompanying Statutory-Basis Financial Statements to the annual statement filed with LDI as of December 31, 2020:

	Statutory-Basis Statement of Cash Flow	
	Line 7 Commissions, expenses paid and aggregate write-ins for deductions	Line 16.6 Other cash provided (applied)
Per Annual Statement	$ (364,429)	$ 17,484
Amortization of goodwill and intangibles	$ 13,740	$ (13,740)
Per accompanying Statutory-Basis Financial Statement	$ (350,689)	$ 3,744

12. SUBSEQUENT EVENTS

In connection with the preparation of the statutory-basis financial statements, the Company evaluated subsequent events after the statutory-basis statements of admitted assets, liabilities, and capital and surplus date of December 31, 2020 through May 3, 2021, which was the date the statutory-basis financial statements were issued.

The Company is subject to the annual industry fee under section 9010 of ACA. The industry fee is being levied on certain health insurers that provide insurance in the assessment year, and is allocated to health insurers based on each health insurer's share of net premiums for all U.S. health insurers in the year preceding the assessment. In December 2016, President Obama signed the Consolidated Appropriations Act, 2016 which, among other provisions, included a one-year moratorium on the ACA industry fee for 2017. Additionally, in January 2018, Congress approved an additional one-year moratorium of the ACA industry fee for 2019. The 116th Congress passed a permanent repeal of the ACA industry fee starting in 2021 and repealed the other two ACA taxes, Medical Device Tax and Excise Tax, immediately.

($ in Thousands)

The table below provides additional detail on the ACA fee and its effects:

		2020	2019
A.	Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act?	N/A	Yes
B.	ACA fee assessment payable for the upcoming year	$ —	$ 43,283
C.	ACA fee assessment paid	$ 46,017	$ —
D.	Premium written subject to ACA 9010 assessment	$ —	$ 2,407,305
E.	Total Adjusted Capital before surplus adjustment	$ 189,599	$ 138,256
F.	Total Adjusted Capital after surplus adjustment	$ 189,599	$ 94,973
G.	Authorized Control Level (Five-Year Historical Line 15)	$ 53,289	$ 61,701
H.	Would reporting the ACA assessment at December 31, have triggered an RBC action level?	N/A	Yes

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage of Column 1 Line 13	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3+4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	0	0.000			0	0.000
1.02 All other governments	1,998,235	0.503	1,998,235		1,998,235	0.503
1.03 U.S. states, territories and possessions, etc. guaranteed	2,017,645	0.508	2,017,645		2,017,645	0.508
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	3,536,222	0.890	3,536,222		3,536,222	0.890
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	28,672,078	7.217	28,672,078		28,672,078	7.217
1.06 Industrial and miscellaneous	109,345,666	27.522	109,345,666		109,345,666	27.522
1.07 Hybrid securities	0	0.000			0	0.000
1.08 Parent, subsidiaries and affiliates	0	0.000			0	0.000
1.09 SVO identified funds	0	0.000			0	0.000
1.10 Unaffiliated bank loans	0	0.000			0	0.000
1.11 Total long-term bonds	145,569,846	36.639	145,569,845	0	145,569,845	36.639
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)	0	0.000			0	0.000
2.02 Parent, subsidiaries and affiliates	0	0.000			0	0.000
2.03 Total preferred stocks	0	0.000	0	0	0	0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	0	0.000			0	0.000
3.02 Industrial and miscellaneous Other (Unaffiliated)	0	0.000			0	0.000
3.03 Parent, subsidiaries and affiliates Publicly traded	0	0.000			0	0.000
3.04 Parent, subsidiaries and affiliates Other	0	0.000			0	0.000
3.05 Mutual funds	0	0.000			0	0.000
3.06 Unit investment trusts	0	0.000			0	0.000
3.07 Closed-end funds	0	0.000			0	0.000
3.08 Total common stocks	0	0.000	0	0	0	0.000
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages	0	0.000			0	0.000
4.02 Residential mortgages	0	0.000			0	0.000
4.03 Commercial mortgages	0	0.000			0	0.000
4.04 Mezzanine real estate loans	0	0.000			0	0.000
4.05 Total valuation allowance	0	0.000			0	0.000
4.06 Total mortgage loans	0	0.000	0	0	0	0.000
5. Real estate (Schedule A):						
5.01 Properties occupied by company	0	0.000	0		0	0.000
5.02 Properties held for production of income	0	0.000	0		0	0.000
5.03 Properties held for sale	0	0.000	0		0	0.000
5.04 Total real estate	0	0.000	0	0	0	0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	198,212,459	49.889	198,212,459		198,212,459	49.889
6.02 Cash equivalents (Schedule E, Part 2)	53,020,936	13.345	53,020,936		53,020,936	13.345
6.03 Short-term investments (Schedule DA)	499,918	0.126	499,918		499,918	0.126
6.04 Total cash, cash equivalents and short-term investments	251,733,313	63.361	251,733,313	0	251,733,313	63.361
7. Contract loans	0	0.000	0		0	0.000
8. Derivatives (Schedule DB)	0	0.000	0		0	0.000
9. Other invested assets (Schedule BA)	0	0.000	0		0	0.000
10. Receivables for securities	0	0.000	0		0	0.000
11. Securities Lending (Schedule DL, Part 1)	0	0.000	0	XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)	0	0.000	0		0	0.000
13. Total invested assets	397,303,159	100.000	397,303,159	0	397,303,159	100.000

1 3 9 7 0 2 0 2 0 2 8 5 0 0 1 0 0

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2020

(To Be Filed by April 1)

Of The Louisiana Healthcare Connections, Inc.

Address (City, State and Zip Code) Saint Louis, MO 63105

NAIC Group Code 1295 NAIC Company Code 13970 Employer's ID Number 27-1287287

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. $ 679,129,107

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	Federal National Mortgage Association	MBS, CMO	$ 7,330,054	1.1 %
2.02	Freddie Mac	MBS	$ 6,923,882	1.0 %
2.03	Guardian Life Global Funding	Bonds	$ 1,659,363	0.2 %
2.04	JPMorgan Chase & Co.	Bonds	$ 1,413,220	0.2 %
2.05	The Goldman Sachs Group, Inc.	Bonds	$ 1,354,281	0.2 %
2.06	Oracle Corporation	Bonds	$ 1,329,683	0.2 %
2.07	American Express Company	Bonds	$ 1,303,527	0.2 %
2.08	John Deere Capital Corporation	Bonds	$ 1,280,432	0.2 %
2.09	BNZ International Funding Limited London Branch	Bonds	$ 1,203,170	0.2 %
2.10	SSM Health Care Corporation	Bonds	$ 1,183,769	0.2 %

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	$ 114,268,086	16.8 %	3.07	P/RP-1	$ 0	0.0 %
3.02	NAIC 2	$ 31,044,561	4.6 %	3.08	P/RP-2	$ 0	0.0 %
3.03	NAIC 3	$ 1,057,066	0.2 %	3.09	P/RP-3	$ 0	0.0 %
3.04	NAIC 4	$ 0	0.0 %	3.10	P/RP-4	$ 0	0.0 %
3.05	NAIC 5	$ 0	0.0 %	3.11	P/RP-5	$ 0	0.0 %
3.06	NAIC 6	$ 0	0.0 %	3.12	P/RP-6	$ 0	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	0.0 %
4.03	Foreign-currency-denominated investments	$ 0	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$ 0	0.0 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

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

		1	2
5.01	Countries designated NAIC 1	$ 0	0.0 %
5.02	Countries designated NAIC 2	$ 0	0.0 %
5.03	Countries designated NAIC 3 or below	$ 0	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	0.0 %
6.02	Country 2:	$ 0	0.0 %
	Countries designated NAIC 2:		
6.03	Country 1:	$ 0	0.0 %
6.04	Country 2:	$ 0	0.0 %
	Countries designated NAIC 3 or below:		
6.05	Country 1:	$ 0	0.0 %
6.06	Country 2:	$ 0	0.0 %

		1	2
7.	Aggregate unhedged foreign currency exposure	$ 0	0.0 %

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

		1	2
8.01	Countries designated NAIC 1	$ 0	0.0 %
8.02	Countries designated NAIC 2	$ 0	0.0 %
8.03	Countries designated NAIC 3 or below	$ 0	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	0.0 %
9.02	Country 2:	$ 0	0.0 %
	Countries designated NAIC 2:		
9.03	Country 1:	$ 0	0.0 %
9.04	Country 2:	$ 0	0.0 %
	Countries designated NAIC 3 or below:		
9.05	Country 1:	$ 0	0.0 %
9.06	Country 2:	$ 0	0.0 %

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

	1 Issuer	2 NAIC Designation	3	4
10.01			$ 0	0.0 %
10.02			$ 0	0.0 %
10.03			$ 0	0.0 %
10.04			$ 0	0.0 %
10.05			$ 0	0.0 %
10.06			$ 0	0.0 %
10.07			$ 0	0.0 %
10.08			$ 0	0.0 %
10.09			$ 0	0.0 %
10.10			$ 0	0.0 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

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	0.0 %
11.03	Canadian-currency-denominated investments	$ 0	0.0 %
11.04	Canadian-denominated insurance liabilities	$ 0	0.0 %
11.05	Unhedged Canadian currency exposure	$ 0	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	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$ 0	0.0 %
12.04		$ 0	0.0 %
12.05		$ 0	0.0 %

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

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

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

	1 Issuer	2	3
13.02		$ 0	0.0 %
13.03		$ 0	0.0 %
13.04		$ 0	0.0 %
13.05		$ 0	0.0 %
13.06		$ 0	0.0 %
13.07		$ 0	0.0 %
13.08		$ 0	0.0 %
13.09		$ 0	0.0 %
13.10		$ 0	0.0 %
13.11		$ 0	0.0 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

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 14.02 through 14.05.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$ 0	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$ 0	0.0 %
14.04		$ 0	0.0 %
14.05		$ 0	0.0 %

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 Non-Diversified
14.06	First American Funds, Inc. - Government Obligations Fund	$ 19,000,000	$ 0	$ 0
14.07	First American Funds, Inc. - Treasury Obligations Fund	$ 19,000,000	$ 0	$ 0
14.08	DWS Government Money Market Series - Institutional	$ 7,000,000	$ 0	$ 0
14.09	Goldman Sachs Trust - Goldman Sachs Financial Square Government Fund	$ 7,000,000	$ 0	$ 0
14.10	US BANK	$ 655,215	$ 0	$ 0
14.11	Fidelity Colchester Street Trust - Government Portfolio	$ 61,271	$ 0	$ 0
14.12	BlackRock Liquidity Funds - TempFund	$ 4,501	$ 0	$ 0
14.13		$ 0	$ 0	$ 0
14.14		$ 0	$ 0	$ 0
14.15		$ 0	$ 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	0.0 %
	Largest three investments in general partnership interests:		
15.03		$ 0	0.0 %
15.04		$ 0	0.0 %
15.05		$ 0	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	0.0 %
16.03		$ 0	0.0 %
16.04		$ 0	0.0 %
16.05		$ 0	0.0 %
16.06		$ 0	0.0 %
16.07		$ 0	0.0 %
16.08		$ 0	0.0 %
16.09		$ 0	0.0 %
16.10		$ 0	0.0 %
16.11		$ 0	0.0 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

16. 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	0.0 %
16.13	Mortgage loans over 90 days past due	$ 0	0.0 %
16.14	Mortgage loans in the process of foreclosure	$ 0	0.0 %
16.15	Mortgage loans foreclosed	$ 0	0.0 %
16.16	Restructured mortgage loans	$ 0	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:

Loan-to-Value	Residential		Commercial		Agricultural	
	1	2	3	4	5	6
17.01 above 95%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.02 91% to 95%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.03 81% to 90%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.04 71% to 80%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.05 below 70%	$ 0	0.0 %	$ 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	0.0 %
18.03		$ 0	0.0 %
18.04		$ 0	0.0 %
18.05		$ 0	0.0 %
18.06		$ 0	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	0.0 %

Largest three investments held in mezzanine real estate loans:

19.03		$ 0	0.0 %
19.04		$ 0	0.0 %
19.05		$ 0	0.0 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

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 Qtr 3	2nd Qtr 4	3rd Qtr 5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$ 0	0.0	%	$ 0	$ 0	$ 0
20.02 Repurchase agreements	$ 0	0.0	%	$ 0	$ 0	$ 0
20.03 Reverse repurchase agreements	$ 0	0.0	%	$ 0	$ 0	$ 0
20.04 Dollar repurchase agreements	$ 0	0.0	%	$ 0	$ 0	$ 0
20.05 Dollar reverse repurchase agreements	$ 0	0.0	%	$ 0	$ 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	0.0	%
21.02 Income generation	$ 0	0.0	%	$ 0	0.0	%
21.03 Other	$ 0	0.0	%	$ 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 Qtr 3	2nd Qtr 4	3rd Qtr 5
22.01 Hedging	$ 0	0.0	%	$ 0	$ 0	$ 0
22.02 Income generation	$ 0	0.0	%	$ 0	$ 0	$ 0
22.03 Replications	$ 0	0.0	%	$ 0	$ 0	$ 0
22.04 Other	$ 0	0.0	%	$ 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 Qtr 3	2nd Qtr 4	3rd Qtr 5
23.01 Hedging	$ 0	0.0	%	$ 0	$ 0	$ 0
23.02 Income generation	$ 0	0.0	%	$ 0	$ 0	$ 0
23.03 Replications	$ 0	0.0	%	$ 0	$ 0	$ 0
23.04 Other	$ 0	0.0	%	$ 0	$ 0	$ 0