



ANNUAL STATEMENT

For the Year Ended December 31, 2012
of the Condition and Affairs of the

Health Options, Inc.

NAIC Group Code.....536, 536 (Current Period) (Prior Period) NAIC Company Code..... 95089 Employer's ID Number..... 59-2403696

Organized under the Laws of Florida State of Domicile or Port of Entry Florida Country of Domicile

Licensed as Business Type.....Health Maintenance Organization Is HMO Federally Qualified? Yes [X] No []

Incorporated/Organized..... February 29, 1984 Commenced Business..... October 1, 1984

Statutory Home Office 4800 Deerwood Campus Parkway..... Jacksonville FL 32246
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 4800 Deerwood Campus Parkway..... Jacksonville FL 32246 904-791-6111
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address P.O. Box 60729..... Jacksonville FL 32236
(Street and Number or P. O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 4800 Deerwood Campus Parkway..... Jacksonville FL 32246 904-791-6111
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.bcbsfl.com

Statutory Statement Contact James Daniel Lewis III 904-791-6111
(Name) (Area Code) (Telephone Number) (Extension)
Jim.Lewis@bcbsfl.com 904-905-4177
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Robert Chris Doerr	Chief Executive Officer	2. William Andrew Coats #	Treasurer
3. Seth Matthew Phelps	Secretary	4. Joyce Ann Kramzer	President

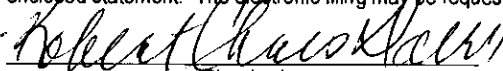
OTHER

DIRECTORS OR TRUSTEES

Robert Chris Doerr Joyce Ann Kramzer

State of Florida
County of Duval

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

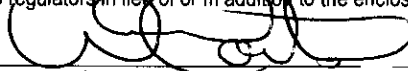

(Signature)

Robert Chris Doerr

1. (Printed Name)

Chief Executive Officer

(Title)


(Signature)

William Andrew Coats

2. (Printed Name)

Treasurer

(Title)

(Signature)

Not Applicable

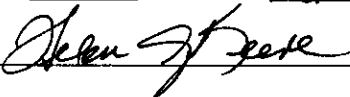
3. (Printed Name)

Not Applicable

(Title)

Subscribed and sworn to before me

This 21 day of February 2013

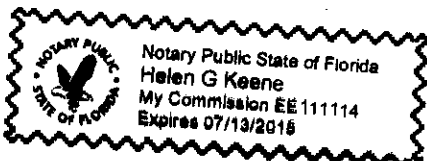


a. Is this an original filing? Yes [X] No []

b. If no 1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____



ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	204,863,105	0	204,863,105	181,947,001
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	0	0	0	0
2.2 Common stocks.....	0	0	0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	0	0	0	0
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	0	0	0	0
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$.....(3,452,360), Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....618,003, Schedule DA).....	(2,834,357)	0	(2,834,357)	(1,036,603)
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Derivatives (Schedule DB).....	0	0	0	0
8. Other invested assets (Schedule BA).....	0	0	0	0
9. Receivables for securities.....	2,518,504	0	2,518,504	1,159,549
10. Securities lending reinvested collateral assets (Schedule DL).....	6,610,018	0	6,610,018	21,221,001
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	211,157,270	0	211,157,270	203,290,948
13. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
14. Investment income due and accrued.....	1,543,329	0	1,543,329	1,730,525
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	10,623,562	427,387	10,196,175	8,356,963
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	4,455,510	0	4,455,510	2,706,863
15.3 Accrued retrospective premiums.....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	0	0	0	0
16.2 Funds held by or deposited with reinsured companies.....	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts.....	0	0	0	0
17. Amounts receivable relating to uninsured plans.....	27,043,613	3,843,153	23,200,460	27,682,036
18.1 Current federal and foreign income tax recoverable and interest thereon.....	994,107	0	994,107	374,386
18.2 Net deferred tax asset.....	13,803,645	0	13,803,645	10,163,121
19. Guaranty funds receivable or on deposit.....	0	0	0	0
20. Electronic data processing equipment and software.....	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$.....0).....	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	11,174,023	11,174,023	0	0
24. Health care (\$.....3,035,692) and other amounts receivable.....	9,423,083	6,387,391	3,035,692	2,895,158
25. Aggregate write-ins for other than invested assets.....	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	290,218,142	21,831,954	268,386,188	257,200,000
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
28. TOTALS (Lines 26 and 27).....	290,218,142	21,831,954	268,386,188	257,200,000

DETAILS OF WRITE-INS

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

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	48,474,816	0	48,474,816	31,896,256
2. Accrued medical incentive pool and bonus amounts.....	0	0	0	0
3. Unpaid claims adjustment expenses.....	1,256,069	0	1,256,069	734,456
4. Aggregate health policy reserves, including the liability of \$....1,000,000 for medical loss ratio rebate per the Public Health Service Act.....	5,652,484	0	5,652,484	12,106,800
5. Aggregate life policy reserves.....	0	0	0	0
6. Property/casualty unearned premium reserve.....	0	0	0	0
7. Aggregate health claim reserves.....	0	0	0	0
8. Premiums received in advance.....	11,028,755	0	11,028,755	10,495,270
9. General expenses due or accrued.....	0	0	0	0
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....	0	0	0	590,193
10.2 Net deferred tax liability.....	0	0	0	0
11. Ceded reinsurance premiums payable.....	0	0	0	0
12. Amounts withheld or retained for the account of others.....	0	0	0	0
13. Remittances and items not allocated.....	9,688	0	9,688	11,621
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates.....	0	0	0	0
16. Derivatives.....	0	0	0	0
17. Payable for securities.....	2,690,139	0	2,690,139	1,309,198
18. Payable for securities lending.....	6,610,018	0	6,610,018	21,221,001
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized and \$.....0 certified reinsurers).....	0	0	0	0
20. Reinsurance in unauthorized and certified (\$.....0) companies.....	0	0	0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0	0	0
22. Liability for amounts held under uninsured plans.....	6,744,972	0	6,744,972	7,368,631
23. Aggregate write-ins for other liabilities (including \$....51,485 current).....	4,831,947	0	4,831,947	3,576,209
24. Total liabilities (Lines 1 to 23).....	87,298,888	0	87,298,888	89,309,635
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	0
26. Common capital stock.....	XXX	XXX	100,000	100,000
27. Preferred capital stock.....	XXX	XXX	0	0
28. Gross paid in and contributed surplus.....	XXX	XXX	167,284,475	167,284,475
29. Surplus notes.....	XXX	XXX	0	0
30. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	13,702,825	505,890
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 \$.....0).....	XXX	XXX	0	0
32.2 .....0.000 shares preferred (value included in Line 27 \$.....0).....	XXX	XXX	0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	181,087,300	167,890,365
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	268,386,188	257,200,000

DETAILS OF WRITE-INS

2301. Insolvency reserve (F.S. 641.35 (3)(a)).....	4,447,923	0	4,447,923	2,802,912
2302. Unclaimed Checks.....	332,057	0	332,057	614,156
2303. Other Liabilities.....	51,485	0	51,485	159,035
2398. Summary of remaining write-ins for Line 23 from overflow page.....	482	0	482	106
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	4,831,947	0	4,831,947	3,576,209
2501.	XXX	XXX	0	0
2502.	XXX	XXX	0	0
2503.	XXX	XXX	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	XXX	XXX	0	0
3001.	XXX	XXX	0	0
3002.	XXX	XXX	0	0
3003.	XXX	XXX	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX	1,658,715	971,022
2. Net premium income (including \$.....0 non-health premium income).....	XXX	665,100,327	428,188,192
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	6,389,252	(8,794,047)
4. Fee-for-service (net of \$.....0 medical expenses).....	XXX	0	0
5. Risk revenue.....	XXX	0	0
6. Aggregate write-ins for other health care related revenues.....	XXX	0	0
7. Aggregate write-ins for other non-health revenues.....	XXX	0	0
8. Total revenues (Lines 2 to 7).....	XXX	671,489,579	419,394,145
Hospital and Medical:			
9. Hospital/medical benefits.....	0	409,660,857	249,077,930
10. Other professional services.....	0	0	0
11. Outside referrals.....	0	7,198,960	5,147,124
12. Emergency room and out-of-area.....	0	39,220,717	20,629,178
13. Prescription drugs.....	0	86,262,199	52,694,884
14. Aggregate write-ins for other hospital and medical.....	0	9,612,913	11,052,763
15. Incentive pool, withhold adjustments and bonus amounts.....	0	0	0
16. Subtotal (Lines 9 to 15).....	0	551,955,646	338,601,879
Less:			
17. Net reinsurance recoveries.....	0	0	0
18. Total hospital and medical (Lines 16 minus 17).....	0	551,955,646	338,601,879
19. Non-health claims (net).....	0	0	0
20. Claims adjustment expenses, including \$.....9,191,510 cost containment expenses.....	0	24,631,841	17,003,821
21. General administrative expenses.....	0	76,333,239	50,421,644
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....	0	(65,064)	(669,487)
23. Total underwriting deductions (Lines 18 through 22).....	0	652,855,662	405,357,857
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	18,633,917	14,036,288
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	0	5,470,106	7,291,070
26. Net realized capital gains or (losses) less capital gains tax of \$.....755,500.....	0	1,203,023	2,863,856
27. Net investment gains or (losses) (Lines 25 plus 26).....	0	6,673,129	10,154,926
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....	0	0	0
29. Aggregate write-ins for other income or expenses.....	0	(1,447,391)	276,598
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	23,859,655	24,467,812
31. Federal and foreign income taxes incurred.....	XXX	7,775,348	6,626,605
32. Net income (loss) (Lines 30 minus 31).....	XXX	16,084,307	17,841,207

DETAILS OF WRITE-INS

0601.	XXX	0	0
0602.	XXX	0	0
0603.	XXX	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	XXX	0	0
0701.	XXX	0	0
0702.	XXX	0	0
0703.	XXX	0	0
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	XXX	0	0
1401. Other Medical.....	0	9,612,913	11,052,763
1402.	0	0	0
1403.	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	0	9,612,913	11,052,763
2901. Other Revenue.....	0	(1,447,391)	187,219
2902. Change In Insolvency Reserve (F.S. 641.35(3)(a)).....	0	0	89,379
2903.	0	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	(1,447,391)	276,598

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	167,890,366	197,589,409
34. Net income or (loss) from Line 32.....	16,084,307	17,841,207
35. Change in valuation basis of aggregate policy and claim reserves.....	0	0
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....19,088.....	8,181	(17,725)
37. Change in net unrealized foreign exchange capital gain or (loss).....	0	0
38. Change in net deferred income tax.....	3,473,637	(835,749)
39. Change in nonadmitted assets.....	(6,369,191)	5,282,482
40. Change in unauthorized and certified reinsurance.....	0	0
41. Change in treasury stock.....	0	0
42. Change in surplus notes.....	0	0
43. Cumulative effect of changes in accounting principles.....	0	0
44. Capital changes:		
44.1 Paid in.....	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....	0	0
45. Surplus adjustments:		
45.1 Paid in.....	0	0
45.2 Transferred to capital (Stock Dividend).....	0	0
45.3 Transferred from capital.....	0	0
46. Dividends to stockholders.....	0	(52,000,000)
47. Aggregate write-ins for gains or (losses) in surplus.....	0	30,742
48. Net change in capital and surplus (Lines 34 to 47).....	13,196,934	(29,699,043)
49. Capital and surplus end of reporting period (Line 33 plus 48).....	181,087,300	167,890,366

DETAILS OF WRITE-INS

4701. Other Surplus Adjustment - Inter-company.....	0	30,742
4702.	0	0
4703.	0	0
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above).....	0	30,742

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	663,462,047	431,379,854
2. Net investment income.....	6,130,636	8,166,178
3. Miscellaneous income.....	0	0
4. Total (Lines 1 through 3).....	669,592,683	439,546,032
5. Benefit and loss related payments.....	536,779,670	351,907,303
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	96,831,616	63,963,547
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$.....755,500 tax on capital gains (losses).....	9,740,762	6,073,302
10. Total (Lines 5 through 9).....	643,352,048	421,944,152
11. Net cash from operations (Line 4 minus Line 10).....	26,240,635	17,601,880
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	56,015,599	110,679,774
12.2 Stocks.....	0	0
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0
12.7 Miscellaneous proceeds.....	15,991,924	4,904,337
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	72,007,523	115,584,111
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	77,419,244	87,122,337
13.2 Stocks.....	0	0
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	1,358,955	2,083,007
13.7 Total investments acquired (Lines 13.1 to 13.6).....	78,778,199	89,205,344
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(6,770,676)	26,378,767
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	52,000,000
16.6 Other cash provided (applied).....	(21,267,713)	3,129,098
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(21,267,713)	(48,870,902)
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).....	(1,797,754)	(4,890,255)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	(1,036,603)	3,853,652
19.2 End of year (Line 18 plus Line 19.1).....	(2,834,357)	(1,036,603)
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001	0	0

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plans	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income.....	665,100,327	514,495,017	0	0	0	0	150,605,310	0	0	0
2. Change in unearned premium reserves and reserve for rate credit.....	6,389,252	7,021,542	0	0	0	0	(632,290)	0	0	0
3. Fee-for-service (net of \$.....0 medical expenses).....	0	0	0	0	0	0	0	0	0	XXX
4. Risk revenue.....	0	0	0	0	0	0	0	0	0	XXX
5. Aggregate write-ins for other health care related revenues.....	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6).....	671,489,579	521,516,559	0	0	0	0	149,973,020	0	0	0
8. Hospital/medical benefits.....	409,660,857	314,817,653	0	0	0	0	94,843,204	0	0	XXX
9. Other professional services.....	0	0	0	0	0	0	0	0	0	XXX
10. Outside referrals.....	7,198,960	3,912,138	0	0	0	0	3,286,822	0	0	XXX
11. Emergency room and out-of-area.....	39,220,717	35,790,415	0	0	0	0	3,430,302	0	0	XXX
12. Prescription drugs.....	86,262,199	74,939,295	0	0	0	0	11,322,904	0	0	XXX
13. Aggregate write-ins for other hospital and medical.....	9,612,913	4,907,568	0	0	0	0	4,705,345	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	0	0	0	0	0	0	0	0	0	XXX
15. Subtotal (Lines 8 to 14).....	551,955,646	434,367,069	0	0	0	0	117,588,577	0	0	XXX
16. Net reinsurance recoveries.....	0	0	0	0	0	0	0	0	0	XXX
17. Total hospital and medical (Lines 15 minus 16).....	551,955,646	434,367,069	0	0	0	0	117,588,577	0	0	XXX
18. Non-health claims (net).....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$.....9,191,510 cost containment expenses.....	24,631,841	19,222,308	0	0	0	0	5,409,533	0	0	0
20. General administrative expenses.....	76,333,239	53,980,592	0	0	0	0	18,264,039	0	4,088,608	0
21. Increase in reserves for accident and health contracts.....	(65,064)	(65,064)	0	0	0	0	0	0	0	XXX
22. Increase in reserve for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
23. Total underwriting deductions (Lines 17 to 22).....	652,855,662	507,504,905	0	0	0	0	141,262,149	0	4,088,608	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23).....	18,633,917	14,011,654	0	0	0	0	8,710,871	0	(4,088,608)	0

DETAILS OF WRITE-INS

0501.	0	0	0	0	0	0	0	0	0	XXX
0502.	0	0	0	0	0	0	0	0	0	XXX
0503.	0	0	0	0	0	0	0	0	0	XXX
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0	XXX
0599. Total (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Total (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Other Medical.....	9,612,913	4,907,568	0	0	0	0	4,705,345	0	0	XXX
1302.	0	0	0	0	0	0	0	0	0	XXX
1303.	0	0	0	0	0	0	0	0	0	XXX
1398. Summary of remaining write-ins for Line 13 from overflow page.....	0	0	0	0	0	0	0	0	0	XXX
1399. Total (Lines 1301 thru 1303 plus 1398) (Line 13 above).....	9,612,913	4,907,568	0	0	0	0	4,705,345	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical).....	514,495,018	0	0	514,495,018
2. Medicare supplement.....	0	0	0	0
3. Dental only.....	0	0	0	0
4. Vision only.....	0	0	0	0
5. Federal employees health benefits plan.....	0	0	0	0
6. Title XVIII - Medicare.....	150,605,310	0	0	150,605,310
7. Title XIX - Medicaid.....	0	0	0	0
8. Other health.....	0	0	0	0
9. Health subtotal (Lines 1 through 8).....	665,100,327	0	0	665,100,327
10. Life.....	0	0	0	0
11. Property/casualty.....	0	0	0	0
12. Totals (Lines 9 to 11).....	665,100,327	0	0	665,100,327

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct.....	539,852,094	423,149,808	0	0	0	0	116,702,286	0	0	0
1.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
1.4 Net.....	539,852,094	423,149,808	0	0	0	0	116,702,286	0	0	0
2. Paid medical incentive pools and bonuses.....	0	0	0	0	0	0	0	0	0	0
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	48,474,817	39,931,255	0	0	0	0	8,543,562	0	0	0
3.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
3.4 Net.....	48,474,817	39,931,255	0	0	0	0	8,543,562	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	0	0	0	0	0	0	0	0	0	0
6. Net healthcare receivables (a).....	4,475,009	3,459,764	0	0	0	0	1,015,245	0	0	0
7. Amounts recoverable from reinsurers December 31, current year.....	0	0	0	0	0	0	0	0	0	0
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	31,896,256	24,317,775	0	0	0	0	7,578,481	0	0	0
8.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
8.4 Net.....	31,896,256	24,317,775	0	0	0	0	7,578,481	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct.....	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
9.4 Net.....	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year.....	0	0	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct.....	551,955,646	435,303,524	0	0	0	0	116,652,122	0	0	0
12.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
12.4 Net.....	551,955,646	435,303,524	0	0	0	0	116,652,122	0	0	0
13. Incurred medical incentive pools and bonuses.....	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	7,778,171	6,422,734	0	0	0	0	1,355,437	0	0	0
1.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
1.4 Net.....	7,778,171	6,422,734	0	0	0	0	1,355,437	0	0	0
2. Incurred but unreported:										
2.1 Direct.....	40,368,461	33,207,643	0	0	0	0	7,160,818	0	0	0
2.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
2.4 Net.....	40,368,461	33,207,643	0	0	0	0	7,160,818	0	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	328,185	300,878	0	0	0	0	27,307	0	0	0
3.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
3.4 Net.....	328,185	300,878	0	0	0	0	27,307	0	0	0
4. Totals:										
4.1 Direct.....	48,474,817	39,931,255	0	0	0	0	8,543,562	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	48,474,817	39,931,255	0	0	0	0	8,543,562	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical).....	23,554,054	399,595,755	(142,453)	40,073,707	23,411,601	24,993,921
2. Medicare supplement.....	.0	0	.0	0	.0	0
3. Dental only.....	.0	0	.0	0	.0	0
4. Vision only.....	.0	0	.0	0	.0	0
5. Federal employees health benefits plan.....	.0	0	.0	0	.0	0
6. Title XVIII - Medicare.....	8,548,214	108,154,072	(136,880)	8,680,442	8,411,334	6,902,335
7. Title XIX - Medicaid.....	.0	0	.0	0	.0	0
8. Other health.....	.0	0	.0	0	.0	0
9. Health subtotal (Lines 1 to 8).....	32,102,268	507,749,827	(279,333)	48,754,149	31,822,935	31,896,256
10. Healthcare receivables (a).....	1,164,516	3,310,493	.0	0	1,164,516	0
11. Other non-health.....	.0	0	.0	0	.0	0
12. Medical incentive pools and bonus amounts.....	.0	0	.0	0	.0	0
13. Totals (Lines 9 - 10 + 11 + 12).....	30,937,752	504,439,334	(279,333)	48,754,149	30,658,419	31,896,256

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS
(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior.....	.830,900	.915,548	.913,058	.911,669	.911,669
2. 2008.....	.679,081	.754,064	.752,517	.751,347	.751,347
3. 2009.....	.XXX	.512,853	.543,214	.541,544	.541,013
4. 2010.....	.XXX	.XXX	.360,860	.405,284	.404,579
5. 2011.....	.XXX	.XXX	.XXX	.310,323	.336,789
6. 2012.....	.XXX	.XXX	.XXX	.XXX	.504,439

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior.....	.814,113	.809,356	.808,751	.807,691	.807,691
2. 2008.....	.766,067	.753,696	.752,300	.751,247	.751,347
3. 2009.....	.XXX	.566,592	.554,224	.541,169	.541,019
4. 2010.....	.XXX	.XXX	.395,309	.405,788	.404,510
5. 2011.....	.XXX	.XXX	.XXX	.342,190	.342,282
6. 2012.....	.XXX	.XXX	.XXX	.XXX	.553,193

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2008.....	.878,027	.751,347	.29,181	.3.9	.780,528	.88.9	.0	.0	.780,528	.88.9
2. 2009.....	.674,497	.541,013	.21,628	.4.0	.562,641	.83.4	.5	.1	.562,647	.83.4
3. 2010.....	.486,217	.404,579	.17,503	.4.3	.422,082	.86.8	.(72)	.(2)	.422,008	.86.8
4. 2011.....	.419,394	.342,495	.17,558	.5.1	.360,053	.85.9	.(213)	.(5)	.359,835	.85.8
5. 2012.....	.671,490	.504,439	.22,043	.4.4	.526,482	.78.4	.48,754	.1,263	.576,499	.85.9

12.GT

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS
(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior.....	615,918	680,319	678,767	677,242	677,242
2. 2008.....	435,212	490,635	489,020	488,426	488,426
3. 2009.....	XXX	291,869	309,344	308,555	308,169
4. 2010.....	XXX	XXX	243,599	276,265	275,771
5. 2011.....	XXX	XXX	XXX	216,946	234,846
6. 2012.....	XXX	XXX	XXX	XXX	396,990

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior.....	595,991	590,259	590,592	589,264	589,264
2. 2008.....	499,321	490,290	488,829	488,410	488,425
3. 2009.....	XXX	325,846	320,433	308,440	308,191
4. 2010.....	XXX	XXX	265,874	277,001	275,734
5. 2011.....	XXX	XXX	XXX	240,657	240,371
6. 2012.....	XXX	XXX	XXX	XXX	437,091

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2008.....	602,636	488,426	21,096	4.3	509,522	84.5	0	0	509,522	84.5
2. 2009.....	399,637	308,169	13,679	4.4	321,848	80.5	23	1	321,872	80.5
3. 2010.....	299,523	275,771	10,355	3.8	286,126	95.5	(39)	(1)	286,086	95.5
4. 2011.....	278,460	240,525	11,956	5.0	252,481	90.7	(126)	(3)	252,352	90.6
5. 2012.....	521,517	396,990	15,516	3.9	412,506	79.1	40,101	1,039	453,646	87.0

12.HM

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Dental
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Dental
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Dental
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Vision
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Vision
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Vision
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Fed Emp Health
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Fed Emp Health
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Fed Emp Health
NONE**

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior.....	214,982	235,229	234,291	234,427	234,427
2. 2008.....	243,869	263,429	263,497	262,921	262,921
3. 2009.....	XXX	220,984	233,870	232,989	232,844
4. 2010.....	XXX	XXX	117,261	129,019	128,808
5. 2011.....	XXX	XXX	XXX	93,377	101,943
6. 2012.....	XXX	XXX	XXX	XXX	107,449

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior.....	218,122	219,097	218,159	218,427	218,427
2. 2008.....	266,746	263,406	263,471	262,837	262,922
3. 2009.....	XXX	240,746	233,791	232,729	232,828
4. 2010.....	XXX	XXX	129,435	128,787	128,776
5. 2011.....	XXX	XXX	XXX	101,533	101,911
6. 2012.....	XXX	XXX	XXX	XXX	116,102

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2008.....	275,391	262,921	8,085	3.1	271,006	98.4	0	0	271,006	98.4
2. 2009.....	274,860	232,844	7,949	3.4	240,793	87.6	(18)	0	240,775	87.6
3. 2010.....	186,694	128,808	7,148	5.5	135,956	72.8	(33)	(1)	135,922	72.8
4. 2011.....	140,934	101,970	5,602	5.5	107,572	76.3	(87)	(2)	107,483	76.3
5. 2012.....	149,973	107,449	6,527	6.1	113,976	76.0	8,653	224	122,853	81.9

12.XV

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicaid
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicaid
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicaid
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Other
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Other
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Other
NONE**

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	138,115	138,115	.0	.0	.0	.0	.0	.0	.0
2. Additional policy reserves (a).....	127,073	127,073	.0	.0	.0	.0	.0	.0	.0
3. Reserve for future contingent benefits.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Reserve for rate credits or experience rating refunds (including \$.....0) for investment income.....	5,387,296	5,241,239	.0	.0	.0	.0	146,057	.0	.0
5. Aggregate write-ins for other policy reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross).....	5,652,484	5,506,427	.0	.0	.0	.0	146,057	.0	.0
7. Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8. Totals (net) (Page 3, Line 4).....	5,652,484	5,506,427	.0	.0	.0	.0	146,057	.0	.0
9. Present value of amounts not yet due on claims.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
10. Reserve for future contingent benefits.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
11. Aggregate write-ins for other claim reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross).....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
14. Totals (net) (Page 3, Line 7).....	.0	.0	.0	.0	.0	.0	.0	.0	.0

13

DETAILS OF WRITE-INS

0501. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0502. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0503. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1101. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1102. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1103. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0

(a) Includes \$.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building).....	271,962	447,979	2,214,865	0	2,934,806
2. Salaries, wages and other benefits.....	4,613,922	7,600,117	37,575,918	0	49,789,957
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....	0	0	13,805,914	0	13,805,914
4. Legal fees and expenses.....	42,282	69,647	344,344	0	456,273
5. Certifications and accreditation fees.....	0	0	0	0	0
6. Auditing, actuarial and other consulting services.....	135,582	223,333	1,104,185	0	1,463,100
7. Traveling expenses.....	69,771	114,928	568,220	0	752,919
8. Marketing and advertising.....	0	0	3,006,023	0	3,006,023
9. Postage, express and telephone.....	224,545	369,873	1,828,698	0	2,423,116
10. Printing and office supplies.....	71,960	118,533	586,044	0	776,537
11. Occupancy, depreciation and amortization.....	0	0	0	0	0
12. Equipment.....	29,843	49,158	243,041	0	322,042
13. Cost or depreciation of EDP equipment and software.....	719,569	1,185,284	5,860,191	0	7,765,044
14. Outsourced services including EDP, claims, and other services.....	1,596,225	2,629,324	12,999,702	0	17,225,251
15. Boards, bureaus and association fees.....	47,945	78,976	390,470	0	517,391
16. Insurance, except on real estate.....	(10,711)	(17,643)	(87,227)	0	(115,581)
17. Collection and bank service charges.....	9,114	15,013	74,224	69,218	167,569
18. Group service and administration fees.....	985,728	1,623,705	8,027,796	0	10,637,229
19. Reimbursements by uninsured plans.....	0	0	(18,999,219)	0	(18,999,219)
20. Reimbursements from fiscal intermediaries.....	0	0	0	0	0
21. Real estate expenses.....	0	0	0	0	0
22. Real estate taxes.....	0	0	0	0	0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....	0	0	0	0	0
23.2 State premium taxes.....	0	0	1,758,956	0	1,758,956
23.3 Regulatory authority licenses and fees.....	102,082	168,150	831,356	0	1,101,588
23.4 Payroll taxes.....	257,871	424,769	2,100,109	0	2,782,749
23.5 Other (excluding federal income and real estate taxes).....	23,820	39,237	193,992	0	257,049
24. Investment expenses not included elsewhere.....	0	0	0	0	0
25. Aggregate write-ins for expenses.....	0	299,947	1,905,637	0	2,205,584
26. Total expenses incurred (Lines 1 to 25).....	9,191,510	15,440,330	76,333,239	69,218	(a) 101,034,297
27. Less expenses unpaid December 31, current year.....	468,709	787,360	0	0	1,256,069
28. Add expenses unpaid December 31, prior year.....	422,975	311,481	-	-	734,456
29. Amounts receivable relating to uninsured plans, prior year.....	4,570,659	3,365,859	23,534,258	-	31,470,776
30. Amounts receivable relating to uninsured plans, current year.....	2,461,957	4,135,710	20,445,946	0	27,043,613
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	7,037,074	15,734,302	73,244,927	69,218	96,085,521

DETAILS OF WRITE-INS

2501. Charitable contributions.....	0	0	1,669,343	0	1,669,343
2502. Interest on claims.....	0	299,947	0	0	299,947
2503. Miscellaneous expenses.....	0	0	231,992	0	231,992
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	4,302	0	4,302
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	299,947	1,905,637	0	2,205,584

(a) Includes management fees of \$.....111,311,099 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a)..... 2,366,849	..... 2,244,341
1.1 Bonds exempt from U.S. tax.....	(a)..... 0	..... 0
1.2 Other bonds (unaffiliated).....	(a)..... 3,296,925	..... 3,235,697
1.3 Bonds of affiliates.....	(a)..... 0	..... 0
2.1 Preferred stocks (unaffiliated).....	(b)..... 0	..... 0
2.11 Preferred stocks of affiliates.....	(b)..... 0	..... 0
2.2 Common stocks (unaffiliated).....	..... 0	..... 0
2.21 Common stocks of affiliates.....	..... 0	..... 0
3. Mortgage loans.....	(c)..... 0	..... 0
4. Real estate.....	(d)..... 0	..... 0
5. Contract loans.....	..... 0	..... 0
6. Cash, cash equivalents and short-term investments.....	(e)..... 173	..... 173
7. Derivative instruments.....	(f)..... 0	..... 0
8. Other invested assets.....	..... 0	..... 0
9. Aggregate write-ins for investment income.....	..... 62,568	..... 59,113
10. Total gross investment income.....	..... 5,726,515	..... 5,539,324
11. Investment expenses.....		(g)..... 69,218
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g)..... 0
13. Interest expense.....		(h)..... 0
14. Depreciation on real estate and other invested assets.....		(i)..... 0
15. Aggregate write-ins for deductions from investment income.....		..... 0
16. Total deductions (Lines 11 through 15).....		..... 69,218
17. Net investment income (Line 10 minus Line 16).....		..... 5,470,106

DETAILS OF WRITE-INS

0901. Securities Lending Income.....	..... 18,799	..... 17,266
0902. Miscellaneous Investment Income.....	..... 43,823	..... 41,901
0903. Miscellaneous Adjustments.....	..... (54)	..... (54)
0998. Summary of remaining write-ins for Line 9 from overflow page.....	..... 0	..... 0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	..... 62,568	..... 59,113
1501. ....		..... 0
1502. ....		..... 0
1503. ....		..... 0
1598. Summary of remaining write-ins for Line 15 from overflow page.....		..... 0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		..... 0

- (a) Includes \$.....210,614 accrual of discount less \$.....683,948 amortization of premium and less \$.....144,156 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	..... 1,270,981	..... 0	..... 1,270,981	..... 0	..... 0
1.1 Bonds exempt from U.S. tax.....	..... 0	..... 0	..... 0	..... 0	..... 0
1.2 Other bonds (unaffiliated).....	..... 687,542	..... 0	..... 687,542	..... 27,269	..... 0
1.3 Bonds of affiliates.....	..... 0	..... 0	..... 0	..... 0	..... 0
2.1 Preferred stocks (unaffiliated).....	..... 0	..... 0	..... 0	..... 0	..... 0
2.11 Preferred stocks of affiliates.....	..... 0	..... 0	..... 0	..... 0	..... 0
2.2 Common stocks (unaffiliated).....	..... 0	..... 0	..... 0	..... 0	..... 0
2.21 Common stocks of affiliates.....	..... 0	..... 0	..... 0	..... 0	..... 0
3. Mortgage loans.....	..... 0	..... 0	..... 0	..... 0	..... 0
4. Real estate.....	..... 0	..... 0	..... 0	..... 0	..... 0
5. Contract loans.....	..... 0	..... 0	..... 0	..... 0	..... 0
6. Cash, cash equivalents and short-term investments.....	..... 0	..... 0	..... 0	..... 0	..... 0
7. Derivative instruments.....	..... 0	..... 0	..... 0	..... 0	..... 0
8. Other invested assets.....	..... 0	..... 0	..... 0	..... 0	..... 0
9. Aggregate write-ins for capital gains (losses).....	..... 0	..... 0	..... 0	..... 0	..... 0
10. Total capital gains (losses).....	..... 1,958,523	..... 0	..... 1,958,523	..... 27,269	..... 0

DETAILS OF WRITE-INS

0901. ....	..... 0	..... 0	..... 0	..... 0	..... 0
0902. ....	..... 0	..... 0	..... 0	..... 0	..... 0
0903. ....	..... 0	..... 0	..... 0	..... 0	..... 0
0998. Summary of remaining write-ins for Line 9 from overflow page..	..... 0	..... 0	..... 0	..... 0	..... 0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	..... 0	..... 0	..... 0	..... 0	..... 0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	.0	.0	.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	.0	.0	.0
2.2 Common stocks.....	.0	.0	.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	.0	.0	.0
3.2 Other than first liens.....	.0	.0	.0
4. Real estate (Schedule A):			
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 (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	.0	.0	.0
6. Contract loans.....	.0	.0	.0
7. Derivatives (Schedule DB).....	.0	.0	.0
8. Other invested assets (Schedule BA).....	.0	.0	.0
9. Receivables for securities.....	.0	.0	.0
10. Securities lending reinvested collateral assets (Schedule DL).....	.0	.0	.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.0	.0	.0
13. Title plants (for Title insurers only).....	.0	.0	.0
14. Investment income due and accrued.....	.0	.0	.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	427,387	1,843,481	1,416,094
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	.0	.0	.0
15.3 Accrued retrospective premiums.....	.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.....	3,843,153	3,788,740	(54,413)
18.1 Current federal and foreign income tax recoverable and interest thereon.....	.0	.0	.0
18.2 Net deferred tax asset.....	.0	185,975	185,975
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.....	11,174,023	4,519,226	(6,654,797)
24. Health care and other amounts receivable.....	6,387,391	5,125,341	(1,262,050)
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 through 25).....	21,831,954	15,462,763	(6,369,191)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	.0	.0	.0
28. TOTALS (Lines 26 and 27).....	21,831,954	15,462,763	(6,369,191)

DETAILS OF WRITE-INS

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

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....	94,637	120,472	133,753	151,341	167,183	1,658,715
2. Provider service organizations.....	.0	.0	.0	.0	.0	.0
3. Preferred provider organizations.....	.0	.0	.0	.0	.0	.0
4. Point of service.....	.0	.0	.0	.0	.0	.0
5. Indemnity only.....	.0	.0	.0	.0	.0	.0
6. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
7. Total.....	94,637	120,472	133,753	151,341	167,183	1,658,715

DETAILS OF WRITE-INS

0601. ....	.0	.0	.0	.0	.0	.0
0602. ....	.0	.0	.0	.0	.0	.0
0603. ....	.0	.0	.0	.0	.0	.0
0698. Summary of remaining write-ins for Line 6 from overflow page.....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	.0	.0	.0	.0	.0	.0

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

A. Accounting Practices

Health Options, Inc. (the Company) is domiciled in the state of Florida and required to prepare statutory financial statements in accordance with the *National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the Office of Insurance Regulation of the state of Florida (OIR), the basis for statutory accounting practices (SAP).

The Company's net income and surplus between NAIC SAP equals SAP with Practices prescribed or permitted by the State of Florida.

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

The accompanying statutory financial statements were prepared in conformity with SAP, which require the Company to make certain estimates and assumptions based on actuarially accepted quantitative and/or analytical methods in determining incurred and unreported claims, deferred income taxes, asset impairment and various other accruals. Actual results could differ from those estimates.

C. Accounting Policy

Premiums for fully insured contracts are billed in advance of their respective coverage period and are recognized as revenue ratably over the period of services or coverage. Reserves for rebates that are required by federal regulations described in Note 24 are recorded as premium adjustments with a corresponding amount as aggregate health policy reserves. As of December 31, 2012 and 2011, rebate reserves and premium adjustments related to rebates were \$1,000,000 and 9,600,000, respectively. Other revenues are recognized in income when earned.

Certain group contracts provide for the group to be at risk for all or a portion of their claims experience. The Company charges self-funded groups an administrative fee, which is primarily based on the number of members in a group and the group's claims experience. Under the Company's self-funded arrangements, amounts due are recognized based on paid claims plus administrative and other fees.

In addition, the Company uses the following accounting policies:

1. Short-term investments consist of money market funds. These short-term investments are carried at amortized cost, which approximates fair value.
2. Bonds are stated at amortized cost. Amortization of bond premium or discount is calculated using the interest method taking into consideration specified interest and principal provisions over the life of the bonds. The Company evaluates investment securities on a quarterly basis, using both quantitative and qualitative factors, to determine when a decline in value is "other-than-temporary." Factors considered include the length of time and the extent to which a security's fair value has been less than its cost, financial condition and near term prospects of the issuer, and forecasted economic, market or industry trends. Such evaluation is subjective and requires a high degree of judgment. If a decline is determined to be "other-than-temporary," the losses are charged to earnings or the asset is sold when the determination is made.
3. The Company carried no common stock as of December 31, 2012 and 2011.
4. The Company carried no preferred stock as of December 31, 2012 and 2011.
5. The Company does not hold any mortgage loans.
6. Loan-backed securities are stated at amortized cost using the scientific interest method including anticipated prepayments at the date of purchase and are included in bonds in the statutory statement of admitted assets, liabilities and surplus. Significant changes in cash flows from the original purchase assumptions are accounted for using the prospective method. If new prepayment assumptions result in a negative yield, an "other-than-temporary" impairment is considered to have occurred.
7. The Company does not hold investments in its parent company, Blue Cross and Blue Shield of Florida, Inc. (BCBSF) or its affiliates.
8. The Company has no ownership interests in joint ventures, partnerships or limited liability companies.
9. The Company does not hold any derivative instruments as defined under SAP.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54, *Individual and Group Accident and Health Contracts*.
11. The Company establishes a liability for incurred but not reported (IBNR) claims based on factors such as historical paid and incurred claims data using actuarially accepted methodologies. The

NOTES TO THE FINANCIAL STATEMENTS

assumptions used in determining the liability are regularly reviewed and any adjustment resulting from these reviews is reflected in current estimates. Processing costs related to such claims are also accrued.

12. The Company has not modified its capitalization policy from the prior period.

13. The Company estimates pharmaceutical rebate receivables using the previous rebate amounts as a basis and applies to the actual prescriptions filled for three months. There were \$3,035,691 and \$2,895,158 of pharmaceutical rebate receivables as of December 31, 2012 and 2011, respectively.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

A. Material Changes in Accounting Principle and/or Correction of Errors

There is no material change in accounting principles or correction of errors in the accompanying financial statements.

3. BUSINESS COMBINATIONS AND GOODWILL

A. The Company has acquired no entities during the year.

B. The Company has not engaged in any mergers during the year.

C. The Company has not assumed any reinsurance during the year.

D. The Company did not recognize any impairment losses during the year.

4. DISCONTINUED OPERATIONS

The Company did not discontinue any operations during the years ended December 31, 2012 and 2011.

5. INVESTMENTS

A. The Company does not hold any mortgage loans or mezzanine real estate loans.

B. The Company does not have any restructured debt in which it is a creditor.

C. The Company does not have any investments in reverse mortgages.

D. Loan-Backed Securities

(1) All loan-backed securities were purchased after January 1, 1994 and are valued under the prospective method.

(2) Prepayment assumptions are based on estimates and external pricing services are utilized for market values.

(3) In 2012 and 2011, the company did not record any "other-than-temporary" impairment losses due to negative yields as a result of changes in prepayment assumptions.

(4) Loan-Backed Securities with a recognized other-than-temporary impairment, in the aggregate, classified on the basis for the other-than-temporary impairment are as follows as of December 31, 2012:

	1	2	3
	Amortized Cost Basis Before Other-than- Temporary Impairment	Other-than-Temporary Impairment Recognized in Loss	Fair Value C1 - C2
Aggregate Intent to Sell	\$ -	\$ -	\$ -
Aggregate Intent & Ability	-	-	-

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Health Options, Inc.**NOTES TO THE FINANCIAL STATEMENTS**

- (5) Loan-Backed securities with a recognized other-than-temporary impairment, currently held by the company, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities are as follows as of December 31, 2012:

<u>CUSIP</u>	<u>Carrying Value before current period OTTI</u>	<u>Projected Cash flows</u>	<u>Recognized other-than- temporary impairment</u>	<u>Amortized cost after other-than- temporary impairment</u>	<u>Fair Value</u>
None	\$ -	\$ -	\$ -	\$ -	\$ -

E. Repurchase Agreements and/or Securities Lending Transactions

Repurchase agreements held by the Company are required to be collateralized with delivered U.S. Government and Agency securities whose market value equals or exceeds the amount of the investment. The Company does not hold any reverse repurchase agreements.

- (1) The Company, with the permission of the OIR, retains an agent to manage a securities lending collateral portfolio. Under the Plan's securities lending policy, certain securities from its portfolio are loaned to other institutions for short periods of time. Initial collateral, primarily cash, is required at a rate of 102% of the fair value of a loaned domestic security and 105% of the fair value of a loaned foreign security. The fair value of the loaned securities is monitored on a daily basis, with additional collateral obtained or refunded as the fair value of the loaned securities fluctuates.
- (2) For securities lending, the collateral is deposited by the borrower with an independent lending agent, and retained and invested by the lending agent according to the Company's guidelines to generate additional income. As of December 31, 2012 and 2011, the Company had \$6,463,006 and \$21,127,386, respectively, in securities loaned under this policy with pledged collateral at a market value of \$6,668,754 and \$21,218,992, and securities lending collateral portfolio with investments with fair value of \$6,610,018 and \$21,221,001 and unrealized gains of \$0 and \$8,083, respectively.
- (3) For securities lending, the aggregate amount of contractually obligated open collateral positions and the corresponding liabilities that represented the Company's obligations to return the collateral were \$6,608,754 million and \$21,567,314 at December 31, 2012 and 2011, respectively. There were \$6,608,754 million and \$0 in open collateral positions and under 30-day repayment terms, respectively, at December 31, 2012. There were \$21,227,074 and \$0 in open collateral positions and under 30-day repayment terms, respectively, at December 31, 2011.

NOTES TO THE FINANCIAL STATEMENTS

a. Aggregate Amount Cash Collateral Received

	Fair Value
(1) Repurchase Agreement	
(a) Open	\$ _____
(b) 30 Days or Less	_____
(c) 31 to 60 Days	_____
(d) 61 to 90 Days	_____
(e) Greater Than 90 Days	_____
(f) Sub-Total	\$ _____
(g) Securities Received	\$ 6,608,754
(h) Total Collateral Received	\$ 6,608,754
(2) Securities Lending	
(a) Open	\$ _____
(b) 30 Days or Less	_____
(c) 31 to 60 Days	_____
(d) 61 to 90 Days	_____
(e) Greater Than 90 Days	_____
(f) Sub-Total	\$ _____
(g) Securities Received	_____
(h) Total Collateral Received	\$ _____
(3) Dollar Repurchase Agreement	
(a) Open	\$ _____
(b) 30 Days or Less	_____
(c) 31 to 60 Days	_____
(d) 61 to 90 Days	_____
(e) Greater Than 90 Days	_____
(f) Sub-Total	\$ _____
(g) Securities Received	_____
(h) Total Collateral Received	_____

b.

The aggregate fair value of all securities acquired from the sale, trade or use of the accepted collateral (reinvested collateral) \$ 6,608,754

c. The reporting entity receives primarily cash collateral in an amount in excess of the fair value of the securities lent. The reporting entity reinvests the cash collateral into higher-yielding securities than the securities which the reporting entity has lent to other entities under the arrangement.

(4) The Plan's securities lending transactions are administered by an unaffiliated agent. The Plan does not have any securities lending transactions that are administered by an affiliated agent.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Health Options, Inc.**NOTES TO THE FINANCIAL STATEMENTS**

(5) Collateral Reinvestment

(a) Aggregate Amount Cash Collateral Reinvested

	Amortized Cost	Fair Value
1. Repurchase Agreement		
(a) Open	\$ _____	\$ _____
(b) 30 Days or Less	_____	_____
(c) 31 to 60 Days	_____	_____
(d) 61 to 90 Days	_____	_____
(e) 91 to 120 Days	_____	_____
(f) 121 to 180 Days	_____	_____
(g) 181 to 365 Days	_____	_____
(h) 1 to 2 Years	_____	_____
(i) 2 to 3 Years	_____	_____
(j) Greater Than 3 Years	_____	_____
(k) Sub-Total	_____	_____
(l) Securities Received	\$ _____	\$ _____
(m) Total Collateral Received	\$ _____	\$ _____
2. Securities Lending		
(a) Open	\$ _____	\$ _____
(b) 30 Days or Less	6,610,018	6,610,018
(c) 31 to 60 Days	_____	_____
(d) 61 to 90 Days	_____	_____
(e) 91 to 120 Days	_____	_____
(f) 121 to 180 Days	_____	_____
(g) 181 to 365 Days	_____	_____
(h) 1 to 2 Years	_____	_____
(i) 2 to 3 Years	_____	_____
(j) Greater Than 3 Years	_____	_____
(k) Sub-Total	\$ 6,610,018	\$ 6,610,018
(l) Securities Received	_____	_____
(m) Total Collateral Received	\$ 6,610,018	\$ 6,610,018
3. Dollar Repurchase Agreement		
(a) Open	\$ _____	\$ _____
(b) 30 Days or Less	_____	_____
(c) 31 to 60 Days	_____	_____
(d) 61 to 90 Days	_____	_____
(e) 91 to 120 Days	_____	_____
(f) 121 to 180 Days	_____	_____
(g) 181 to 365 Days	_____	_____
(h) 1 to 2 Years	_____	_____
(i) 2 to 3 Years	_____	_____
(j) Greater Than 3 Years	_____	_____
(k) Sub-Total	\$ _____	\$ _____
(l) Securities Received	_____	_____
(m) Total Collateral Received	\$ _____	\$ _____

(b) The reporting entity's sources of cash that it uses to return the cash collateral is dependent upon the liquidity of the current market conditions. Under current conditions, the reporting entity has \$202,672,056 of par value bonds (fair value of \$204,863,105) that are currently tradeable securities that could be sold and used to pay the fee of \$6,610,018 in collateral calls that could come due under a worst-case scenario.

F. The Company does not have any investments in real estate nor does it engage in retail land sales operations.

G. The Company does not have any investments in low-income housing tax credits.

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

A. The Company has no investments in joint ventures, partnerships, or limited liability companies.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Health Options, Inc.

NOTES TO THE FINANCIAL STATEMENTS

B. The Company did not recognize any impairment write-down, as it did not hold investments in joint ventures, partnerships, and limited liability companies during the statement periods.

7. INVESTMENT INCOME

A. Due and accrued income are excluded from surplus on the following basis:

All investment income due and accrued with amounts over 90 days past due.

B. The total amount excluded was \$0.

8. DERIVATIVE INSTRUMENTS

During 2012 and 2011, the Company did not invest in derivative financial instruments as defined under SAP, therefore detailed disclosure on the market risk, credit risk, cash requirements, company objectives and policies are not applicable.

9. INCOME TAXES

A. SSAP No. 101, *Income Taxes – A Replacement of SSAP No. 10R* (SSAP No. 101) is a revised income tax accounting standard adopted by the NAIC, effective for 2012 and future years. This guidance provides that the deferred tax asset admissibility guidance is no longer elective, and the reversal and surplus limitation parameters in the admissibility tests are determined based on the adjusted gross DTA to adjusted capital and surplus ratio for non-RBC filers. It also requires gross deferred tax assets to be reduced by a statutory valuation allowance if it is more likely than not that some portion or all of the gross deferred tax assets will not be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the company considers many factors, including: (1) the nature of the deferred tax assets (DTA) and liabilities (DTL); (2) whether they are ordinary or capital; (3) the timing of their reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry-forwards; (5) the length of time that carry-forwards can be utilized; (6) unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Plan would employ to avoid a tax benefit from expiring unused. Finally, the guidance sets a more likely than not threshold for the recording of contingent tax liabilities. The cumulative effect of adopting this pronouncement during 2012 is \$185,975.

Calendar year 2011 data has been revised to follow the SSAP 101 disclosure requirements to allow for better comparison. In revising the calendar year 2011 disclosure, no amounts have been recalculated or changed.

The following summarizes the impact of adoption:

	<u>1/1/2012</u>	<u>12/31/2011</u>	<u>Change</u>
Gross DTA	12,568,890	12,568,890	-
Statutory Valuation Allowance	-	-	-
Adjusted Gross DTA	12,568,890	12,568,890	-
Gross DTL	(2,219,793)	(2,219,793)	-
Net Admitted DTA/(DTL)	10,349,097	10,163,122	185,975
Contingent Tax Liability	116,052	116,052	-
Penalty / Interest	(490,438)	(490,438)	-
Net Impact to Surplus			
Decrease / (Increase)			(185,975)

The components of the net deferred tax asset were as follows at December 31, 2012 and 2011:

Description	12/31/2012			12/31/2011			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary	Capital	(1) + (2) Total	Ordinary	Capital	(4) + (5) Total	(1) - (4) Ordinary	(2) - (5) Capital	(7) + (8) Total
(a) Gross Deferred Tax Assets	\$ 15,444,408	\$ 76,515	\$ 15,520,923	\$ 12,449,190	\$ 119,700	\$ 12,568,890	\$ 2,995,218	\$ (43,185)	\$ 2,952,033
(b) Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
(c) Adjusted Gross Deferred Tax Assets (a)-(b)	\$ 15,444,408	\$ 76,515	\$ 15,520,923	\$ 12,449,190	\$ 119,700	\$ 12,568,890	\$ 2,995,218	\$ (43,185)	\$ 2,952,033
(d) Deferred Tax Liabilities	217,856	1,499,421	1,717,277	236,848	1,982,945	2,219,793	(18,992)	(483,524)	(502,516)
(e) Subtotal (Net Deferred Tax Assets)(c)-(d)	15,226,552	(1,422,906)	13,803,646	12,212,342	(1,863,245)	10,349,097	3,014,210	440,339	3,454,549
(f) Deferred Tax Assets Nonadmitted	\$ -	\$ -	\$ -	\$ 66,275	\$ 119,700	\$ 185,975	(66,275)	(119,700)	(185,975)
(g) Net Admitted Deferred Tax Assets ((e)-(f))	\$ 15,226,552	\$ (1,422,906)	\$ 13,803,646	\$ 12,146,067	\$ (1,982,945)	\$ 10,163,122	\$ 3,080,485	\$ 560,039	\$ 3,640,524

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Health Options, Inc.**NOTES TO THE FINANCIAL STATEMENTS**

The Plan has evaluated the admission of DTAs under SSAP 101 as follows:

2.	12/31/2012			12/31/2011			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary	Capital	(1) + (2) Total	Ordinary	Capital	(4) + (5) Total	(1) - (4) Ordinary	(2) - (5) Capital	(7) + (8) Total
Admission Calculation Components									
SSAP No. 101									
(a) Federal income tax paid in prior years recoverable through loss carrybacks	\$ 15,033,945	\$ -	\$ 15,033,945	\$ 10,163,122	\$ -	\$ 10,163,122	\$ 4,870,823	\$ -	\$ 4,870,823
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (lesser of 2(b)1 and 2(b)2 below)	5,782	-	5,782	-	-	-	5,782	-	5,782
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	5,782	-	5,782	-	-	-	5,782	-	5,782
2. Adjusted gross deferred tax assets allowed per limitation threshold	N/A	N/A	25,092,548	N/A	N/A	23,659,087	N/A	N/A	1,433,461
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	404,681	76,515	481,196	2,100,093	119,700	2,219,793	(1,695,412)	(43,185)	(1,738,597)
(d) Deferred tax assets admitted as a result of application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	<u>\$ 15,444,408</u>	<u>\$ 76,515</u>	<u>\$ 15,520,923</u>	<u>\$ 12,263,215</u>	<u>\$ 119,700</u>	<u>\$ 12,382,915</u>	<u>\$ 3,181,193</u>	<u>\$ (43,185)</u>	<u>\$ 3,138,008</u>
3.	2012	2011							
(a) Ratio percentage used to determine recovery period and threshold limitation amount	<u>0.29%</u>	<u>1.53%</u>							
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	<u>167,283,655</u>	<u>157,727,244</u>							

4.
Impact of Tax Planning Strategies
None

B. All deferred tax liabilities have been recognized for amounts described in SSAP No. 101.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Health Options, Inc.

NOTES TO THE FINANCIAL STATEMENTS

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

	(1)	(2)	(3)
	12/31/2012	12/31/2011	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 7,775,348	\$ 6,626,605	\$ 1,148,743
(b) Foreign	-	-	-
(c) Subtotal	7,775,348	6,626,605	1,148,743
(d) Federal income tax on net capital gains	685,483	1,631,827	(946,344)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	-	-	-
	<u>\$ 8,460,831</u>	<u>\$ 8,258,432</u>	<u>\$ 202,399</u>
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 401,631	\$ 270,787	\$ 130,844
(2) Unearned premium reserve	781,681	738,196	43,485
(3) Policyholder reserves	44,476	67,248	(22,772)
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	7,641,184	3,765,147	3,876,037
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13.1) Goodwill	1,597,122	3,205,252	(1,608,130)
(13.2) Loss Reserve Settlement	3,421,541	3,421,541	-
(13.3) Insolvency Reserve	1,556,773	981,019	575,754
(13.4) Other (including items <5% of total ordinary tax assets)	-	-	-
(99) Subtotal	<u>\$ 15,444,408</u>	<u>\$ 12,449,190</u>	<u>\$ 2,995,218</u>
(b) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(c) Nonadmitted	\$ -	\$ 66,275	\$ (66,275)
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	<u>\$ 15,444,408</u>	<u>\$ 12,382,915</u>	<u>\$ 3,061,493</u>
(e) Capital:			
(1) Investments	\$ 76,515	\$ 119,700	\$ (43,185)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total ordinary tax assets)	-	-	-
(99) Subtotal	<u>\$ 76,515</u>	<u>\$ 119,700</u>	<u>\$ (43,185)</u>
(f) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(g) Nonadmitted	\$ -	\$ 119,700	\$ (119,700)
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	<u>\$ 76,515</u>	<u>\$ -</u>	<u>\$ 76,515</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>\$ 15,520,923</u>	<u>\$ 12,382,915</u>	<u>\$ 3,138,008</u>
3. Deferred Tax Liabilities			
(a) Ordinary			
(1) Investments	\$ 152,279	\$ 158,660	\$ (6,381)
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5.1) Discounting of Salvage & Subrogation	65,577	78,188	(12,611)
(5.2) Other (including items <5% of total ordinary tax liabilities)	-	-	-
(99) Subtotal	<u>\$ 217,856</u>	<u>\$ 236,848</u>	<u>\$ (18,992)</u>
(b) Capital			
(1) Investments	\$ 1,499,421	\$ 1,982,945	\$ (483,524)
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	<u>\$ 1,499,421</u>	<u>\$ 1,982,945</u>	<u>\$ (483,524)</u>
(c) Deferred tax liabilities (3a99 + 3b99)	<u>\$ 1,717,277</u>	<u>\$ 2,219,793</u>	<u>\$ (502,516)</u>
4. Net deferred tax assets/liabilities (2i - 3c)	<u>\$ 13,803,646</u>	<u>\$ 10,163,121</u>	<u>\$ 3,640,524</u>

(3) The Plan had no investment tax credits.

(4) No adjustments were made to deferred tax liabilities or deferred tax assets for enacted changes in tax laws or rates.

D. The Plan's income tax expense/(benefit) and changes in DTA/DTL differ from the amount obtained by applying the federal statutory rate of 35% to pretax net income/(loss) for the following reasons for the years ended December 31, 2012 and 2011:

	2012	2011
(1) Expected federal income tax expense	\$ 8,590,798	\$ 9,134,873
(2) Change in nonadmitted assets	(3,876,038)	(40,081)
(3) Other	291,523	(10,159)
(4) Total incurred income tax expense/(benefit)	<u>\$ 5,006,283</u>	<u>\$ 9,084,633</u>
Income taxes incurred	\$ 8,460,831	\$ 8,258,431
Change in net deferred income taxes	(3,454,548)	826,202
Total statutory income taxes	<u>\$ 5,006,283</u>	<u>\$ 9,084,633</u>

E. (1) As of December 31, 2012 and 2011, the Plan had no operating loss or capital loss carry-forwards.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Health Options, Inc.**NOTES TO THE FINANCIAL STATEMENTS**

(2) The following federal income taxes incurred in the current and prior years will be available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2010	\$ 17,818,325	\$ 3,745,733	\$ 21,564,058
2011	6,227,450	1,625,239	7,852,689
2012	7,769,491	685,483	8,454,974
Total	<u>\$ 31,815,266</u>	<u>\$ 6,056,455</u>	<u>\$ 37,871,721</u>

(3) The Plan does not have any protective tax deposits with the Internal Revenue Service under Section 6603 of the Internal Revenue Service Code as of December 31, 2012 or 2011.

F. (1) For the tax year ended 2012, the Company is included in a consolidated federal income tax return filed for its parent company, BCBSF, and the following subsidiaries:

- Diversified Health Services, Inc. (DHS)
- Diversified Services Options, Inc. (DSO)
- First Coast Service Options, Inc. (FCSO)
- Florida Health Care Plan, Inc. (FHCP)
- Atlantic Institute of Clinical Research, Inc.
- Florida Health Care Plan, Provider Option, Inc.
- East Coast Bariatrics, Inc.
- Comp Options Insurance Company, Inc d/b/a OptaComp (COI).
- Navigy, Inc.
- Navigy Holdings, Inc.
- Incepture, Inc.
- GuideWell, Inc.
- Novitas Solutions, Inc.
- Diagnostic Clinic Medical Group, Inc.

(2) The method of allocation of income tax liability is subject to written agreement among the companies. The agreement provides that a company with a net operating loss is reimbursed for the tax benefit associated with its loss in the year the loss is used in the consolidated federal income tax return. Inter-company tax balances are settled annually after the consolidated tax return is filed.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

A –C. Effective January 2012, employees of BCBSF were offered the option of the company's HMO products for insurance coverage. As such, BCBSF collects the premium dollars for these employees and remits payment to HOI.

D. At December 31, 2012 and 2011, HOI reported \$0 as amounts due to BCBSF on the statement of admitted assets, liabilities and surplus. These intercompany transactions are settled monthly.

E. HOI has a parental guarantee from BCBSF to provide sufficient funds to assure the payment of covered subscriber claims and all other liabilities of HOI. Additionally, BCBSF will pay for services rendered by providers in the event HOI becomes insolvent, as well as any amounts owed to providers for continuation of services for the duration of the month in which the members have paid their premiums. BCBSF will also provide for the continuation of covered benefits for members who are confined in an inpatient facility on the date of insolvency, until their date of discharge.

F. BCBSF employees perform all of HOI's activities under a written agreement to provide certain services, including but not limited to administrative, managerial, professional and technical services. Amounts are billed monthly to HOI, which include direct and indirect charges for these services and facilities and are typically repaid within 30 days. The total administrative charges for 2012 and 2011 were \$111,294,720 and \$83,279,311, respectively.

G. HOI is 100% owned by Diversified Health Services, Inc. (DHS), a wholly owned subsidiary of BCBSF. BCBSF is a not-for-profit mutual insurance company domiciled in the state of Florida. DHS is an insurance holding company domiciled in the state of Florida.

H. HOI does not own shares of an upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.

I. HOI does not have an SCA entity that exceeds 10% of admitted assets, as HOI does not hold investments in BCBSF or its affiliates.

J. HOI has not recorded impairment or write down on SCA entities, as it does not hold investments in BCBSF or its affiliates.

NOTES TO THE FINANCIAL STATEMENTS

- K. HOI did not invest in any foreign insurance subsidiary.
- L. HOI did not hold any investment in any downstream noninsurance holding company.

11. DEBT

- A. In December 2012, BCBSF amended its line of credit agreement with Bank of America, increased the borrowing limit to \$200 million and identified BCBSF and the Company as co-borrowers for the facility. The facility has a floating rate based on one-month London Interbank Offered Rates (“LIBOR”) plus 0.75% per annum. At December 31, 2012, there are no borrowings outstanding on this facility recorded on the Company’s records. The Company did not pay any interest during 2012.
- B. The Company has not issued any Capital Notes.
- C. The Company does not have any reverse repurchase agreements.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

BCBSF employees perform all of HOI’s activities. Therefore, HOI does not have an employee retirement plan, a deferred compensation plan, or any other postretirement benefit plans. HOI pays for employee services and related benefits under the administrative agreement referenced in Note 10 (F).

- A. Defined Benefit Plan
Not applicable.
- B. Defined Contribution Plans
Not applicable.
- C. Multi-employer Plans
Not applicable.
- D. Consolidated/Holding Company Plans
Not applicable.
- E. Postemployment Benefits and Compensated Absences
Not applicable.
- F. Additional Disclosures for Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
Not applicable.

13. CAPITAL AND SURPLUS SHAREHOLDERS’ DIVIDEND RESTRICTIONS, AND QUASI-REORGANIZATIONS

- 1. The Company has 500,000 shares authorized, 100,000 shares issued and outstanding. All shares are Class A shares.
- 2. The Company has no preferred stock authorized, issued, or outstanding.
- 3. Without prior approval of its domiciliary commissioner, dividend payments or distributions to stockholders are generally limited to 10% of available and accumulated surplus funds derived from realized net operating profits and net realized capital gains in any one year. Or, HOI may pay additional dividends over the 10% limit up to the entire net operating profit and realized net capital gains derived during the immediately preceding calendar year.
- 4. HOI paid dividends to BCBSF of \$0 and \$52,000,000 in 2012 and 2011, respectively, in accordance with Florida statutes. Subsequent to payment of the dividends, HOI exceeded 115% of the minimum required statutory surplus in 2011.
- 5. OIR approval for any dividends or distributions in excess of the limitation (as defined above) is required.
- 6. HOI does not have any restrictions on unassigned surplus funds.
- 7. The Company does not have an advance to surplus outstanding.

NOTES TO THE FINANCIAL STATEMENTS

8. The amounts of stock held by the Company, including stock of affiliated companies, for special purposes is:
 - a. For conversion of preferred stock: 0 shares
 - b. For employee stock options: 0 shares
 - c. For stock purchase warrants: 0 shares
 9. There have been no changes in the balances of special surplus funds from the prior year.
 10. No portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses.
 11. The company has issued no surplus note or similar obligation.
 12. The Company was not involved in any quasi-reorganization; therefore, there is no impact of any restatement due to prior quasi-reorganization.
 13. The Company was not involved in any quasi-reorganization; therefore, there is no effective date(s) for quasi-reorganization.
14. CONTINGENCIES

A. Contingent Commitments

HOI contracts with fiscal intermediaries to provide certain services to its subscribers and transfers the obligation to pay providers for claims arising from these services to the entity. The risk that these fiscal intermediaries may fail to perform under contractual agreements is continuously reviewed for loss contingencies. A loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss. Based on this review, liabilities may be established for the estimated, probable loss from the uncertainty related to contracts with fiscal intermediaries. For health care risk contracts in which the HMO receives consideration greater than 1% of annual gross written premium, Florida statutes require a liability be established for those claims for which the provider has not received payment, unless the HMO obtains a financial instrument to secure the obligations or has in place an escrow or withhold agreement approved by the OIR. Additionally, HOI has recorded reserves of \$4,447,923 and \$2,802,912 for the years ended December 31, 2012 and 2011, respectively, to provide for claims incurred by fiscal intermediaries but not paid to the providers performing the services.

Guarantees:

As a small controlled affiliate licensee of the Blue Cross and Blue Shield Association (BCBSA), the Company participates in the Away From Home Care program which could result in an obligation to providers within the Company's service area for certain covered services provided to members of other Blue Cross Blue Shield organizations in the event the other Blue Cross Blue Shield organization does not pay timely. Under the Away From Home Care program, the Company is permitted to seek and promptly receive reimbursement from the other Blue Cross Blue Shield organization for all amounts paid for covered services provided on their behalf.

In the ordinary course of business, the Company contracts with numerous parties, including, for example, physicians and other medical providers, vendor contracts, consulting agreements and agreements for other services, which contain indemnification provisions or payment terms, including incentive payments contingent upon quality of service and effective case management. While the value of such guarantees, individually or in the aggregate are, in many instances, inherently impossible to predict, the Company does not believe these obligations are likely to have a material impact on its financial position, results of operations or cash flows.

Government Programs

The Company serves as a Medicare Advantage organization. Reimbursement for services under these programs are subject to review and as such, the Company is routinely audited by governmental entities, and their respective designees, for compliance with laws, regulations, and program or contract terms and conditions.

B. Assessments

Under Florida law, the Company is subject to state guaranty fund assessments, the purpose of which is to collect money from solvent health maintenance organizations to cover certain losses resulting from the insolvency or rehabilitation of other health maintenance organizations. The Company's policy is to recognize its obligation for guaranty fund assessments when it becomes aware insolvency has occurred for which the Company may be assessed.

C. Gain Contingencies

Not applicable.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Health Options, Inc.**NOTES TO THE FINANCIAL STATEMENTS****D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits**

The Company made no payments in the reporting period to settle claims related extra contractual obligations and bad faith losses stemming from lawsuits.

	Direct
Claims related ECO and bad faith losses paid during the reporting period	-

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

(a) 0-25 Claims	(b) 25-50 Claims	(c) 50-100 Claims	(d) 101-500 Claims	(e) More than 500 Claims
X				

(f) Per Claim [X]

(g) Per Claimant []

E. All other Contingencies

In the normal course of operations, the Company is involved in routine litigation with insureds, beneficiaries, healthcare providers and others. In management's opinion and based upon the advice of legal counsel, litigation is not expected to have a material adverse affect on the Company's financial position, results of operations, or cash flows.

All of the Plan's outstanding issues have been settled with the Internal Revenue Service ("IRS") for the years prior to 2009.

15. LEASES

HOI does not have any material lease obligations as of December 31, 2012 and 2011.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

1. Investments in cash are held in noninterest-bearing transaction accounts with FDIC-insured institutions, which through December 31, 2012, are fully insured, regardless of the balance in the account, at all FDIC-insured institutions or in money market mutual funds. The financial stability of these institutions is reviewed on a periodic basis. Bonds are diversified and include 100% investment grade securities. Diversification is enforced by limiting individual non-government issues to no more than 5% of the portfolio.

The Company does not engage in subprime residential mortgage lending. The Company's exposure to subprime lending is limited to investments within the fixed maturity investment portfolio which contain securities issued by financial institutions that may directly or indirectly own securities collateralized by mortgages that have characteristics of subprime lending, and equity securities with exposure to the real estate industry. As of December 31, 2012 and 2011, the Company did not have any securities backed by subprime mortgages.

2. In the normal course of business, the Company is party to financial instruments, none of which have significant off-balance sheet risk.

3. The Company has no off balance sheet exposure and does not own any financial instruments with concentration of credit risk. The Company does not hold any futures.

4. The Company does not invest in any futures contracts.

17. SALE, TRANSFER SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

A. The Company had no transfer of receivables reported as sales.

B. HOI, with the permission of the OIR, retains an agent to manage a securities lending collateral portfolio. Under the Company's securities lending policy, certain securities from its portfolio are loaned to other institutions for short periods of time. Initial collateral, primarily cash, is required at a rate of 102% of the fair value of a loaned domestic security and 105% of the fair value of a loaned foreign security.

The fair value of the loaned securities is monitored on a daily basis, with additional collateral obtained or refunded as the fair value of the loaned securities fluctuates. The collateral is deposited by the borrower with an independent lending agent, and retained and invested by the lending agent according to the Company's guidelines to generate additional income.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Health Options, Inc.**NOTES TO THE FINANCIAL STATEMENTS**

As of December 31, 2012 and 2011, the Company had \$6,463,006 and \$21,127,386, respectively, in securities loaned under this policy with pledged collateral at a market value of \$6,608,754 and \$21,567,314 and securities lending collateral portfolio with investments with fair value of \$6,610,018 and \$21,221,001 and unrealized gain (losses) of \$0 and \$8,083, respectively.

C. The Company had no wash sales.

18. **GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS**

A. **Administrative Services Only Plans:**

The Company has no ASO plans.

B. **Administrative Services Contract (ASC) Plans:**

The net (loss) gain from operations from ASC uninsured plans and the uninsured portion of partially insured plans for the years ended December 31, 2012 and 2011 are as follows:

	(1)	(2)	(3)
	ASC Uninsured Plans	Uninsured portion of partially insured plans	Total ASC
For the year ended December 31, 2012:			
a. Gross reimbursement for medical costs incurred	\$ 146,827,756	\$ 45,925,236	\$ 192,752,992
b. Gross administrative fees income	12,424,321	6,574,898	18,999,219
c. Other income or expenses	-	-	-
d. Gross expenses incurred, to adjudicate and pay claim **	(161,925,775)	(53,915,044)	(215,840,819)
e. Net (loss) gain from operations	<u>\$ (2,673,698)</u>	<u>\$ (1,414,910)</u>	<u>\$ (4,088,608)</u>
	(1)	(2)	(3)
For the year ended December 31, 2011:			
a. Gross reimbursement for medical costs incurred	\$ 136,715,402	\$ 52,677,894	\$ 189,393,296
b. Gross administrative fees income	11,544,495	6,811,002	18,355,497
c. Other income or expenses	-	-	-
d. Gross expenses incurred, to adjudicate and pay claim **	(151,766,834)	(61,557,913)	(213,324,747)
e. Net (loss) gain from operations	<u>\$ (3,506,937)</u>	<u>\$ (2,069,017)</u>	<u>\$ (5,575,954)</u>

**Expenses incurred for the administration of ASC uninsured plans are based on an allocation of total administrative expenses to gross fees.

C. **Medicare or Similarly Cost Based Reimbursement Contract:**

The Company has no Medicare or other similarly structured cost based reimbursement contract.

19. **DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS**

The Company has no direct premiums that are written through managing general agents or third party administrators.

20. **FAIR VALUE MEASUREMENTS**

SSAP No. 100, *Fair Value Measurements*, establishes a framework for measuring and reporting fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

NOTES TO THE FINANCIAL STATEMENTS

- Level 1 – Pricing inputs are based on quoted prices available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Unadjusted quoted prices from national exchanges are the primary pricing source.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. Quoted prices from less active markets, are the primary pricing source.
- Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources and may include internally developed methodologies that result in management's best estimate of fair value from the perspective of a market participant. All investments subject to SSAP 100 are analyzed as of the statement date and assets or liabilities whose fair value is based on significant unobservable inputs are classified as Level 3.

- (1) There are no investments reported at fair value for the purpose of this disclosure.
- (2) There were no transfers in and out of Level 3.

Investments at December 31, 2012 include \$204,863,104 in long-term bonds reported at amortized cost and \$618,003 in money market funds.

21. OTHER ITEMS

A. Extraordinary Items

No extraordinary events or transactions occurred during 2012 or 2011.

B. Troubled Debt Restructuring

There was no troubled debt restructuring for debtors during 2012 or 2011.

C. Other Disclosures

Deposits in the amount of \$2,010,000 at both December 31, 2012 and 2011, were on deposit with the state of Florida, as required by statute.

- D. At December 31, 2012 and 2011, the Company had admitted assets of \$14,651,685 and \$11,063,826, respectively, in accident and health premiums due and unpaid, and \$23,200,460 and \$27,682,036, respectively, in accounts receivable relating to uninsured accident and health plans. The Company routinely assesses the collectability of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition.

E. Business Interruption Insurance Recoveries

Not applicable

- F. The Company did not have any State Transferable and Non-transferable Tax Credits during 2012 or 2011.

G. Subprime Mortgage related Risk Exposure

On December 31, 2012 or 2011, the Company had no underwritten prime, Alt-A or subprime mortgages. The Company had no exposure to holdings of fixed income issues either backed by subprime mortgages or bond insurers. The Company had no exposure to preferred securities of issuers of structured products backed by subprime mortgages. The process to identify the preceding securities was to survey external managers retained by the Company; match issuers/holdings to lists of publicly identified issuers; and search issuers/holdings to reported CUSIPs that had experienced rating changes during 2012 and 2011 and were identified as Alt-A or subprime mortgage backed securities or collateralized debt obligations.

- (2) Direct Exposure through investments in subprime mortgage loans.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Health Options, Inc.**NOTES TO THE FINANCIAL STATEMENTS**

	Book/ Adjusted Carrying Value (excluding interest)	Fair Value	Value of Land and Buildings	Other-Than- Temporary Impairment Losses Recognized	Default Rate
a. Mortgages in the process of foreclosure					
b. Mortgages in good standing					
c. Mortgages with restructure terms					
d. Total	N/A	N/A	N/A	N/A	N/A

(3) Direct exposure through other investments

	Actual Cost	Book/ Adjusted Carrying Value (excluding interest)	Fair Value	Other-Than- Temporary Impairment Losses Recognized
a. Residential mortgage backed securities				
b. Commercial mortgage backed securities				
c. Collateralized debt obligations				
d. Structured Securities				
e. Equity investment in SCAs				
f. Other Assets				
g. Total		N/A	N/A	N/A

(4) Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage

	Losses paid in current year	Losses Incurred in the Current Year	Case Reserves at End of Current Period	IBNR Reserves at End of Current period
a. Mortgage Guaranty Coverage				
b. Financial Guaranty Coverage				
c. Other Lines (specify):				
d. Total	N/A	N/A	N/A	N/A

H. Retained Assets

The Company has no retained assets.

22. EVENTS SUBSEQUENT

HOI's management is not aware of any events occurring subsequent to December 31, 2012, which may have a material effect on its financial condition.

23. REINSURANCE**A. Ceded Reinsurance Report****Section 1 – General Interrogatories**

- Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, or trustee, or director of the Plan?
Yes () No (✓)
- Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?
Yes () No (✓)

NOTES TO THE FINANCIAL STATEMENTS

Section 2 – Ceded Reinsurance report – Part A

1. Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?
Yes () No (✓)
2. Does the Company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?
Yes () No (✓)

Section 3 – Ceded Reinsurance Report – Part B

1. What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above), of termination of all reinsurance agreements, by either party, as of the date of this statement? None.
2. Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?
Yes () No (✓)

B. Uncollectible Reinsurance

HOI has no reinsurance amounts, which it deems uncollectible.

C. Commutation of Ceded Reinsurance

HOI does not participate in any commutation relationship with respect to ceded reinsurance.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

- A. HOI estimates accrued retrospective premium adjustments for its group business through a mathematical approach using an algorithm of the Company's underwriting rules and experience rating practices.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. The amount of premiums written by the Company for the years ended December 31, 2012 and 2011 subject to retrospective rating features was \$124,572,946 and \$92,367,308, respectively. This represented 24.9% and 34.9% of the total premiums written for group business in 2012 and 2011, respectively.
- D. In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively referred to as "PPACA") was signed into law. The medical loss ratio ("MLR") regulations require issuers, beginning on January 1, 2011, to provide rebates to plans and individuals purchasing insurance if the issuer does not spend a minimum amount of the premium on medical claims, as defined by such regulations and related guidance. Health insurance issuers are required to spend at least 80% of premium received from selling policies and plans in the individual and small employer markets and at least 85% of premiums for the large employer market (more than 50 employees) on a combination of medical care claims and activities to improve health care quality. Rebates to policyholders and enrollees are to be provided annually if the insurer fails to meet the MLR requirements in a market for the prior year. If applicable, rebates due for the 2012 reporting year will be paid by August 2013. As of and for the years ended December 31, 2012 and 2011, rebate reserves and premium adjustments were as follows:

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Health Options, Inc.**NOTES TO THE FINANCIAL STATEMENTS****Note 24D. Medical loss ratio rebates required pursuant to the Public Health Service Act:**

	1	2	3	4	5
	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year:					
1) Medical loss ratio rebates incurred	-	-	9,600,000	-	9,600,000
2) Medical loss ratio rebates paid	-	-	-	-	-
3) Medical loss rebates unpaid	-	-	9,600,000	-	9,600,000
4) Plus reinsurance assumed amounts	x	x	x	x	-
5) Less reinsurance ceded amounts	x	x	x	x	-
6) Rebates unpaid net of reinsurance	x	x	x	x	9,600,000
Current Reporting Year-to-Date:					
7) Medical loss ratio rebates incurred	-	1,000,000	(205,401)	-	794,599
8) Medical loss ratio rebates paid	-	-	9,394,599	-	9,394,599
9) Medical loss rebates unpaid	-	1,000,000	-	-	1,000,000
10) Plus reinsurance assumed amounts	x	x	x	x	-
11) Less reinsurance ceded amounts	x	x	x	x	-
12) Rebates unpaid net of reinsurance	x	x	x	x	1,000,000

25. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Reserves for incurred claims and unpaid claims adjustment expenses attributable to insured events of prior years have decreased from \$32,630,712 in 2011 to \$32,041,198 in 2012. The decrease of \$589,514 in prior years' reserves was primarily the result of a release of the provision for adverse deviation on a portion of the claims paid and the release in the reserve for legal liabilities. These estimates are reviewed regularly by management and annually by an independent consulting actuary, and are adjusted as necessary as new information becomes known. Such adjustments are included in current operations.

26. INTERCOMPANY POOLING ARRANGEMENTS

The Company is not part of a group of affiliated insurers that utilizes a pooling arrangement; therefore, disclosure for intercompany pooling arrangements is not applicable.

27. STRUCTURED SETTLEMENTS

The Company has no structured settlements.

28. HEALTH CARE RECEIVABLES**A. Pharmaceutical Rebate Receivables**

HOI uses a pharmacy benefits management company to administer their pharmaceutical benefits program. As of December 31, 2012 and 2011, pharmaceutical rebates receivables have been recorded under the agreement with the pharmacy benefit manager, Prime Therapeutics, Inc. for \$3,035,691 and \$2,895,161, respectively, and are included in healthcare and other amounts receivable in the statutory statement of admitted assets, liabilities and surplus.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Health Options, Inc.**NOTES TO THE FINANCIAL STATEMENTS**

The activity related to pharmaceutical rebates is summarized as follows:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
12/31/2012	\$3,035,691	\$2,536,461	\$ 230,428	\$ -	\$ -
9/30/2012	3,836,378	4,054,417	387,887	-	-
6/30/2012	3,333,746	3,590,685	3,192,194	107,845	-
3/31/2012	3,160,152	3,430,876	3,131,350	107,845	19,664
12/31/2011	\$2,895,161	\$3,214,647	\$ 3,114,182	\$ 51,335	\$ 19,664
9/30/2011	2,980,870	3,009,583	2,866,942	421,139	5,089
6/30/2011	2,839,649	2,893,731	2,362,956	237,248	5,089
3/31/2011	2,996,872	2,906,015	3,695,621	320,969	38,876
12/31/2010	\$3,126,270	\$3,061,571	\$2,641,302	\$345,920	\$76,807
9/30/2010	3,474,470	3,290,033	2,758,998	442,174	44,930
6/30/2010	3,676,519	3,565,157	2,709,957	707,310	81,746
3/31/2010	4,588,857	4,216,678	3,378,346	739,885	80,552

B. Risk Sharing Receivables

The Company has no risk-sharing arrangements.

29. PARTICIPATING POLICIES

The Company has no participating contracts.

30. PREMIUM DEFICIENCY RESERVES

The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54, *Individual and Group Accident and Health Contracts*. As of December 31, 2012 and 2011, premium deficiency reserves totaled \$0 and \$0, respectively.

31. ANTICIPATED SALVAGE AND SUBROGATION

The Company has no anticipated salvage and subrogation.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State regulating? State of Florida
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2009
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/16/2011
- 3.4 By what department or departments? _____

Office of Insurance Regulation, State of Florida

- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [] No [] N/A [X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A [X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 - 4.11 sales of new business? Yes [] No [X]
 - 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 - 4.21 sales of new business? Yes [] No [X]
 - 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Co. Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information: _____

- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
 - 7.21 State the percentage of foreign control0.000 %
 - 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company. _____

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

- 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PriceWaterhouseCoopers, LLP 50 North Laura Street, Ste 3000, Jacksonville, FL 32202
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption: _____
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption: _____

- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [] No [X] N/A []
- 10.6 If the answer to 10.5 is no or n/a, please explain.
HMO's are not subject to Model Audit Rule.

- 11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Doug Lynch, Vice President and Chief Actuary, Blue Cross and Blue Shield of Florida, Inc. 4800 Deerwood Campus Parkway, Jacksonville, FL 32246

GENERAL INTERROGATORIES

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 12.11 Name of real estate holding company _____

 12.12 Number of parcels involved0
 12.13 Total book/adjusted carrying value \$.....0

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.

- 14.11 If the response to 14.1 is no, please explain: _____

 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
 14.21 If the response to 14.2 is yes, provide information related to amendment(s). _____

- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s). _____

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No []
 17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No []
 18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 20.11 To directors or other officers \$.....0
 20.12 To stockholders not officers \$.....0
 20.13 Trustees, supreme or grand (Fraternal only) \$.....0
 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
 20.21 To directors or other officers \$.....0
 20.22 To stockholders not officers \$.....0
 20.23 Trustees, supreme or grand (Fraternal only) \$.....0
 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
 21.2 If yes, state the amount thereof at December 31 of the current year:
 21.21 Rented from others \$.....0
 21.22 Borrowed from others \$.....0
 21.23 Leased from others \$.....0
 21.24 Other \$.....0
 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
 22.2 If answer is yes:
 22.21 Amount paid as losses or risk adjustment \$.....0
 22.22 Amount paid as expenses \$.....0
 22.23 Other amounts paid \$.....0
 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [X] No []
 24.02 If no, give full and complete information relating thereto. _____

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
Please refer to Note 17

- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes No N/A
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....6,608,754
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$.....0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No N/A
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes No N/A
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$.....6,610,018
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$.....6,610,018
- 24.103 Total payable for securities lending reported on the liability page. \$.....6,610,018
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) Yes No
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$.....0
- 25.22 Subject to reverse repurchase agreements \$.....0
- 25.23 Subject to dollar repurchase agreements \$.....0
- 25.24 Subject to reverse dollar repurchase agreements \$.....0
- 25.25 Pledged as collateral \$.....0
- 25.26 Placed under option agreements \$.....0
- 25.27 Letter stock or securities restricted as to sale \$.....0
- 25.28 On deposit with state or other regulatory body \$.....2,010,000
- 25.29 Other \$.....0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
----------------------------	------------------	-------------

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
- If no, attach a description with this statement.

- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes No
- 27.2 If yes, state the amount thereof at December 31 of the current year: \$.....0

28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes No

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

1 Name of Custodian(s)	2 Custodian's Address
The Bank of New York Mellon Corporation	500 Grant Street, Room 151-1167, Pittsburgh, PA 15258

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

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

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

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

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

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
N/A	Northern Trust Investments, NA	50 South LaSalle Street, Chicago, IL 60675

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
29.2999. TOTAL		0

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	204,863,104	217,335,210	12,472,106
30.2 Preferred stocks.....	0	0	0
30.3 Totals.....	204,863,104	217,335,210	12,472,106

30.4 Describe the sources or methods utilized in determining the fair values:

The fair value of bonds and preferred stocks are provided by the Securities Valuation Office (SVO) of the NAIC. Those filing exempt securities not provided by the SVO are based on exchange prices as provided by our custodian bank.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No []
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.
-
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []
- 32.2 If no, list exceptions:
-

PART 1 - COMMON INTERROGATORIES - OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....406,045
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Blue Cross Blue Shield Association	249,096

- 34.1 Amount of payments for legal expenses, if any? \$.....1,898,418
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
McDermott, Will & Emery	1,893,568

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U.S. business only \$.....0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$.....0
 - 1.31 Reason for excluding

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$.....0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$.....0
- 1.6 Individual policies:
 - Most current three years:
 - 1.61 Total premium earned \$.....0
 - 1.62 Total incurred claims \$.....0
 - 1.63 Number of covered lives
 - All years prior to most current three years:
 - 1.64 Total premium earned \$.....0
 - 1.65 Total incurred claims \$.....0
 - 1.66 Number of covered lives
- 1.7 Group policies:
 - Most current three years:
 - 1.71 Total premium earned \$.....0
 - 1.72 Total incurred claims \$.....0
 - 1.73 Number of covered lives
 - All years prior to most current three years:
 - 1.74 Total premium earned \$.....0
 - 1.75 Total incurred claims \$.....0
 - 1.76 Number of covered lives

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	665,100,327	428,188,192
2.2 Premium Denominator.....	665,100,327	428,188,192
2.3 Premium Ratio (2.1/2.2).....	100.0	100.0
2.4 Reserve Numerator.....	54,127,300	44,003,056
2.5 Reserve Denominator.....	54,127,300	44,003,056
2.6 Reserve Ratio (2.4/2.5).....	100.0	100.0

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, and if the earnings of the reporting entity permits? Yes [] No [X]
- 3.2 If yes, give particulars:

- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [] No [X]
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No [X]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes [] No [X]
- 5.2 If no, explain:

- 5.3 Maximum retained risk (see instructions):
 - 5.31 Comprehensive medical \$.....0
 - 5.32 Medical only \$.....0
 - 5.33 Medicare supplement \$.....0
 - 5.34 Dental and vision \$.....0
 - 5.35 Other limited benefit plan \$.....0
 - 5.36 Other \$.....0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Network providers are contracted to hold subscribers and dependents harmless in the event of insolvency.

- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No []
- 7.2 If no, give details:

- 8. Provide the following information regarding participating providers:
 - 8.1 Number of providers at start of reporting year20,303
 - 8.2 Number of providers at end of reporting year20,764

- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No [X]
- 9.2 If yes, direct premium earned:
 - 9.21 Business with rate guarantees between 15-36 months \$.....0
 - 9.22 Business with rate guarantees over 36 months \$.....0

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus arrangements in its provider contracts? Yes [X] No []
- 10.2 If yes:
 - 10.21 Maximum amount payable bonuses \$.....0
 - 10.22 Amount actually paid for year bonuses \$.....0
 - 10.23 Maximum amount payable withholds \$.....583,800
 - 10.24 Amount actually paid for year withholds \$.....0

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes [] No [X]
- 11.13 An Individual Practice Association (IPA), or Yes [X] No []
- 11.14 A Mixed Model (combination of above)? Yes [] No [X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [X] No []
- 11.3 If yes, show the name of the state requiring such net worth. Florida
- 11.4 If yes, show the amount required. \$.....8,729,889
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No [X]
- 11.6 If the amount is calculated, show the calculation:
Per Section 641.225, Florida Statutes, minimum statutory surplus is calculated as the greater of \$1,500,000; 10% of total liabilities; or 2% of annualized premium.
For 2012, the greater amount is 10% of total liabilities (\$87,298,888 x 10% = \$8,729,889)

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

1 Name of Service Area
Alachua
Baker
Bradford
Brevard
Broward
Charlotte
Citrus
Clay
Collier
Columbia
Dade
Desoto
Dixie
Duval
Escambia
Flagler
Gilchrist
Hendry
Hernando
Hillsborough
Lake
Lee
Levy
Manatee
Marion
Martin
Nassau
Okaloosa
Okeechobee
Orange
Osceola
Palm Beach
Pasco
Pinellas
Polk
Santa Rosa
Sarasota
Seminole
St. Johns
St. Lucie
Sumter
Suwannee
Volusia
Walton

- 13.1 Do you act as a custodian for health savings account? Yes [] No [X]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$.....0
- 13.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$.....0

FIVE-YEAR HISTORICAL DATA

	1 2012	2 2011	3 2010	4 2009	5 2008
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28).....	268,386,188	257,200,000	291,677,630	383,813,187	438,824,737
2. Total liabilities (Page 3, Line 24).....	87,298,888	89,309,635	94,088,222	109,051,353	207,491,940
3. Statutory surplus.....	8,729,889	8,930,964	9,724,325	13,489,936	20,749,194
4. Total capital and surplus (Page 3, Line 33).....	181,087,300	167,890,365	197,589,408	274,761,834	231,332,797
Income Statement Items (Page 4)					
5. Total revenues (Line 8).....	671,489,579	419,394,145	486,216,230	674,496,803	878,026,572
6. Total medical and hospital expenses (Line 18).....	551,955,646	338,601,879	380,484,369	553,615,718	761,313,028
7. Claims adjustment expenses (Line 20).....	24,631,841	17,003,821	16,510,089	22,114,813	29,735,971
8. Total administrative expenses (Line 21).....	76,333,239	50,421,644	36,675,849	52,275,072	76,934,532
9. Net underwriting gain (loss) (Line 24).....	18,633,917	14,036,288	52,089,490	48,387,398	9,711,274
10. Net investment gain (loss) (Line 27).....	6,673,129	10,154,926	18,526,288	17,372,572	15,286,710
11. Total other income (Lines 28 plus 29).....	(1,447,391)	276,598	1,336,170	1,834,149	3,574,835
12. Net income or (loss) (Line 32).....	16,084,307	17,841,207	52,089,923	46,584,223	7,945,098
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	26,240,635	17,601,880	26,183,995	6,561,410	(14,282,565)
Risk-Based Capital Analysis					
14. Total adjusted capital.....	0	0	0	274,761,834	231,332,797
15. Authorized control level risk-based capital.....	0	0	0	21,395,143	29,765,751
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7).....	167,183	94,637	81,351	105,942	148,352
17. Total member months (Column 6, Line 7).....	1,658,715	971,022	1,017,104	1,385,717	2,048,365
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100 .0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5).....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19).....	82.2	80.7	78.3	82.1	86.7
20. Cost containment expenses.....	1.4	2.3	1.8	1.6	1.6
21. Other claims adjustment expenses.....	2.3	1.7	1.6	1.7	1.8
22. Total underwriting deductions (Line 23).....	97.2	96.7	89.3	92.8	98.9
23. Total underwriting gain (loss) (Line 24).....	2.8	3.3	10.7	7.2	1.1
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5).....	30,658,419	41,613,642	38,179,599	71,757,581	82,395,905
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)].....	31,896,256	45,201,681	53,002,889	84,733,325	87,152,225
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....	0	0	0	0	0
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....	0	0	0	0	0
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....	0	0	0	0	0
30. Affiliated mortgage loans on real estate.....	0	0	0	0	0
31. All other affiliated.....	0	0	0	0	0
32. Total of above Lines 26 to 31.....	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.....	0	0	0	0	0

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

Yes [] No []

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1 Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama.....AL	N	0	0	0	0	0	0	0	0
2. Alaska.....AK	N	0	0	0	0	0	0	0	0
3. Arizona.....AZ	N	0	0	0	0	0	0	0	0
4. Arkansas.....AR	N	0	0	0	0	0	0	0	0
5. California.....CA	N	0	0	0	0	0	0	0	0
6. Colorado.....CO	N	0	0	0	0	0	0	0	0
7. Connecticut.....CT	N	0	0	0	0	0	0	0	0
8. Delaware.....DE	N	0	0	0	0	0	0	0	0
9. District of Columbia.....DC	N	0	0	0	0	0	0	0	0
10. Florida.....FL	L	514,495,017	150,605,310	0	0	0	665,100,327	0	0
11. Georgia.....GA	N	0	0	0	0	0	0	0	0
12. Hawaii.....HI	N	0	0	0	0	0	0	0	0
13. Idaho.....ID	N	0	0	0	0	0	0	0	0
14. Illinois.....IL	N	0	0	0	0	0	0	0	0
15. Indiana.....IN	N	0	0	0	0	0	0	0	0
16. Iowa.....IA	N	0	0	0	0	0	0	0	0
17. Kansas.....KS	N	0	0	0	0	0	0	0	0
18. Kentucky.....KY	N	0	0	0	0	0	0	0	0
19. Louisiana.....LA	N	0	0	0	0	0	0	0	0
20. Maine.....ME	N	0	0	0	0	0	0	0	0
21. Maryland.....MD	N	0	0	0	0	0	0	0	0
22. Massachusetts.....MA	N	0	0	0	0	0	0	0	0
23. Michigan.....MI	N	0	0	0	0	0	0	0	0
24. Minnesota.....MN	N	0	0	0	0	0	0	0	0
25. Mississippi.....MS	N	0	0	0	0	0	0	0	0
26. Missouri.....MO	N	0	0	0	0	0	0	0	0
27. Montana.....MT	N	0	0	0	0	0	0	0	0
28. Nebraska.....NE	N	0	0	0	0	0	0	0	0
29. Nevada.....NV	N	0	0	0	0	0	0	0	0
30. New Hampshire.....NH	N	0	0	0	0	0	0	0	0
31. New Jersey.....NJ	N	0	0	0	0	0	0	0	0
32. New Mexico.....NM	N	0	0	0	0	0	0	0	0
33. New York.....NY	N	0	0	0	0	0	0	0	0
34. North Carolina.....NC	N	0	0	0	0	0	0	0	0
35. North Dakota.....ND	N	0	0	0	0	0	0	0	0
36. Ohio.....OH	N	0	0	0	0	0	0	0	0
37. Oklahoma.....OK	N	0	0	0	0	0	0	0	0
38. Oregon.....OR	N	0	0	0	0	0	0	0	0
39. Pennsylvania.....PA	N	0	0	0	0	0	0	0	0
40. Rhode Island.....RI	N	0	0	0	0	0	0	0	0
41. South Carolina.....SC	N	0	0	0	0	0	0	0	0
42. South Dakota.....SD	N	0	0	0	0	0	0	0	0
43. Tennessee.....TN	N	0	0	0	0	0	0	0	0
44. Texas.....TX	N	0	0	0	0	0	0	0	0
45. Utah.....UT	N	0	0	0	0	0	0	0	0
46. Vermont.....VT	N	0	0	0	0	0	0	0	0
47. Virginia.....VA	N	0	0	0	0	0	0	0	0
48. Washington.....WA	N	0	0	0	0	0	0	0	0
49. West Virginia.....WV	N	0	0	0	0	0	0	0	0
50. Wisconsin.....WI	N	0	0	0	0	0	0	0	0
51. Wyoming.....WY	N	0	0	0	0	0	0	0	0
52. American Samoa.....AS	N	0	0	0	0	0	0	0	0
53. Guam.....GU	N	0	0	0	0	0	0	0	0
54. Puerto Rico.....PR	N	0	0	0	0	0	0	0	0
55. U.S. Virgin Islands.....VI	N	0	0	0	0	0	0	0	0
56. Northern Mariana Islands.....MP	N	0	0	0	0	0	0	0	0
57. Canada.....CAN	N	0	0	0	0	0	0	0	0
58. Aggregate Other alien.....OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal.....	XXX	514,495,017	150,605,310	0	0	0	665,100,327	0	0
60. Reporting entity contributions for Employee Benefit Plans.....	XXX	0	0	0	0	0	0	0	0
61. Total (Direct Business).....	(a).....1	514,495,017	150,605,310	0	0	0	665,100,327	0	0

DETAILS OF WRITE-INS

58001.....	0	0	0	0	0	0	0	0
58002.....	0	0	0	0	0	0	0	0
58003.....	0	0	0	0	0	0	0	0
58998. Summary of remaining write-ins for line 58.....	0	0	0	0	0	0	0	0
58999. Total (Lines 58001 thru 58003 + 58998).....	0	0	0	0	0	0	0	0

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

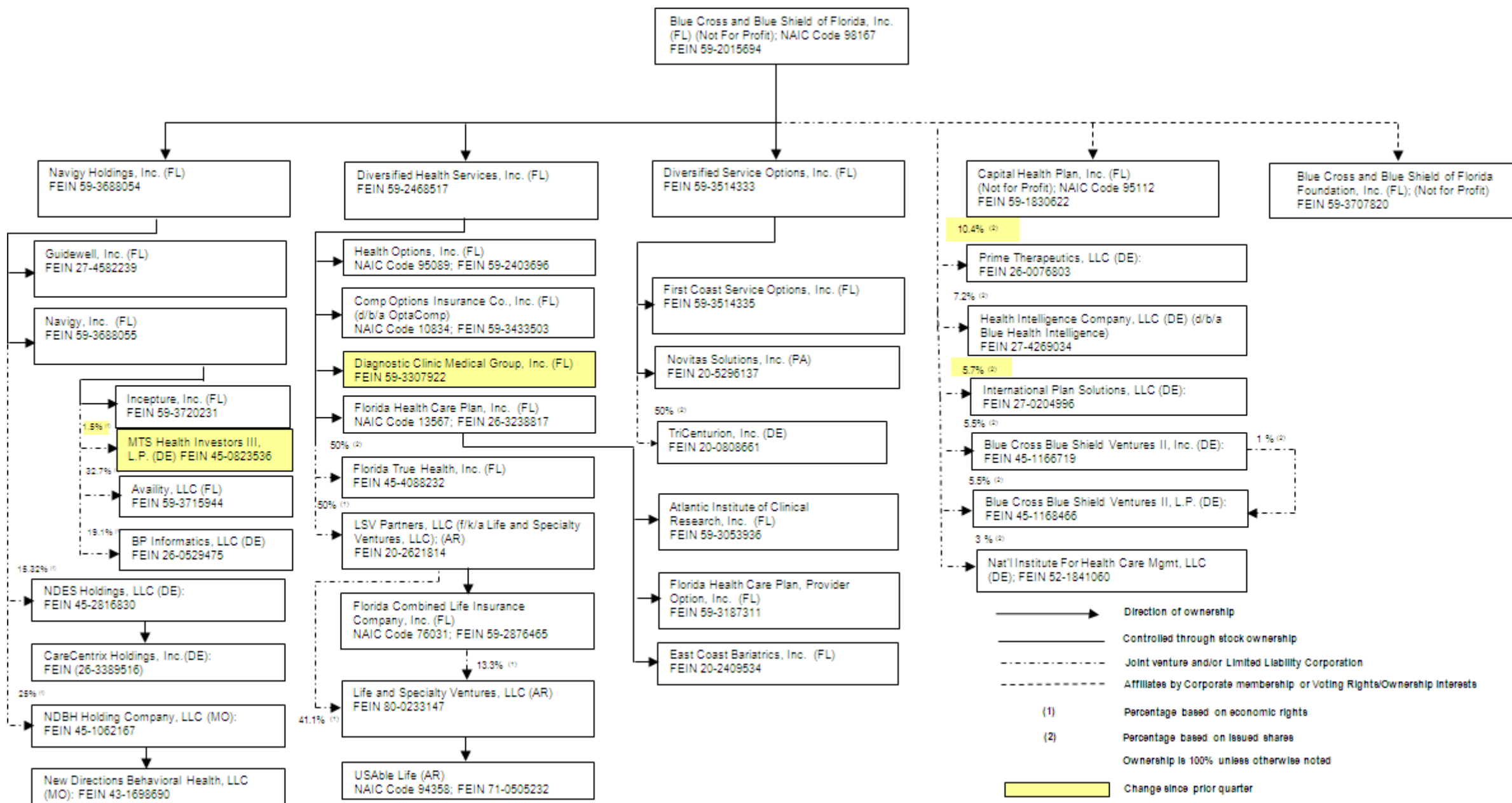
Explanation of basis of allocation by states, premiums by state, etc.

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

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