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Financial Statements - Statutory Basis

Aetna Better Health, Inc.
(a Louisiana corporation)

Year Ended December 31, 2015
with Independent Auditors' Report

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):

Report on the Financial Statements

We have audited the accompanying financial statements of Aetna Better Health, Inc. (a Louisiana corporation) (the "Company"), which comprises the statutory statements of admitted assets, liabilities, capital and surplus as of December 31, 2015, and the related statutory statements of revenue and expenses, changes in capital and surplus, and cash flows for the year 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 audit. We conducted our audit 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 opinion.

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 and U.S. generally accepted accounting principles as described in Note 2, 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, 2015, or the results of its operations or its cash flows for the year 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, 2015, and the results of its operation and its cash flows for the year then ended, in accordance with statutory accounting practices prescribed or permitted by the Louisiana Department of Insurance described in Note 2.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the Supplemental Investment Risks Interrogatories and Summary Investment Schedule 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 audit 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

KPMG LLP
Hartford, Connecticut
May 27, 2016

Aetna Better Health, Inc.
(a Louisiana corporation)
As of December 31, 2015

Statutory Statements of Assets

	Current Year		
	Assets	Nonadmitted Assets	Net Admitted Assets
1 Bonds	$26,090,197	$0	$26,090,197
2 Stocks:			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3 Mortgage loans on real estate:			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4 Real estate:			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income	0	0	0
4.3 Properties held for sale	0	0	0
5 Cash ($4,048,867 in 2015), cash equivalents ($28,422,216 in 2015) and short-term investments ($1,002,791 in 2015)	33,473,874	0	33,473,874
6 Contract loans	0	0	0
7 Derivatives	0	0	0
8 Other invested assets	0	0	0
9 Receivables for securities	0	0	0
10 Securities lending reinvested collateral assets	0	0	0
11 Aggregate write-ins for invested assets	0	0	0
12 Subtotals, cash and invested assets (Lines 1 to 11)	59,564,071	0	59,564,071
13 Title plants (for Title insurers only)	0	0	0
14 Investment income due and accrued	69,039	0	69,039
15 Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	27,763,134	0	27,763,134
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination	0	0	0
16 Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17 Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	1,038,833	0	1,038,833
18.2 Net deferred tax asset	0	0	0
19 Guaranty funds receivable or on deposit	0	0	0
20 Electronic data processing equipment and software	0	0	0
21 Furniture and equipment, including health care delivery assets	0	0	0
22 Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23 Receivables from parent, subsidiaries and affiliates	0	0	0
24 Health care and other amounts receivable	641,113	641,113	0
25 Aggregate write-ins for other than invested assets	0	0	0
26 Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	89,076,190	641,113	88,435,077
27 From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
28 TOTALS (Lines 26 and 27)	$89,076,190	$641,113	$88,435,077

See accompanying notes to statutory financial statements.

Aetna Better Health, Inc.
(a Louisiana corporation)
As of December 31, 2015

Statutory Statements of Liabilities, Capital and Surplus

	Current Year Total
1 Claims unpaid	$45,984,685
2 Accrued medical incentive pool and bonus amounts	0
3 Unpaid claims adjustment expenses	452,486
4 Aggregate health policy reserves, including the liability of $0 in 2015 for medical loss ratio rebate per the Public Health Service Act	475,465
5 Aggregate life policy reserves	0
6 Property/casualty unearned premium reserve	0
7 Aggregate health claim reserves	0
8 Premiums received in advance	0
9 General expenses due or accrued	3,809,226
10.1 Current federal and foreign income tax payable and interest thereon	0
10.2 Net deferred tax liability	0
11 Ceded reinsurance premiums payable	0
12 Amounts withheld or retained for the account of others	0
13 Remittances and items not allocated	0
14 Borrowed money and interest thereon	0
15 Amounts due to parent, subsidiaries and affiliates	14,218,553
16 Derivatives	0
17 Payable for securities	0
18 Payable for securities lending	0
19 Funds held under reinsurance treaties	0
20 Reinsurance in unauthorized companies	0
21 Net adjustments in assets and liabilities due to foreign exchange rates	0
22 Liability for amounts held under uninsured plans	0
23 Aggregate write-ins for other liabilities	0
24 Total liabilities (Lines 1 to 23)	64,940,415
25 Aggregate write-ins for special surplus funds	3,290,000
26 Common capital stock	0
27 Preferred capital stock	0
28 Gross paid in and contributed surplus	37,000,000
29 Surplus notes	0
30 Aggregate write-ins for other than special surplus funds	0
31 Unassigned surplus	(16,795,338)
32 Less treasury stock at cost:	
32.1 0.000 shares common	0
32.2 0.000 shares preferred	0
33 Total capital and surplus (Lines 25 to 31 minus Line 32)	23,494,662
34 Total liabilities, capital and surplus (Lines 24 and 33)	$88,435,077

Details of Write-Ins	
2501 Estimated Health Insurer Fee accrual	$3,290,000
2502	0
2503	0
2599 Totals (Lines 2501 thru 2503) (Line 25 above)	$3,290,000

See accompanying notes to statutory financial statements.

Aetna Better Health, Inc.
(a Louisiana corporation)
For the Year Ended December 31, 2015

Statutory Statements of Revenue and Expenses

	Current Year Total
1 Line not used	
2 Net premium income	$180,663,358
3 Change in unearned premium reserves and reserve for rate credits	0
4 Fee-for-service	0
5 Risk revenue	0
6 Aggregate write-ins for other health care related revenues	0
7 Aggregate write-ins for other non-health revenues	0
8 Total revenues (Lines 2 to 7)	180,663,358
Hospital and Medical:	
9 Hospital/medical benefits	135,316,665
10 Other professional services	568,368
11 Outside referrals	6,282,972
12 Emergency room and out-of-area	8,499,034
13 Prescription drugs	19,554,305
14 Aggregate write-ins for other hospital and medical	0
15 Incentive pool, withhold adjustments and bonus amounts	0
16 Subtotal (Lines 9 to 15)	170,221,344
Less:	
17 Net reinsurance recoveries	0
18 Total hospital and medical (Lines 16 minus 17)	170,221,344
19 Non-health claims (net)	0
20 Claims adjustment expenses	9,093,459
21 General administrative expenses	19,707,734
22 Increase in reserves for life and accident and health contracts	475,465
23 Total underwriting deductions (Lines 18 through 22)	199,498,002
24 Net underwriting loss (Lines 8 minus 23)	(18,834,644)
25 Net investment income earned	65,155
26 Net realized capital losses less capital gains tax of $8,591 in 2015	(231,506)
27 Net investment losses (Lines 25 plus 26)	(166,351)
28 Net gain or (loss) from agents' or premium balances charged off	0
29 Aggregate write-ins for other income or expenses	0
30 Net loss after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	(19,000,995)
31 Federal and foreign income tax benefits incurred	(6,118,234)
32 Net loss (Lines 30 minus 31)	$(12,882,761)

See accompanying notes to statutory financial statements.

Aetna Better Health, Inc.
(a Louisiana corporation)
For the Year Ended December 31, 2015

Statutory Statements of Changes in Capital and Surplus

	Current Year
CAPITAL AND SURPLUS ACCOUNT	
33 Capital and surplus prior reporting period	$3,018,536
34 Net loss from Line 32	(12,882,761)
35 Change in valuation basis of aggregate policy and claim reserves	0
36 Change in net unrealized capital gains and (losses) less capital gains tax	0
37 Change in net unrealized foreign exchange capital gain or (loss)	0
38 Change in net deferred income tax	0
39 Change in nonadmitted assets	(641,113)
40 Change in unauthorized and certified reinsurance	0
41 Change in treasury stock	0
42 Change in surplus notes	0
43 Cumulative effect of changes in accounting principles	0
44 Capital changes:	
44.1 Paid in	0
44.2 Transferred from surplus (Stock Dividend)	0
44.3 Transferred to surplus	0
45 Surplus adjustments:	
45.1 Paid in	34,000,000
45.2 Transferred to capital (Stock Dividend)	0
45.3 Transferred from capital	0
46 Dividends to stockholders	0
47 Aggregate write-ins for gains or (losses) in surplus	0
48 Net change in capital and surplus (Lines 34 to 47)	20,476,126
49 Capital and surplus end of reporting period (Line 33 plus 48)	$23,494,662

See accompanying notes to statutory financial statements.

Aetna Better Health, Inc.
(a Louisiana corporation)
For the Year Ended December 31, 2015

Statutory Statements of Cash Flows

	Current Year
CASH FROM OPERATIONS	
1 Premiums collected net of reinsurance	$152,900,224
2 Net investment income	15,687
3 Miscellaneous income	(641,113)
4 Total (Lines 1 through 3)	152,274,798
5 Benefit and loss related payments	124,236,659
6 Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0
7 Commissions, expenses paid and aggregate write-ins for deductions	24,539,481
8 Dividends paid to policyholders	0
9 Federal and foreign income taxes recovered net of $0 tax on capital gains (losses)	(5,071,077)
10 Total (Lines 5 through 9)	143,705,063
11 Net cash from operations (Line 4 minus Line 10)	8,569,735
CASH FROM INVESTMENTS	
12 Proceeds from investments sold, matured or repaid:	
12.1 Bonds	13,161,300
12.2 Stocks	0
12.3 Mortgage loans	0
12.4 Real estate	0
12.5 Other invested assets	0
12.6 Net losses on cash, cash equivalents and short-term investments	(140)
12.7 Miscellaneous proceeds	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	13,161,160
13 Cost of investments acquired (long-term only):	
13.1 Bonds	39,492,046
13.2 Stocks	0
13.3 Mortgage loans	0
13.4 Real estate	0
13.5 Other invested assets	0
13.6 Miscellaneous applications	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	39,492,046
14 Net increase (decrease) in contract loans and premium notes	0
15 Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	(26,330,886)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES	
16 Cash provided (applied):	
16.1 Surplus notes, capital notes	0
16.2 Capital and paid in surplus, less treasury stock	34,000,000
16.3 Borrowed funds	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0
16.5 Dividends to stockholders	0
16.6 Other cash provided	14,218,362
17 Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	48,218,362
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)	30,457,211
19 Cash, cash equivalents and short-term investments:	
19.1 Beginning of year	3,016,663
19.2 End of year (Line 18 plus Line 19.1)	$33,473,874

See accompanying notes to statutory financial statements.

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 Aetna Inc. ("Aetna").

The Company was incorporated in the State of Louisiana on July 27, 2010. Effective February 1, 2015, the Company began administering a health plan for individuals who qualify for Medicaid coverage in the State of Louisiana. The contract with the Louisiana Department of Health and Hospitals is for a term through January 31, 2018. In the event the contract is not renewed, the Company has received a guarantee of financial support by its parent through December 31, 2017. The conditions of such support stipulate that the parent has the ability to provide the necessary financial support to the Company and that there are no restrictions on the parent to provide such support.

2. Summary of significant accounting policies

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 loss 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 year ended December 31, 2015.

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 (other receivables, which are nonadmitted in accordance with Statements of Statutory Accounting Principles ("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 should not be recognized on the balance sheet, 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; and
- 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 U.S. 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.

There were no permitted practices by the State of Louisiana for the year ended December 31, 2015.

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 revenues 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.

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, 2015. 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, 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 loan-backed and structured securities, 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.

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, 2015, the Company did not have any nonadmitted investment income due and accrued.

Premiums and amounts due and unpaid

Premium revenue for prepaid health care products is recognized as income in the month in which enrollees are entitled to health care services.

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.

The Company did not have any premiums or amounts due and unpaid at December 31, 2015.

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 of $475,465 was included in aggregate health policy reserves in the Statutory Statements of Liabilities, Capital and Surplus at December 31, 2015.

Fees Paid to the Federal Government by Health Insurers

Beginning January 1, 2014, SSAP No. 106 – *Affordable Care Act Assessments* ("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 beginning with fee years starting on January 1, 2015 and after.

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 9.

Federal income taxes

The Company is included in the consolidated federal income tax return of its parent company, Aetna and Aetna's other wholly-owned subsidiaries pursuant to the terms of a tax sharing agreement. In accordance with a written tax sharing agreement with an affiliate, the Company's current federal income tax provisions are generally computed as if the Company were filing a separate federal 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 this agreement, the Company has the enforceable right to recoup federal 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 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.

Going concern

Effective December 31, 2016, the Company will adopt amended accounting guidance related to management's evaluation of whether there is a substantial doubt about the entity's ability to continue as a going concern and the related disclosures and will make disclosures at that time and thereafter pursuant to the guidance.

3. Accounting changes and corrections of errors

During 2016, the Company recorded a correction to current federal and foreign income tax recoverable and interest thereon in the amount of $1,009,750. This adjustment is further discussed in Note 16.

The Company did not have any accounting changes in the year ended December 31, 2015.

4. Special deposits

Special deposits, included in bonds, consist of U.S. Treasury Notes, at amortized cost, which approximates fair value, of $1,000,000 at December 31, 2015. These assets are restricted in accordance with certain state requirements relating to HMOs.

5. Bonds and other financial instruments

The following is a summary of bonds and other financial instruments, which include special deposits, cash equivalents, and short-term investments, at December 31, 2015:

	Amortized cost	Statutory carrying value	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. Government	$54,515,204	$54,515,204	$20,352	-	$54,535,556
Industrial and miscellaneous (unaffiliated)	1,000,000	1,000,000	-	-	1,000,000
Total	$55,515,204	$55,515,204	$20,352	-	$55,535,556

At December 31, 2015, the Company did not have any bonds and other financial instruments, which include special deposits, with unrealized losses.

The contractual or expected maturities of bonds, cash equivalents and short-term investments at December 31, 2015 were as follows:

	Carrying value	Fair value
Due one year or less	$29,425,007	$29,425,007
Due after one year through five years	26,090,197	26,110,549
	$55,515,204	$55,535,556

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 ("FNMA") and Government National Mortgage Association ("GNMA") pools.

Proceeds from the sales of bonds and other financial instruments were approximately $13,161,000 in 2015. There were no proceeds from the maturities of bonds in 2015. Gross realized gains on sales of bonds were approximately $46,000 in 2015. Gross realized losses on sales of bonds was approximately $21,000 in 2015. Included in net realized capital losses for 2015 were approximately $248,000 of OTTI charges on debt securities 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 debt securities when we intend to sell a security that is in an unrealized loss position. Declines deemed to be OTTI are recognized as realized capital losses.

There was no investment income due and accrued excluded from surplus at December 31, 2015.

Restricted assets (including pledged)

The Company had $1,000,000 on deposit with other regulatory bodies, which represented 1.13% of total admitted assets at December 31, 2015.

The Company did not have any assets pledged as collateral not captured in other categories at December 31, 2015.

The Company did not have any other restricted assets at December 31, 2015.

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 our 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, we use these quoted market prices to determine the fair value of financial assets and liabilities and classify 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, we estimate 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, we determine 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 statutory carrying values and estimated fair values of the Company's financial instruments at December 31, 2015 were as follows:

	Aggregate fair value	Admitted assets	Level 1	Level 2	Level 3	Not practicable (carrying value)
Bonds, short-term investments and cash equivalents	$55,535,556	$55,515,204	$54,532,765	$1,002,791	-	-
Total	$55,535,556	$55,515,204	$54,532,765	$1,002,791	-	-

The valuation methods and assumptions used by the Company in estimating the fair value of debt securities 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 2015. There were no transfers between the Company's Level 1 or 2 financial assets during 2015.

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.

7. Information concerning Parent, subsidiaries, and affiliates

As of and for the year ended December 31, 2015, the Company had the following significant transactions with affiliates:

The Company and Aetna Medicaid Administrators LLC (“AMA”), indirectly a wholly-owned subsidiary of Aetna, are parties to an administrative services agreement, under which AMA provides certain administrative services, including 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 $14,218,553 in 2015. The agreement also provides for interest on all intercompany balances. There was no interest earned (incurred) on amounts due from (to) affiliates in 2015.

The Company has coverage for certain litigation exposures ($10,000,000 per claim and in the aggregate including defense costs) through an affiliated captive insurance company.

As explained in Note 2, the Company participates in a tax sharing agreement with Aetna and Aetna's other subsidiaries. All federal income tax receivables/payables were due from/due to Aetna.

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, 2015, the Company had the following amounts due to affiliates:

	December 31, 2015
Amounts due to affiliates	
Aetna Inc.	$10,237,657
Aetna Medicaid Administrators LLC	3,980,896
	$14,218,553

The Company had no amounts due from affiliates at December 31, 2015.

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

8. 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, 2015		
	Ordinary	Capital	Total
Gross DTAs	$1,535,388	$86,806	$1,622,194
Statutory valuation allowance adjustment	(1,533,871)	(86,806)	(1,620,677)
Adjusted gross DTAs	1,517	-	1,517
DTAs nonadmitted	-	-	-
Subtotal net admitted DTAs	1,517	-	1,517
DTLs	-	(1,517)	(1,517)
Net admitted DTAs	$1,517	$(1,517)	-

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

	December 31, 2015		
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	$1,365	-	$1,365
(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	N/A	N/A	$2,450,441
(c) Adjusted gross DTAs (excluding the amount of DTAs from (a) and (b) above) offset by gross DTLs	152	-	152
(d) DTAs admitted as the result of application of SSAP No. 101	$1,517	-	$1,517

	2015
(a) Ratio percentage used to determine recovery period and threshold limitation amount	292%
(b) Amount of adjusted capital and surplus used to determine recovery period threshold limitation in (b)2 above	$23,494,662

There was no impact of tax planning strategies on the Company's adjusted gross DTAs or net admitted adjusted gross DTAs at December 31, 2015. The Company's tax-planning strategies did not include the use of reinsurance.

There are no DTLs that were not recognized at December 31, 2015.

The benefit for income taxes for the year ended December 31, 2015 were as follows:

	December 31, 2015
Federal income tax benefit on operations	$(6,118,234)
Federal income tax on net capital gains	8,591
Federal income tax benefit incurred	$(6,109,643)

The tax effects of temporary differences that gave rise to deferred tax assets and liabilities at December 31, 2015 were as follows:

	December 31, 2015
DTAs:	
Ordinary	
Claims unpaid	$1,144,585
Premium deficiency reserve	166,413
Provider advances – nonadmitted	224,390
Total ordinary DTAs	1,535,388
Statutory valuation allowance adjustment	(1,533,871)
Nonadmitted ordinary DTAs	-
Admitted ordinary DTAs	1,517
Capital	
Investments - impairment	86,806
Total admitted capital DTAs	86,806
Statutory valuation allowance adjustment	(86,806)
Nonadmitted capital DTAs	-
Admitted capital DTAs	-
Admitted DTAs	1,517
DTLs:	
Ordinary	
Ordinary DTLs	-
Capital	
Investments	1,517
Capital DTLs	1,517
Total DTLs	1,517
Net admitted DTAs	-

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

	December 31		
	2015	2014	Change
Total DTAs	$1,517	-	$1,517
Total DTLs	(1,517)	-	(1,517)
Net DTAs/(DTLs)	-	-	-
Tax effect of unrealized gains (losses)			-
Change in net deferred income tax			-

The valuation allowance adjustment to gross DTAs was $1,620,677 for December 31, 2015.

The 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, 2015	Effective tax rate
Benefit computed at statutory rate	$(6,647,340)	35.0%
Other permanent items	(5,673)	0.0%
Transfer pricing adjustment	(852,917)	4.5%
Change in nonadmitted assets	(224,390)	1.2%
Change in statutory valuation allowance adjustment	1,620,677	(8.5)%
Total	$(6,109,643)	32.2%
Federal and foreign income tax benefit	$(6,109,643)	32.2%
Change in net deferred income taxes	-	0.0%
Total statutory income taxes	$(6,109,643)	32.2%

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, 2015, the Company had no net capital loss or net operating loss carryforwards for tax purposes.

There are no federal income taxes incurred that are available for recoupment in the event of future net losses for the year ended December 31, 2015.

The Company did not report any deposits as admitted assets under Internal Revenue Code Section 6603 at December 31, 2015.

At December 31, 2015, the Company's Federal Income Tax Return was consolidated with the following entities:

Aetna Inc. - Parent Company
@ Credentials Inc.
Active Health Management Inc.
Adminco, Inc.
Administrative Enterprises, Inc.
AE Fourteen Incorporated
Aetna ACO Holdings, Inc.
Aetna Better Health Inc. (Connecticut)
Aetna Better Health Inc. (Florida)
Aetna Better Health Inc. (Georgia)
Aetna Better Health Inc. (Illinois)
Aetna Better Health Inc. (New Jersey)
Aetna Better Health Inc. (New York)
Aetna Better Health Inc. (Ohio)
Aetna Better Health Inc. (Pennsylvania)
Aetna Better Health Inc. (Tennessee)
Aetna Better Health of California Inc.
Aetna Better Health of Iowa Inc.
Aetna Better Health of Kentucky Insurance Company
Aetna Better Health of Michigan Inc.
Aetna Better Health of Missouri LLC
Aetna Better Health of Texas Inc.
Aetna Better Health, Inc. (Louisiana)
Aetna Dental Inc. (New Jersey)
Aetna Dental Inc. (Texas)
Aetna Dental of California Inc.
Aetna Health and Life Insurance Company
Aetna Health Finance, Inc.
Aetna Health Inc. (Connecticut)
Aetna Health Inc. (Florida)
Aetna Health Inc. (Georgia)
Aetna Health Inc. (Iowa)
Aetna Health Inc. (Louisiana)
Aetna Health Inc. (Maine)
Aetna Health Inc. (Michigan)
Aetna Health Inc. (New Jersey)
Aetna Health Inc. (New York)
Aetna Health Inc. (Pennsylvania)
Aetna Health Inc. (Texas)
Aetna Health Insurance Company
Aetna Health Insurance Company of New York
Aetna Health of California Inc.
Aetna Health of Utah Inc.
Aetna HealthAssurance Pennsylvania Inc.
Aetna Insurance Company of Connecticut
Aetna Integrated Informatics, Inc.
Cofinity, Inc.
Corporate Benefit Strategies, Inc.
Coventry Consumer Advantage, Inc.
Coventry Financial Management Services, Inc.
Coventry Health and Life Insurance Company
Coventry Health Care National Accounts, Inc.
Coventry Health Care National Network, Inc.
Coventry Health Care of Delaware, Inc.
Coventry Health Care of Florida, Inc.
Coventry Health Care of Georgia, 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 Pennsylvania, Inc.
Coventry Health Care of Texas, Inc.
Coventry Health Care of the Carolinas, 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.
Delaware Physicians Care, Incorporated
Echo Merger Sub, Inc.
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.
Group Dental Service of Maryland, Inc.
Group Dental Service, Inc.
Health and Human Resource Center, Inc.
Health Data & Management Solutions, Inc.
Health Re, Incorporated
HealthAmerica Pennsylvania, Inc.
HealthAssurance Financial Services, Inc.
HealthAssurance Pennsylvania, Inc.
Managed Care Coordinators, Inc.
Medicity Inc.
Mental Health Associates, Inc.
Mental Health Network of New York IPA, Inc.
Meritain Health, Inc.
MetraComp, Inc.

Aetna International Inc.
Aetna Ireland Inc.
Aetna Life & Casualty (Bermuda) Ltd.
Aetna Life Assignment Company
Aetna Life Insurance Company
Aetna Risk Assurance Company of Connecticut, Inc.
Aetna Risk Indemnity Company Limited
Aetna Student Health Agency Inc.
AHP Holdings, Inc.
Allviant Corporation
American Health Holding, Inc.
AUSHC Holdings, Inc.
Broadspire National Services, Inc.
bSwift, LLC
Cambridge Life Insurance Company
Carefree Insurance Services, Inc.
Chickering Claims Administrators, Inc.
Claims Administration Corp.
MHNet Life and Health Insurance Co.
MHNet of Florida, Inc.
Niagara Re, Inc.
PayFlex Holdings, Inc.
PayFlex Systems USA, Inc.
Performax, Inc.
Precision Benefit Services, Inc.
Prime Net, Inc.
Prodigy Health Group, Inc.
Professional Risk Management, Inc.
Resources for Living, LLC
Schaller Anderson Medical Administrators, Incorporated
Strategic Resource Company
The Vasquez Group Inc.
U.S. Health Care Properties, Inc.
Work and Family Benefits, Inc.

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 Louisiana premium taxes. Premium tax expenses were recorded in general administrative expenses in the Statutory Statements of Revenue and Expenses. Premium tax expenses were $3,813,410 for the year ended December 31, 2015. The Company had premium taxes payable of $3,813,410 at December 31, 2015 which was recorded as general expenses due or accrued in the Statutory Statements of Liabilities.

9. Reinsurance

Effective February 1, 2015, the Company and Berkley Life and Health Insurance Company ("Berkley") entered into an excess loss reinsurance agreement for Medicaid only dual eligible members. Under this agreement, Berkley is liable for 90% of covered expenses in excess of the specific deductible of $350,000 per covered member, with a maximum reimbursement of $5,000,000 per member per agreement year. The Company paid reinsurance premiums of $282,984 in 2015.

10. 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, unpaid claims adjustment expense and aggregate health claim reserves for the year ended December 31, 2015:

	2015
Balance, January 1	-
Health care receivable	-
Balance, January 1, net of health care receivable	-
Incurred related to:	
Current year	$183,167,045
Prior years	-
Total incurred	183,167,045
Paid related to:	
Current year	136,729,874
Prior years	-
Total paid	136,729,874
Balance, December 31, net of health care receivable	46,437,171
Health care receivable	-
Balance, December 31	$46,437,171

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

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

The Company had 10,000 shares of common stock with no par value authorized, with 1,000 shares issued and outstanding at December 31, 2015.

The Company did not have any preferred stock outstanding at December 31, 2015.

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, 2015, there was no portion of the Company’s profits that may be paid as ordinary dividends to stockholders.

The Company did not pay any dividends in 2015. The Company received capital contributions in the amounts of $24,000,000 and $10,000,000 from its parent on December 28 and March 31, 2015, respectively. The Louisiana Department approved these transactions on December 28 and March 30, 2015, respectively.

There were no restrictions placed on the Company's surplus, including for whom the surplus was being held at December 31, 2015, except as noted in Note 13.

The Company did not hold any stock for any special purposes at December 31, 2015.

Changes in the balances of special surplus funds from the prior year are due to the accrual of estimated ACA health insurer fees reclassified from unassigned funds or surplus to aggregate write-ins for special surplus funds as discussed more fully in Notes 2 and 17.

At December 31, 2015, there was no portion of unassigned funds or surplus that was represented or reduced by unrealized gains and losses.

The Company did not have any special surplus funds or surplus notes at December 31, 2015.

12. Contingencies

Litigation and Regulatory Proceedings

The following description of litigation and regulatory proceedings covers Aetna Inc. and certain of its subsidiaries, including the Company (collectively, "we", "our" or "us"). 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 Aetna holding company group.

Out-of-Network Benefit Proceedings

We are named as a defendant in several purported class actions and individual lawsuits arising out of our practices related to the payment of claims for services rendered to our members by health care providers with whom we do not have a contract ("out-of-network providers"). Among other things, these lawsuits allege that we paid too little to our health plan members and/or providers for these services, among other reasons, because of our use of data provided by Ingenix, Inc., a subsidiary of one of our competitors ("Ingenix"). Other major health insurers are the subject of similar litigation or have settled similar litigation.

Various plaintiffs who are health care providers or medical associations seek to represent nationwide classes of out-of-network providers who provided services to our members during the period from 2001 to the present. Various plaintiffs who are members in our health plans seek to represent nationwide classes of our members who received services from out-of-network providers during the period from 2001 to the present. Taken together, these lawsuits allege that we violated state law, the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Racketeer Influenced and Corrupt Organizations Act ("RICO") and federal antitrust laws, either acting alone or in concert with our competitors. The purported classes seek reimbursement of all unpaid benefits, recalculation and repayment of deductible and coinsurance amounts, unspecified damages and treble damages, statutory penalties, injunctive and declaratory relief, plus interest, costs and attorneys' fees, and seek to disqualify us from acting as a fiduciary of any benefit plan that is subject to ERISA. Individual lawsuits that generally contain similar allegations and seek similar relief have been brought by health plan members and out-of-network providers.

The first class action case was commenced on July 30, 2007. The federal Judicial Panel on Multi-District Litigation (the "MDL Panel") has consolidated these class action cases in the U.S. District Court for the District of New Jersey (the "New Jersey District Court") under the caption In re: Aetna UCR Litigation, MDL No. 2020 ("MDL 2020"). In addition, the MDL Panel has transferred the individual lawsuits to MDL 2020. On May 9, 2011, the New Jersey District Court dismissed the physician plaintiffs from MDL 2020 without prejudice. The New Jersey District Court's action followed a ruling by the United States District Court for the Southern District of Florida (the "Florida District Court") that the physician plaintiffs were enjoined from participating in MDL 2020 due to a prior settlement and release. The United States Court of Appeals for the Eleventh Circuit has dismissed the physician plaintiffs' appeal of the Florida District Court's ruling.

On December 6, 2012, we entered into an agreement to settle MDL 2020. Under the terms of the proposed nationwide settlement, we would have been released from claims relating to our out-of-network reimbursement practices from the beginning of the applicable settlement class period through August 30, 2013. The settlement agreement did not contain an admission of wrongdoing. The medical associations were not parties to the settlement agreement.

Under the settlement agreement, we would have paid up to $120 million to fund claims submitted by health plan members and health care providers who were members of the settlement classes. These payments also would have funded the legal fees of plaintiffs' counsel and the costs of administering the settlement. In connection with the proposed settlement, the Company recorded an after tax charge to net income attributable to Aetna of approximately $78.0 million in the fourth quarter of 2012. There was no after-tax charge to net income for the Company associated to the proposed settlement.

The settlement agreement provided us the right to terminate the agreement under certain conditions related to settlement class members who opted out of the settlement. Based on a report provided to the parties by the settlement administrator, the conditions permitting us to terminate the settlement agreement were satisfied. On March 13, 2014, we notified the New Jersey District Court and plaintiffs' counsel that we were terminating the settlement agreement. Various legal and factual developments since the date of the settlement agreement led us to believe terminating the settlement agreement was in our best interests. We intend to vigorously defend ourselves against the claims brought by the plaintiffs. As a result of the termination of settlement, we released the reserve established, net of amounts due to the settlement administrator, which reduced first quarter 2014 other general and administrative expenses of Aetna by $67.0 million ($103.0 million pretax).

On June 30, 2015, the New Jersey District Court granted in part our motion to dismiss the proceeding. The New Jersey District Court dismissed with prejudice the plaintiffs' RICO and federal antitrust claims; their ERISA claims that are based on our disclosures and our purported breach of fiduciary duties; and certain of their state law claims. The New Jersey District Court also dismissed with prejudice all claims asserted by several medical association plaintiffs. The plaintiffs' remaining claims are for ERISA benefits and breach of contract. We intend to vigorously defend ourselves against the plaintiffs' remaining claims.

We also have 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 our out-of-network benefit payment and administration practices. It is reasonably possible that others could initiate additional litigation or additional regulatory action against us with respect to our out-of-network benefit payment and/or administration practices.

Other Litigation and Regulatory Proceedings

We are involved in numerous other lawsuits arising, for the most part, in the ordinary course of our business operations, including 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 in our Health Care and Group Insurance businesses (including our post-payment audit and collection practices and reductions in payments to providers due to sequestration), provider network structure (including the use of performance-based networks and termination of provider contracts), provider directory accuracy, rescission of insurance coverage, improper disclosure of personal information, anticompetitive practices, patent infringement and other intellectual property litigation, other legal proceedings in our Health Care and Group Insurance businesses and employment litigation. Some of these other lawsuits are or are purported to be class actions. We intend to vigorously defend ourselves against the claims brought in these matters.

Awards to us and others of certain government contracts, particularly in our Medicaid business, are subject to increasingly frequent protests by unsuccessful bidders. These protests may result in awards to us being reversed, delayed or modified. The loss or delay in implementation of any government contract could adversely affect our operating results. We will continue to defend vigorously contract awards we receive.

In addition, our operations, current and past business practices, current and past contracts, and accounts and other books and records are subject to routine, regular and special investigations, audits, examinations and reviews by, and from time to time we receive subpoenas and other requests for information from, The Centers for Medicare & Medicaid Services ("CMS"), the U.S. Department of Health and Human Services, various state insurance and health care regulatory authorities, state attorneys general and offices of inspector general, the Center for Consumer Information and Insurance Oversight, OIG, the Office of Personnel Management, the U.S. Department of Labor, the U.S. Department of the Treasury, the U.S. Food and Drug Administration, committees, subcommittees and members of the U.S. Congress, the U.S. Department of Justice, the Federal Trade Commission, U.S. attorneys and other state, federal and international governmental authorities. These government actions include inquiries by, and testimony before, certain members, committees and subcommittees of the U.S. Congress regarding certain of our current and past business practices, including our overall claims processing and payment practices, our business practices with respect to our small group products, student health products or individual customers (such as market withdrawals, rating information, premium increases and medical benefit ratios), executive compensation matters and travel and entertainment expenses, as well as the investigations by, and subpoenas and requests from, attorneys general and others described above under "*Out-of-Network Benefit Proceedings*."

There also continues to be a heightened level of review and/or audit by regulatory authorities of, and increased litigation regarding, our 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, 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 and payments on life insurance policies).

As a leading national health and related benefits company, we regularly are the subject of government actions of the types described above. These government actions may prevent or delay us from implementing planned premium rate increases and may result, and have resulted, in restrictions on our business, changes to or clarifications of our business practices, retroactive adjustments to premiums, refunds or other payments to members, beneficiaries, states or the federal government, withholding of premium payments to us 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.

Estimating the probable losses or a range of probable losses resulting from litigation, government actions and other legal proceedings is inherently difficult and requires an extensive degree of judgment, particularly where the matters involve indeterminate claims for monetary damages, may involve fines, penalties or punitive damages that are discretionary in amount, involve a large number of claimants or regulatory authorities, represent a change in regulatory policy, present novel legal theories, are in the early stages of the proceedings, are subject to appeal or could result in a change in business practices. In addition, because most legal proceedings are resolved over long periods of time, potential losses are subject to change due to, among other things, new developments, changes in litigation strategy, the outcome of intermediate procedural and substantive rulings and other parties' settlement posture and their evaluation of the strength or weakness of their case against us. Except as specifically noted above under "*Other Litigation and Regulatory Proceedings*," we are currently unable to predict the ultimate outcome of, or reasonably estimate the losses or a range of losses resulting from, the matters described above, and it is reasonably possible that their outcome could be material to us.

Health Care Reform

The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, "Health Care Reform" or "ACA"), enacted in March 2010, has changed and will continue to make broad-based changes to the U.S. health care system. The Company expects Health Care Reform and changes to Health Care Reform to continue to significantly impact the Company's business operations and financial results, including the Company's pricing, medical benefit ratios and the geographies in which the Company's products are available. Health Care Reform presents the Company with business opportunities, but also with financial and regulatory challenges. Most of the key components of Health Care Reform were phased in during or prior to 2014, including health insurance exchanges ("Public Exchanges), required MLRs in commercial and Medicare products, the individual coverage mandate, guaranteed issue, rating limits in individual and small group products, significant new industry-wide fees, assessments and taxes, enhanced premium rate review and disclosure processes, reduced Medicare Advantage payment rates to insurers, and linking Medicare Advantage payments to a plan's CMS quality performance ratings or "star ratings." The effects of these changes are reflected in the Company's financial results. Certain components of Health Care Reform will continue to be phased in until 2020.

The Company is dedicating and will continue to be required to dedicate significant resources and incur significant expenses during 2016 to implement and comply with Health Care Reform and changes in Health Care Reform as well as state level health care reform. While most of the significant aspects of Health Care Reform became effective during or prior to 2014, significant parts of Health Care Reform, including aspects of Public Exchanges, nondiscrimination requirements, reinsurance, risk corridor and risk adjustment, continue to evolve through the promulgation of regulations and guidance at the federal level. It is likely that further changes will be made to Health Care Reform at the federal and/or state level as issues arise and its practical effects become clearer. Growing state and federal budgetary pressures make it more likely that any changes will be adverse to us. As a result, many of the specific aspects and impacts of Health Care Reform will not be known for several years, and given the inherent difficulty of foreseeing how individuals and businesses will respond to the choices afforded them by Health Care Reform, the Company cannot predict the full effect Health Care Reform will have on the Company or the impact of future changes to Health Care Reform. It is reasonably possible that Health Care Reform or changes to Health Care Reform, in the aggregate, could have a significant adverse effect on the Company's business operations and financial results.

Ongoing legislative and regulatory changes to Health Care Reform, other pending efforts in the U.S. Congress to amend or restrict funding for various aspects of Health Care Reform (including risk corridors), the 2016 presidential election, pending litigation challenging aspects of the law and federal budget negotiations continue to create uncertainty about the ultimate impact of Health Care Reform. Examples of these legislative and regulatory changes include: the December 2015 suspension of the health insurer fee for 2017 and two year delay of the "Cadillac" tax on high-cost employer-sponsored health coverage; the October 2015 Protecting Affordable Coverage for Employees Act, which leaves groups with 51 to 100 employees within the large group category for each state unless the state exercises its option to include these groups within the small group category; and the October 2015 HHS announcement that Health Care Reform risk corridor receivables for the 2014 program year would only be funded at 12.6%. The pending litigation includes the House of Representatives' challenge to HHS's ability to make payments under ACA's Cost Sharing Subsidiary program without an explicit appropriation.

As described above, the availability of funding for the ACA's temporary risk corridor program is an example of this uncertainty. In May 2014, CMS published a final rule on Public Exchanges. The final rule provides that payments to health plans under the ACA's risk corridor program will no longer be limited to the aggregate amount of the risk corridor collections received by HHS over the duration of the risk corridor program. However, it is possible that payments to health plans under the risk corridor program will require additional appropriation legislation to be passed by the U.S. Congress. In each of December 2014 and December 2015, legislation was enacted that prohibits HHS's use of certain funds to pay HHS's potential obligation under the ACA's risk corridor program. In October 2015, HHS announced that 2014 Health Care

Reform risk corridor receivables would be funded at 12.6% to the extent HHS fully collects risk corridor payables. In addition, these limited risk corridor payments may create instability in the marketplace for individual commercial products in 2016 and going forward by, among other things, causing health plans to change or stop offering their Public Exchange products. 2016 is the last program year for the ACA's risk corridor program.

The federal and state governments also continue to enact and seriously consider many other broad-based legislative and regulatory proposals that have had a material impact on or could materially impact various aspects of the health care and related benefits system. The Company cannot predict whether pending or future federal or state legislation or court proceedings, including future U.S. Congressional appropriations, will change various aspects of the health care and related benefits system or Health Care Reform or the impact those changes will have on the Company's business operations or financial results, but the effects could be materially adverse.

13. 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 December 31, 2015, the Company's capital and surplus exceeded all such requirements.

The NAIC and the State of Louisiana adopted 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, 2015, the Company had capital and surplus that exceeded the highest threshold specified by the RBC rules.

14. Medicaid

Medicaid and dual eligible products also are regulated by CMS and state Medicaid agencies, which have the right to audit our performance to determine compliance with CMS contracts and regulations. The Company's Medicaid products, dual eligible products and Children's Health Insurance Program ("CHIP") contracts also are subject to federal and state regulations and oversight by state Medicaid agencies regarding the services we provide 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 and dual eligible programs, 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 the Company's Medicaid and dual eligible 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 renew existing contracts, prohibit the Company from continuing to market and/or enroll members in or refuse to auto assign members to one or more of the Company's Medicaid or dual eligible products, exclude the Company from participating in one or more Medicaid or dual eligible programs and/or institute other sanctions against the Company if it fails to comply with CMS or state regulations or our 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 of those changes.

15. Accounting for the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010's (collectively, "Health Care Reform") Reinsurance, Risk Adjustment and Risk Corridor (the "3Rs") pursuant to SSAP No. 107 and INT 15-01: ACA Risk Corridors Collectibility ("INT 15-01")

Reinsurance

Health Care Reform established a temporary reinsurance program that expires at the end of 2016. Under this program, all issuers of major medical commercial insurance products and self-insured plan sponsors are required to contribute funding in amounts set by the U.S. Department of Health and Human Services ("HHS"). A portion of the funds collected will be utilized to reimburse issuers' high claims costs incurred for qualified individual members. The expense related to this required funding is reflected in insurance, taxes, licenses and fees for all of the Company's insurance products with the exception of products associated with qualified individual members; this expense for qualified individual members is reflected as a reduction of premium revenue. When annual claim costs incurred by the Company's qualified individual members exceed a specified attachment point, the Company is entitled to certain reimbursements from this program. The Company records amounts recoverable for claims paid and unpaid and ceded claim benefit recoveries to reflect its estimate of these recoveries. At December 31, 2015, the Company did not record a payable or a receivable under the temporary three-year reinsurance program.

Risk Adjustment

Health Care Reform established a permanent risk adjustment program to transfer funds from qualified individual and small group insurance plans with below average risk scores to plans with above average risk scores. Based on the risk of the Company's qualified plan members relative to the average risk of members of other qualified plans in comparable markets, the Company estimates its ultimate risk adjustment receivable or payable for the current calendar year and reflects the impact as an adjustment to its premium revenue. At December 31, 2015, the Company did not record a payable or a receivable under the risk adjustment program.

Risk Corridor

Health Care Reform established a temporary risk sharing program, which expires at the end of 2016, for qualified individual and small group insurance plans. Under this program the Company makes (or receives) a payment to (or from) HHS based on the ratio of allowable costs to target costs (as defined by Health Care Reform). The Company records a risk corridor receivable or payable as an adjustment to premium revenue based on the Company's estimate of the ultimate risk sharing amount for the current calendar year.

The Company expects to perform an annual final reconciliation and settlement with HHS of the 3Rs in each subsequent year.

16. Reconciliation to statutory financial statements as filed with the Louisiana Department

The Company's federal and foreign income tax benefits incurred were understated on the statutory financial statements for December 31, 2015.

The following is a reconciliation of December 31, 2015 total assets as reflected in the accompanying Statutory Statements of Assets to amounts reported to the Louisiana Department (statutory reports) in the Company's 2015 annual statement:

Total assets as reflected in the accompanying Statutory Statements of Assets	$88,435,077
Increase in current federal and foreign income tax recoverable and interest thereon	1,009,750
Total assets as reported in the annual statement	$89,444,827

The following is a reconciliation of December 31, 2015 capital and surplus as reflected in the accompanying Statutory Statements of Liabilities, Capital and Surplus to amounts reported to the Louisiana Department (statutory reports) in the Company's 2015 annual statement:

Capital and surplus as reflected in the accompanying Statutory Statements of Liabilities, Capital and Surplus	$23,494,662
Increase in current federal and foreign tax recoverable and interest thereon	1,009,750
Statutory capital and surplus as reported in the annual statement	$24,504,412

The following is a reconciliation of December 31, 2015 net loss as reflected in the accompanying Statutory Statements of Revenue and Expenses to amounts reported to the Louisiana Department (statutory reports) in the Company's 2015 annual statement:

Net loss as reflected in the accompanying Statutory Statements of Revenue and Expenses	$(12,882,761)
Increase in federal and foreign income tax benefits incurred	1,009,750
Statutory net loss as reported in the annual statement	$(11,873,011)

17. Subsequent events

Type I - Recognized subsequent events

Subsequent events have been considered through May 27, 2016.

The Company had no known reportable recognized subsequent events.

Type II - Nonrecognized subsequent events

Subsequent events have been considered through May 27, 2016.

On January 1, 2016, the Company will be subject to an annual fee under section 9010 of the Federal ACA. This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2015, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2016, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2016 to be $3,290,000. This amount is reflected in special surplus. This assessment is expected to impact RBC by 14%. Reporting the ACA assessment as of December 31, 2015, would not have triggered an RBC action level.

	2015
ACA fee assessment payable for upcoming year	$3,290,000
ACA fee assessment paid	-
Premium written subject to ACA 9010 assessment	$180,946,342
Total Adjusted Capital before surplus adjustment	$23,494,662
Total Adjusted Capital after surplus adjustment	$20,204,622
Authorized Control Level after surplus adjustment	$8,385,950

SUPPLEMENTAL INFORMATION

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SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For the year ended December 31, 2015

(To be filed by April 1)

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

Address (City, State, Zip Code): Kenner LA 70062

NAIC Group Code.....0001 NAIC Company Code.....15616 Employer's ID Number.....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. $........88,435,077

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	WHITNEY NATL CD	ST BOND	$...........250,000	..............0.283 %
2.02	LIBERTY BANK CD	ST BOND	$...........250,000	..............0.283 %
2.03	CAPITAL ONE CAPITAL VI CD	ST BOND	$...........250,000	..............0.283 %
2.04	CITIZENS BANK & TRUST CD	ST BOND	$...........250,000	..............0.283 %
2.05			$......................0	..............0.000 %
2.06			$......................0	..............0.000 %
2.07			$......................0	..............0.000 %
2.08			$......................0	..............0.000 %
2.09			$......................0	..............0.000 %
2.10			$......................0	..............0.000 %

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

	Bonds	1	2
3.01	NAIC-1	$......55,515,204	............62.775 %
3.02	NAIC-2	$......................0	..............0.000 %
3.03	NAIC-3	$......................0	..............0.000 %
3.04	NAIC-4	$......................0	..............0.000 %
3.05	NAIC-5	$......................0	..............0.000 %
3.06	NAIC-6	$......................0	..............0.000 %
	Preferred Stocks	3	4
3.07	P/RP-1	$......................0	..............0.000 %
3.08	P/RP-2	$......................0	..............0.000 %
3.09	P/RP-3	$......................0	..............0.000 %
3.10	P/RP-4	$......................0	..............0.000 %
3.11	P/RP-5	$......................0	..............0.000 %
3.12	P/RP-6	$......................0	..............0.000 %

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	..............0.000 %
4.03	Foreign-currency-denominated investments	$......................0	..............0.000 %
4.04	Insurance liabilities denominated in that same foreign currency	$......................0	..............0.000 %

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

		1	2
5.01	Countries designated NAIC-1	$......................0	..............0.000 %
5.02	Countries designated NAIC-2	$......................0	..............0.000 %
5.03	Countries designated NAIC-3 or below	$......................0	..............0.000 %

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	..............0.000 %
6.02	Country 2:	$......................0	..............0.000 %
	Countries designated NAIC-2:		
6.03	Country 1:	$......................0	..............0.000 %
6.04	Country 2:	$......................0	..............0.000 %
	Countries designated NAIC-3 or below:		
6.05	Country 1:	$......................0	..............0.000 %
6.06	Country 2:	$......................0	..............0.000 %

		1	2
7.	Aggregate unhedged foreign currency exposure	$......................0	..............0.000 %

See accompanying independent auditors' report.

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

		1	2
8.01	Countries designated NAIC-1	$0	0.000 %
8.02	Countries designated NAIC-2	$0	0.000 %
8.03	Countries designated NAIC-3 or below	$0	0.000 %

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	0.000 %
9.02	Country 2:	$0	0.000 %
	Countries designated NAIC-2:		
9.03	Country 1:	$0	0.000 %
9.04	Country 2:	$0	0.000 %
	Countries designated NAIC-3 or below:		
9.05	Country 1:	$0	0.000 %
9.06	Country 2:	$0	0.000 %

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

	1 Issuer	2 NAIC Designation	3	4
10.01			$0	0.000 %
10.02			$0	0.000 %
10.03			$0	0.000 %
10.04			$0	0.000 %
10.05			$0	0.000 %
10.06			$0	0.000 %
10.07			$0	0.000 %
10.08			$0	0.000 %
10.09			$0	0.000 %
10.10			$0	0.000 %

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.

11.02	Total admitted assets held in Canadian Investments	$0	0.000 %
11.03	Canadian currency-denominated investments	$0	0.000 %
11.04	Canadian-denominated insurance liabilities	$0	0.000 %
11.05	Unhedged Canadian currency exposure	$0	0.000 %

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	0.000 %
	Largest three investments with contractual sales restrictions:		
12.03		$0	0.000 %
12.04		$0	0.000 %
12.05		$0	0.000 %

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 above is yes, responses are not required for the remainder of Interrogatory 13.

	1 Name of Issuer	2	3
13.02		$0	0.000 %
13.03		$0	0.000 %
13.04		$0	0.000 %
13.05		$0	0.000 %
13.06		$0	0.000 %
13.07		$0	0.000 %
13.08		$0	0.000 %
13.09		$0	0.000 %
13.10		$0	0.000 %
13.11		$0	0.000 %

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	0.000 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$0	0.000 %
14.04		$0	0.000 %
14.05		$0	0.000 %

See accompanying independent auditors' report.

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	0.000 %
	Largest three investments in general partnership interests:		
15.03		$0	0.000 %
15.04		$0	0.000 %
15.05		$0	0.000 %

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	0.000 %
16.03		$0	0.000 %
16.04		$0	0.000 %
16.05		$0	0.000 %
16.06		$0	0.000 %
16.07		$0	0.000 %
16.08		$0	0.000 %
16.09		$0	0.000 %
16.10		$0	0.000 %
16.11		$0	0.000 %

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	0.000 %
16.13	Mortgage loans over 90 days past due	$0	0.000 %
16.14	Mortgage loans in the process of foreclosure	$0	0.000 %
16.15	Mortgage loans foreclosed	$0	0.000 %
16.16	Restructured mortgage loans	$0	0.000 %

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 1	2	Commercial 3	4	Agricultural 5	6
17.01 above 95%	$0	0.000 %	$0	0.000 %	$0	0.000 %
17.02 91% to 95%	$0	0.000 %	$0	0.000 %	$0	0.000 %
17.03 81% to 90%	$0	0.000 %	$0	0.000 %	$0	0.000 %
17.04 71% to 80%	$0	0.000 %	$0	0.000 %	$0	0.000 %
17.05 below 70%	$0	0.000 %	$0	0.000 %	$0	0.000 %

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	2	3
18.02		$0	0.000 %
18.03		$0	0.000 %
18.04		$0	0.000 %
18.05		$0	0.000 %
18.06		$0	0.000 %

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 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	0.000 %
	Largest three investments held in mezzanine real estate loans:		
19.03		$0	0.000 %
19.04		$0	0.000 %
19.05		$0	0.000 %

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

	At Year-End 1	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	0.000 %	$0	$0	$0
20.02 Repurchase agreements	$0	0.000 %	$0	$0	$0
20.03 Reverse repurchase agreements	$0	0.000 %	$0	$0	$0
20.04 Dollar repurchase agreements	$0	0.000 %	$0	$0	$0
20.05 Dollar reverse repurchase agreements	$0	0.000 %	$0	$0	$0

See accompanying independent auditors' report.

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	0.000 %	$0	0.000 %
21.02 Income generation	$0	0.000 %	$0	0.000 %
21.03 Other	$0	0.000 %	$0	0.000 %

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

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
22.01 Hedging	$0	0.000 %	$0	$0	$0
22.02 Income generation	$0	0.000 %	$0	$0	$0
22.03 Replications	$0	0.000 %	$0	$0	$0
22.04 Other	$0	0.000 %	$0	$0	$0

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

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
23.01 Hedging	$0	0.000 %	$0	$0	$0
23.02 Income generation	$0	0.000 %	$0	$0	$0
23.03 Replications	$0	0.000 %	$0	$0	$0
23.04 Other	$0	0.000 %	$0	$0	$0

See accompanying independent auditors' report.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage
1. Bonds:						
1.1 U.S. treasury securities	26,090,197	43.8	26,090,197	0	26,090,197	43.8
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies	0	0.0	0	0	0	0.0
1.22 Issued by U.S. government sponsored agencies	0	0.0	0	0	0	0.0
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)	0	0.0	0	0	0	0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations	0	0.0	0	0	0	0.0
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	0	0.0	0	0	0	0.0
1.43 Revenue and assessment obligations	0	0.0	0	0	0	0.0
1.44 Industrial development and similar obligations	0	0.0	0	0	0	0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA	0	0.0	0	0	0	0.0
1.512 Issued or guaranteed by FNMA and FHLMC	0	0.0	0	0	0	0.0
1.513 All other	0	0.0	0	0	0	0.0
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	0	0.0	0	0	0	0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-based securities issued or guaranteed by agencies shown in Line 1.521	0	0.0	0	0	0	0.0
1.523 All other	0	0.0	0	0	0	0.0
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	0	0.0	0	0	0	0.0
2.2 Unaffiliated non-U.S. securities (including Canada)	0	0.0	0	0	0	0.0
2.3 Affiliated securities	0	0.0	0	0	0	0.0
3. Equity interests:						
3.1 Investments in mutual funds	0	0.0	0	0	0	0.0
3.2 Preferred stocks:						
3.21 Affiliated	0	0.0	0	0	0	0.0
3.22 Unaffiliated	0	0.0	0	0	0	0.0
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated	0	0.0	0	0	0	0.0
3.32 Unaffiliated	0	0.0	0	0	0	0.0
3.4 Other equity securities:						
3.41 Affiliated	0	0.0	0	0	0	0.0
3.42 Unaffiliated	0	0.0	0	0	0	0.0
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated	0	0.0	0	0	0	0.0
3.52 Unaffiliated	0	0.0	0	0	0	0.0
4. Mortgage loans:						
4.1 Construction and land development	0	0.0	0	0	0	0.0
4.2 Agricultural	0	0.0	0	0	0	0.0
4.3 Single family residential properties	0	0.0	0	0	0	0.0
4.4 Multifamily residential properties	0	0.0	0	0	0	0.0
4.5 Commercial loans	0	0.0	0	0	0	0.0
4.6 Mezzanine real estate loans	0	0.0	0	0	0	0.0
5. Real estate investments:						
5.1 Property occupied by company	0	0.0	0	0	0	0.0
5.2 Property held for production of income (including $..........0 of property acquired in satisfaction of debt)	0	0.0	0	0	0	0.0
5.3 Property held for sale (including $..........0 property acquired in satisfaction of debt)	0	0.0	0	0	0	0.0
6. Contract loans	0	0.0	0	0	0	0.0
7. Derivatives	0	0.0	0	0	0	0.0
8. Receivables for securities	0	0.0	0	0	0	0.0
9. Securities lending (Line 10, Asset Page reinvested collateral)	0	0.0	0	XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	33,473,874	56.2	33,473,874	0	33,473,874	56.2
11. Other invested assets	0	0.0	0	0	0	0.0
12. Total invested assets	59,564,071	100.0	59,564,071	0	59,564,071	100.0

See accompanying independent auditors' report.