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QUARTERLY STATEMENT

AS OF MARCH 31, 2021
OF THE CONDITION AND AFFAIRS OF THE

MCNA Insurance Company

NAIC Group Code 4730 (Current Period) 4730 (Prior Period) NAIC Company Code 14063 Employer's ID Number 522459969

Organized under the Laws of Texas State of Domicile or Port of Entry TX

Country of Domicile US

Licensed as business type:

Life, Accident and Health [X]
Dental Service Corporation []
Health Maintenance Organization []

Property/Casualty []
Vision Service Corporation []

Hospital, Medical and Dental Service or Indemnity []
Other []

is HMO Federally Qualified? Yes () No ()

Incorporated/Organized May 04, 2011 Commenced Business May 04, 2011

Statutory Home Office 200 W. Cypress Creek Road, Suite 500, Fort Lauderdale, Florida, US 33309
(Street and Number, City or Town, State, Country and Zip Code)

Main Administrative Office 200 W. Cypress Creek Road, Suite 500, Fort Lauderdale, Florida, US 33309 800-494-6262
(Street and Number, City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 200 W. Cypress Creek Road, Suite 500, Fort Lauderdale, Florida, US 33309
(Street and Number or P.O. Box, City or Town, State, Country and Zip Code)

Primary Location of Books and Records 200 W. Cypress Creek Road, Suite 500, Fort Lauderdale, Florida, US 33309
(Street and Number, City or Town, State, Country and Zip Code)

Internet Website Address www.mcna.net
(800-494-6262)
(Area Code) (Telephone Number)

Statutory Statement Contact Aldo Rodriguez (Name) 800-494-6262 x168 (Area Code) (Telephone Number) (Extension)

arodriguez@mcna.net (E-Mail Address) (Fax Number)

OFFICERS

Thomas Wiffler (Chief Executive Officer)
James Bedard (Chief Financial Officer)
Gavin Gallimi (Secretary)
Peter Gill (Treasurer)

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Thomas Wiffler
James Bedard

State of _____ }
County of _____ } SS

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.

Thomas Wiffler # _____ Gavin Gallimi # _____
Chief Executive Officer Chief Financial Officer Secretary

Subscribed and sworn to before me this _____
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 Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Col. 1 minus Col. 2)	
1. Bonds	923,822		923,822	923,806
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ 99,456,248), cash equivalents (\$ 197,906,288) and short-term investments (\$)	297,362,536		297,362,536	254,739,360
6. Contract loans (including \$ premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Line 1 through Line 11)	298,286,358		298,286,358	255,663,165
13. Title plans less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	844		844	3,019
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	23,062,780		23,062,780	35,399,933
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbillable premiums)				
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts recoverable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	940,000		940,000	940,000
18.2 Net deferred tax asset	200,000		200,000	200,000
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$)	194,201	194,201		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	3,754,416	3,754,416		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	326,438,599	3,948,617	322,489,982	292,206,118
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Totals (Line 26 and Line 27)	326,438,599	3,948,617	322,489,982	292,206,118
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)				
2501. Prepaids	3,714,013	3,714,013		
2502. Security Deposits	40,403	40,403		
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	3,754,416	3,754,416		

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1	2	3	
	Covered	Uncovered	Total	
1. Claims unpaid (less \$ 18,903,758 reinsurance ceded)	24,526,492		24,526,492	32,169,619
2. Accrued medical incentive pool and bonus amounts	1,583,362		1,583,362	1,500,000
3. Unpaid claims adjustment expenses	1,235,183		1,235,183	1,285,910
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act	118,205,097		118,205,097	92,226,188
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance				
9. General expenses due or accrued	7,683,978		7,683,978	14,431,135
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))	4,182,796		4,182,796	
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
13. Remittances and items not allocated				
14. Borrowed money (including \$ current) and interest thereon (including \$ current)				
15. Amounts due to parent, subsidiaries and affiliates	12,001,179		12,001,179	18,990,418
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ 18,903,758 unauthorized reinsurers and \$ certified reinsurers)	18,903,758		18,903,758	18,358,850
20. Reinsurance in unapproved and certified (\$) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans				
23. Aggregate write-ins for other liabilities (including \$ current)	19,233,759		19,233,759	4,567,843
24. Total liabilities (Line 1 to Line 23)	207,565,604		207,565,604	183,549,963
25. Aggregate write-ins for special surplus funds	XXX	XXX		
26. Common capital stock	XXX	XXX	2,000,000	2,000,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	28,000,000	28,000,000
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other-than-special surplus funds	XXX	XXX		
31. Unassigned funds (surplus)	XXX	XXX	84,924,378	78,656,155
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		
33. Total capital and surplus (Line 25 to Line 31 minus Line 32)	XXX	XXX	114,924,378	108,656,155
34. Total liabilities, capital and surplus (Line 24 and Line 33)	XXX	XXX	322,489,982	292,206,118
DETAILS OF WRITE-INS				
2301. UNMC	5,490,281		5,490,281	4,367,339
2302. Accrued Reimbursement	7,565,408		7,565,408	220,304
2303. Full Medicaid Pricing	6,177,070		6,177,070	
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	19,233,759		19,233,759	4,907,843
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX		
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	XXX	XXX		
3001.	XXX	XXX		
3002.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX		
3099. Totals (Line 3001 through Line 3003 plus Line 3098) (Line 30 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year to Date Total	Prior Year Ended December 31 Total
	1	2		
	Uncovered	Total		
1. Member Months				
2. Net premium income (including \$ non-health premium income)	XXX	10,490,580	11,479,367	49,112,539
3. Change in unearned premium reserves and reserve for rate credits	XXX	156,980,080	229,464,364	832,019,972
4. Fee-for-service (net of \$ medical expenses)	XXX	(25,978,910)	(10,200,530)	(135,713,041)
5. Risk revenue	XXX			
6. Aggregate write-ins for other health care related revenues	XXX			
7. Aggregate write-ins for other non-health revenues	XXX			
8. Total revenues (Line 2 to Line 7)	XXX	131,001,170	219,263,864	696,306,931
Hospital and Medical:				
9. Hospital/medical benefits		156,287,866	185,693,420	693,080,580
10. Other professional services				
11. Outside referrals				
12. Emergency room and out-of-area				
13. Prescription drugs				
14. Aggregate write-ins for other hospital and medical				
15. Incentive pool, withhold adjustments and bonus amounts		83,362	125,000	500,000
16. Subtotal (Line 9 to Line 15)		156,371,228	185,818,420	701,371,420
Less:				
17. Net reinsurance recoveries		66,783,100	41,967,248	192,123,348
18. Total hospital and medical (Line 16 minus Line 17)		89,588,128	143,851,172	509,248,072
19. Non-health claims (net) cost containment expenses				
20. Claims adjustment expenses, including \$		(50,727)		1,285,910
21. General administrative expenses		28,298,274	47,182,562	163,625,484
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)				
23. Total underwriting deductions (Line 18 through Line 22)		118,835,675	191,033,734	674,159,466
24. Net underwriting gain or (loss) (Line 8 minus Line 23)	XXX	12,165,495	28,230,100	22,147,465
25. Net investment income earned		46,181	853,102	3,669,644
26. Net realized capital gains (losses) less capital gains tax of \$			110,404	3,867,773
27. Net investment gains (losses) (Line 25 plus Line 26)		46,181	963,506	7,517,417
28. Net gain or (loss) from agents' or premium balances charged off ((amount) recovered \$ (amount) charged off \$)				
29. Aggregate write-ins for other income or expenses				
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Line 24 plus Line 27 plus Line 28)	XXX	12,211,676	29,193,606	29,664,862
31. Federal and foreign income taxes incurred	XXX	3,831,917		(940,000)
32. Net income (loss) (Line 30 minus Line 31)	XXX	8,379,759	29,193,606	30,604,862
DETAILS OF WRITE-INS				
0601	XXX			
0602	XXX			
0603	XXX			
0699	XXX			
0699	XXX			
0701	XXX			
0702	XXX			
0703	XXX			
0799	XXX			
0799	XXX			
1401				5,475,344
1402				2,316,496
1403				
1499				
2901				7,790,840
2902				
2903				
2999				

STATEMENT OF REVENUE AND EXPENSES (continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL AND SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	108,656,155	128,282,164	128,282,164
34. Net income or (loss) from Line 32	8,379,759	29,193,607	30,604,882
35. Change in valuation basis of aggregate policy and claims reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	(1,228)	(4,073,828)	(2,170,319)
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax			200,000
39. Change in nonadmitted assets	(2,110,329)	(3,307,555)	1,739,428
40. Change in unauthorized and certified reinsurance			
41. Change in treasury stock			
42. Change in surplus notes			
43. Cumulative effect of changes in accounting principles			
44. Capital Changes:			
44.1 Paid in			
44.2 Transferred from surplus (Stock Dividend)			
44.3 Transferred to surplus			
45. Surplus adjustments:			
45.1 Paid in			
45.2 Transferred to capital (Stock Dividend)			
45.3 Transferred from capital			(50,000,000)
46. Dividends to stockholders			
47. Aggregate write-ins for gains or (losses) in surplus			
48. Net change in capital and surplus (Line 34 to Line 47)	6,268,222	21,812,224	(19,626,009)
49. Capital and surplus end of reporting period (Line 33 plus Line 48)	114,924,377	150,094,388	108,656,155
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page			
4799. Totals (Line 4701 through Line 4703 plus Line 4798) (Line 47 above)			

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	195,296,142	191,291,792	886,965,147
2. Net investment income	48,340	871,317	4,992,060
3. Miscellaneous income	.....	.....	.....
4. Total (Line 1 through Line 3)	195,344,482	192,163,109	891,957,207
5. Benefit and loss related payments	.....	.....	.....
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	124,126,803	143,234,159	645,049,676
7. Commissions, expenses paid and aggregate write-ins for deductions	37,145,740	31,528,765	154,386,135
8. Dividends paid to policyholders	.....	.....	.....
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	(350,879)	.....	.....
10. Total (Line 5 through Line 9)	160,921,664	174,762,924	799,435,011
11. Net cash from operations (Line 4 minus Line 10)	34,422,818	17,400,185	92,521,426
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	.....	.....	197,613,338
12.2 Stocks	8,353,941	30,840	8,565,413
12.3 Mortgage loans	.....	.....	.....
12.4 Real estate	.....	.....	.....
12.5 Other invested assets	.....	.....	.....
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(4,831)	.....	13,907
12.7 Miscellaneous proceeds	.....	.....	37,688
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	8,359,960	.....	206,431,346
13. Cost of investments acquired (long-term only):			
13.1 Bonds	.....	12,688,852	84,097,255
13.2 Stocks	1,459,371	.....	5,007,985
13.3 Mortgage loans	.....	.....	.....
13.4 Real estate	.....	.....	.....
13.5 Other invested assets	15,002	.....	62,734
13.6 Miscellaneous applications	1,227	(332,960)	2,025
13.7 Total investments acquired (Line 13.1 through Line 13.6)	1,227	13,850,245	89,163,997
14. Net increase or (decrease) in contract loans and premium notes	.....	.....	.....
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(1,227)	(5,470,295)	117,267,349
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	.....	.....	.....
16.2 Capital and paid in surplus, less treasury stock	.....	.....	.....
16.3 Borrowed funds	.....	.....	.....
16.4 Net deposits on deposit-type contracts and other insurance liabilities	.....	(4,591,726)	50,000,000
16.5 Dividends to stockholders	8,201,585	.....	35,452,057
16.6 Other cash provided (applied)	.....	.....	.....
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.6 plus Line 16.6)	8,201,585	(4,591,726)	(14,547,943)
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)	42,623,176	7,338,164	195,240,832
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	254,739,360	59,498,528	59,498,528
19.2 End of period (Line 18 plus Line 19.1)	297,362,536	66,836,692	254,739,360

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

20.0001	.....	.....	.....
20.0002	.....	.....	.....
20.0003	.....	.....	.....
20.0004	.....	.....	.....
20.0005	.....	.....	.....
20.0006	.....	.....	.....
20.0007	.....	.....	.....
20.0008	.....	.....	.....
20.0009	.....	.....	.....
20.0010	.....	.....	.....

CASH FLOW, Line 20 (Continued)

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

1	Comprehensive (Hospital and Medical)		4	5	6	7	8	9	10	
	2	3								
Total Members at end of:	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Prior Year	4,344,908							4,344,908		
2. First Quarter	3,508,752							3,508,752		
3. Second Quarter										
4. Third Quarter										
5. Current Year										
6. Current Year Member Months	10,490,580							10,490,580		
Total Member Ambulatory Encounters for Period:										
7. Physician										
8. Non-Physician										
9. Total										
10. Hospital Patient Days Incurred										
11. Number of Inpatient Admissions										
12. Health Premiums Written (a)	223,340,282							223,340,282		
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	223,340,282							223,340,282		
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	158,270,801							158,270,801		
18. Amount Incurred for Provision of Health Care Services	156,371,228							156,371,228		

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

STATEMENT AS OF March 31, 2021 OF THE MCNA Insurance Company

Aging Analysis of Unpaid Claims

Account	1-30 Days	31-60 Days	61-90 Days	91-120 Days	Over 120 Days	Total
1						
Individually listed claims unpaid						
0199999 - Individually listed claims unpaid	35,515,665	3,477,986	1,715,175	1,062,423	1,659,004	43,430,253
0499999 - Subtotals	35,515,665	3,477,986	1,715,175	1,062,423	1,659,004	43,430,253
0799999 - Total claims unpaid						
0899999 - Accrued medical incentive pool and bonus amounts						1,583,362

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		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)					
2. Medicare Supplement					
3. Dental only					
4. Vision only					
5. Federal Employees Health Benefits Plan					
6. Title XVIII - Medicare					
7. Title XIX - Medicaid					
8. Other health	20,424,264	77,723,627	2,376,217	22,150,277	32,169,620
9. Health subtotal (Line 1 to Line 8)	20,424,264	77,723,627	2,376,217	22,150,277	32,169,620
10. Health care receivables (a)					
11. Other non-health					
12. Medical incentive pools and bonus amounts			1,583,362		1,500,000
13. Totals (Line 9 minus Line 10 plus Line 11 plus Line 12)	20,424,264	77,723,627	3,959,579	22,150,277	33,669,620

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

NOTES TO FINANCIAL STATEMENTS**1. Summary of Significant Accounting Policies****A) Accounting Practices**

MCNA Insurance Company ("the Company") prepares its statutory-basis financial statements have been prepared in conformity with statutory accounting practices prescribed or permitted by the Texas Insurance Code. The Texas Insurance Code has adopted the National Association of Insurance Commissioners statutory accounting practices ("NAIC SAP") as the basis of its statutory accounting practice. NAIC SAP is a comprehensive basis of accounting, which differs from generally accepted accounting principles ("GAAP") promulgated in the United States of America ("U.S."). Prescribed statutory accounting practices include a variety of publications of the NAIC, as well as state laws, regulations and general administrative rules.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Texas is shown below:

<u>NET INCOME</u>	<u>SSAP #</u>	<u>F/S Page</u>	<u>F/S Line #</u>	<u>2021</u>	<u>2020</u>
(1) MCNA Insurance Company state basis				\$ 8,379,759	\$ 30,604,882
(2) State Prescribed Practices that increase/(decrease) NAIC SAP: None					
(3) State Permitted Practices that increase/(decrease) NAIC SAP: None					
(4) NAIC SAP (1-2-3=4)				\$ 8,379,759	\$ 30,604,882
<u>SURPLUS</u>					
(5) MCNA Insurance Company state basis				\$ 114,924,377	\$ 108,656,155
(6) State Prescribed Practices that increase/(decrease) NAIC SAP: None					
(7) State Permitted Practices that increase/(decrease) NAIC SAP: None					
(8) NAIC SAP (5-6-7=8)				\$ 114,924,377	\$ 108,656,155

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions concerning dental costs, investment valuation and other factors that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the date of the statement of admitted assets, liabilities, capital and surplus, and the revenues and expenses for the three months ended March 31, 2021. Such estimates are based on historical experience and other assumptions that are considered appropriate in the circumstances. However, actual results could differ from those estimates and these differences may be material.

NOTES TO FINANCIAL STATEMENTS

C) Accounting Policies

Based on the Company's contracts with various Medicaid agencies, capitation fees are recorded as revenue except for those deemed to be advances under the terms of the contract. Advance premiums are reflected as unearned and recognized as revenue when earned. For the three months ended March 31, 2021, the Company recorded net capitation fees of \$156,980,080, inclusive of reinsurance experience refund. Current year changes to health policy reserves under various state contracts offset net capitation revenues by \$25,978,910.

In addition, the Company uses the following accounting policies:

- (1) The Company does not have any short-term investments.
- (2) Bonds are stated at fair market value, except for those classified as restricted bonds which are held to maturity and are recorded at book adjusted carrying value.
- (3) The Company does not have any investments in common stocks.
- (4) The Company does not have any investments in preferred stocks.
- (5) The Company does not have any investments in mortgage loans on real estate.
- (6) The Company does not have any investments in loan-backed securities.
- (7) The Company does not have any investments in subsidiaries, controlled and affiliated entities.
- (8) The Company does not have any investments in joint ventures, partnerships, and limited liability companies.
- (9) The Company does not have any investments in derivatives.
- (10) The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
- (11) The Company records the cost of services provided by the dentists and specialists in its network based on actual fee-for-service claims submitted, plus an estimate for the cost of services incurred but not reported. For the three months ended March 31, 2021, the Company's cost for dental services was \$156,287,866 before amounts ceded to reinsurer of \$65,783,100.
At year end, the Company's estimate for the cost of dental services incurred but not reported is computed by an independent actuary using standard actuarial methodologies. While management believes the amounts for such liabilities are adequate, these liabilities are based on assumptions and estimates with the ultimate liability being in excess of or less than the amount provided.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) The Company does not have any pharmaceutical rebates receivable.

NOTES TO FINANCIAL STATEMENTS

D) Going Concern – Not applicable

2. Accounting Changes and Correction of Errors

This note is not applicable to the Company.

3. Business Combinations and Goodwill

This note is not applicable to the Company.

4. Discontinued Operations

This note is not applicable to the Company.

5. Investments

A. The Company does not have any Mortgage loans, including Mezzanine Real Estate Loans.

B. The Company does not have any Debt Restructuring.

C. The Company does not have any Reverse Mortgages.

D. The Company does not have any Loan-Backed Securities.

E. The Company does not have any Dollar Repurchase Agreements and/or Securities Lending Transactions.

F. The Company does not own any Repurchase Agreements Transactions Accounted for as Secured Borrowing.

G. The Company does not own any Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing.

H. The Company does not own any Repurchase Agreements Transactions Accounted for as a Sale.

I. The Company does not own any Reverse Repurchase Agreements Transactions Accounted for as a Sale.

J. The Company does not own any Real Estate.

K. The Company does not have any investments in low-income housing tax credits (LIHTC).

L. Restricted Assets

The Company normally maintains US Treasury Notes in the amount of \$2,400,000, held by the Texas Treasury Safekeeping Trust, for the restricted benefit of the Commissioner of Insurance for the State of Texas. During 2020, the US Treasury Notes matured and the Texas Treasury Safekeeping Trust is currently holding cash of \$2,400,000 pending transfer of replacement securities. This amount is included in, and comprises 0.74% of, total admitted assets. The company also maintains approximately \$825,000 of other US Treasury Notes for the restricted benefits of Ohio, Nevada, North Carolina and South Carolina.

NOTES TO FINANCIAL STATEMENTS

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	1	2	3	4	5	6	7
	Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Nondmitted Restricted	Total Current Year Admitted Restricted (1 minus 4)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	Admitted Restricted in Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Collateral held under security ledging agreements	-	-	-	-	-	-	-
c. Subject to repurchase agreements	-	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-
f. Subject to dollar reserve repurchase agreements	-	-	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	-	-	-	-	-
i. FHLB capital stock	-	-	-	-	-	-	-
j. On deposit with states	3,323,822	3,323,806	16	-	3,323,822	1.0%	1.0%
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-
l. Pledged as collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-	-
o. Total Restricted Assets	\$ 3,323,822	\$ 3,323,806	\$ 16	\$ -	\$ 3,323,822	1.0%	1.0%

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

(b) Column 5 divided by Asset Page, Column 3, Line 28

(2) This note is not applicable to the Company.

(3) This note is not applicable to the Company.

(4) This note is not applicable to the Company

M. The Company does not have working capital finance investments.

N. The Company does not have any Offsetting and Netting Assets and Liabilities

O. The Company does not have any 5* Securities.

P. The Company does not have any Short Sales.

Q. The Company does not have any Prepayment Penalty and Acceleration Fees

NOTES TO FINANCIAL STATEMENTS

6. Joint Ventures, Partnerships and Limited Liability Companies

This note is not applicable to the Company.

7. Investment Income

- A. All investment income due and accrued with amounts that are over 90 days past due are excluded (nonadmitted) from surplus.
- B. The Company did not exclude any investment income.

8. Derivative Instruments

This note is not applicable to the Company.

9. Income Taxes

On November 17, 2020, MCNA Health Care Holdings, LLC (“Parent”) and the Company, a wholly owned subsidiary of its parent, was acquired by United Health Group automatically triggering the termination of the Company’s qualified S Corporation election under Sec. 1361(b) of the United States Federal Income Tax Code. The Company is now treated as a C Corporation for U.S. federal tax purposes. For the three months ended March 31, 2021, the Company recorded income tax expense of approximately \$4,180,000 on pre-tax gain of approximately \$16,000,000, at an effective tax rate of 26%.

As of the acquisition date, the Company is included in the consolidated federal income tax return with its ultimate parent, UnitedHealth Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The U.S. Internal Revenue Service (IRS) has completed exams on UnitedHealth Group’s consolidated income tax returns for fiscal years 2016 and prior. UnitedHealth Group’s 2017 through 2020 tax returns are under review by the IRS under its Compliance Assurance Program. With the exception of a few states, UnitedHealth Group is no longer subject to income tax examinations prior to the 2013 tax year. In general, the Company is subject to examination in non-U.S. jurisdictions for years 2015 and forward. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

10. Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties

The Company was incorporated under the laws of the State of Texas to provide access to dental services through its network of contracted providers as an accident and health insurance company under a Certificate of Authority received from the Texas Department of Insurance on May 4, 2011. The Company is a wholly owned subsidiary of MCNA Health Care Holdings, LLC (its “Parent”) through which it is affiliated with MCNA Insurance Company, MCNA Systems Corporation and Sierra Dental Plan, Inc.

NOTES TO FINANCIAL STATEMENTS

On November 17, 2020, an indirect wholly owned subsidiary of UnitedHealth Group Incorporated purchased 100% of the issued and outstanding equity interests of the Parent. Prior to November 17, 2020, the Parent was privately owned.

A. The Company has approved management services agreements with parent MCNA Health Care Holdings, LLC and also entered into dental administrative services agreements with its affiliate, Managed Care of North America, Inc., for third-party administration as well as other delegated services, based upon requirements of each line of business.

B. During the three months ended March 31, 2021, the Company paid approximately \$3,200,000 in fees to its parent under the aforementioned management services agreement, based on a percentage of revenue.

For the three months ended March 31, 2021, the Company paid approximately \$16,000,000, net of allocations, for dental administrative service fees to its affiliate, based on per-member per-month ("PMPM") charges.

There were no changes in terms to previously existing agreements from that used in the preceding period. Separate agreements will cover services required for the Company's most recent lines of business.

C. This note is not applicable to the Company.

D. As of March 31, 2021, the Company had a balance due to related parties of approximately \$12,000,000, which was for payment of various operating expenses advanced through the reporting period.

E. The Company's only related-party agreements are those that are discussed above in Section B and C of this note.

F. The Company has no guarantees or undertakings, written or otherwise.

G. All outstanding shares of the Company are owned by its parent, MCNA Health Care Holdings LLC, which is domiciled in the State of Florida.

H. The Company has no investment in any upstream entity, either directly or indirectly.

I. The Company has no investments in Subsidiary, Controlled or Affiliated (SCA) entities.

J. The Company has no investments in any SCA entity, impaired or otherwise.

K. The Company has no investments in a foreign insurance subsidiary.

L. The Company has no investments in a downstream non-insurance holding company.

M. The Company has no investments in Subsidiary, Controlled or Affiliated (SCA) entities.

N. The Company has no investments in an insurance SCA.

O. This note is not applicable to the Company.

11. Debt

NOTES TO FINANCIAL STATEMENTS

This note is not applicable to the Company.

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

- A. The Company does not have a defined benefit plan.
- B. This note is not applicable to the Company.
- C. This note is not applicable to the Company.
- D. This note is not applicable to the Company.
- E. The Company's employees participate in a 401(k) "safe harbor" plan ("the Plan") established during 2012 and sponsored by the parent company (MCNA Health Care Holdings, LLC). Eligible employees are permitted to defer compensation up to IRS limitations based on their age at the end of each plan year. The Plan offers a "safe harbor" matching contribution equal to the minimum of the sum of 100% of the first 3% of annual compensation plus an additional 50% of the next 2% based on amount of compensation the employee contributes to the Plan. The Company has expensed an estimated \$9,000 associated with the anticipated matching portion of the Plan for the year ending December 31, 2021.
- F. The Company does not have multiemployer plans.
- G. See Note 12E above.
- H. The Company's post employment benefits for compensated absences are immaterial.
- I. Not applicable to the Company.

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- A. The Company has 1,000,000 common shares authorized and 700,000 shares issued and outstanding with capital stock of \$2,000,000.
- B. The Company has no preferred shares outstanding.
- C. Pursuant to Texas Insurance Code Section 403.001, the Company may not pay a dividend except from surplus profits arising from the business.
- D. The Company has made no distributions in the quarter ended March 31, 2021.
- E. The Company may make distributions to its parent to pay income taxes, if any, arising out of pass-through income. Distributions in excess of those necessary for taxes require approval of the reinsurer and its Parent's lender.
- F. There are no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- G. Not applicable.

NOTES TO FINANCIAL STATEMENTS

- H. There are no amounts of stock held for special purposes.
- I. Not applicable.
- J. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses was approximately \$1,700 for unrealized net gain as of December 31, 2020.
- K. The Company has no surplus notes.
- L. Not applicable.
- M. Not applicable.

14. Liabilities, Contingencies, and Assessments

- A. The Company has no material contingent liabilities.
- B. The Company has not been advised of any assessments other than that described in 14 F below.
- C. The Company has no gain contingencies. See 14 F below
- D. The Company has no extra contractual obligations or bad faith losses stemming from lawsuits.
- E. The Company has no joint and several liabilities.
- F. In addition to the Company's dependency on its major State Medicaid contracts, it is a regulated entity under Texas, Louisiana, Iowa, Idaho, Nebraska, Arkansas, and Utah Insurance Codes, where it currently operates, and as such is subject to, among other things, changes in initiatives to increase healthcare regulations and restrict insurance pricing and the application of underwriting standards.

The Company, in its normal course of business encounters various litigation. At March 31, 2021, the Company has no significant pending or threatened legal action that would materially affect financial condition. The likelihood or outcome of future suits cannot be accurately predicted. In addition, the potential for increased liability for negligence arising from claim adjudication, along with increased litigation that has accompanied negative publicity and public perception of the industry, adds to this uncertainty. Although there are no assets considered to be impaired, such legal actions or government audits and investigations could have an adverse effect on the Company's financial position, results of operations or cash flows.

15. Leases

- A. Lessee Operating Lease
 - (1) The Company has non-cancelable leases for office facilities in San Antonio, Texas; Metairie, Louisiana; Lincoln, Nebraska; and Little Rock, Arkansas that provide for base monthly rent with annual increases plus pro-rata share of common area maintenance through April 2022 for the San Antonio, Lincoln, and Little Rock leases through 2024 for the Metarie lease. Rent expense for the three months ended March 31, 2021, and March 31, 2020 was approximately \$260,000, and \$230,000 respectively.

NOTES TO FINANCIAL STATEMENTS

(2) At January 1, of said year, the minimum aggregate rental commitments under these leases are as follows:

Years Ending December 31,	Operating Leases
2022	413,473
2023	68,346
2024	69,624
2025	-
2026	-
	<u>\$ 551,443</u>

B. The Company has no lessor arrangements.

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash deposits in excess of the Federal Deposit Insurance Corporation's insured limit of \$250,000. The Company generally limits exposure by placing deposits with several quality financial institutions. However, at times, such cash balances may be in excess of insured amounts.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

This note is not applicable to the Company.

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

This note is not applicable to the Company.

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

This note is not applicable to the Company.

20. Fair Value Measurements

Generally accepted accounting principles require that certain assets and liabilities be measured at fair market value while allowing the option to carry certain other assets and liabilities that were not previously measured at fair value at their previous carrying value. In this connection, fair value measurements establish a hierarchy to prioritize the computation of fair value. Such hierarchy consists of a) - valuations based on quoted prices in active markets for identical assets or liabilities (Level 1), b) - valuations based on observable quoted prices for similar assets and liabilities in active markets (Level 2), and c) - valuations based on inputs that are unobservable and are supported by little or no market activity, therefore, requiring management's best

NOTES TO FINANCIAL STATEMENTS

estimate of what market participants would use as fair value (Level 3). The Company valued all its investments at March 31, 2021 as Level 1.

A.

(1) All investments are reported at fair values, except for restricted investments held to maturity which are recorded at book value.

(2) The Company had no Level 3 investments.

(3) The Company had no transfers between levels during the three months ended March 31, 2021.

(4) The Company had no Level 2 or Level 3 investments.

NOTES TO FINANCIAL STATEMENTS

Description	(Level 1)	(Level 2)	(Level 3)	Net Asset	
				Value (Nav)	Total
a. Assets at Fair Value					
Perpetual Preferred Stock					
Industrial and Misc	-	-	-	-	0
Parent, Subsidiaries & Affiliates	-	-	-	-	-
Total Perpetual Preferred Stock	-	-	-	-	-
Bonds					
U. S. Government	830,471	-	-	-	830,471
Industrial and Misc	98,820	-	-	-	98,820
Hybrid Securities	-	-	-	-	-
Parent, Subsidiaries & Affiliates	-	-	-	-	-
Total Bonds	929,291	-	-	-	929,291
Common Stock					
Industrial and Misc	-	-	-	-	-
Parent, Subsidiaries & Affiliates	-	-	-	-	-
Total Common Stock	-	-	-	-	-
Derivative assets					
Interest rate contracts	-	-	-	-	-
Foreign exchange contracts	-	-	-	-	-
Credit contracts	-	-	-	-	-
Commodity futures contracts	-	-	-	-	-
Commodity forward contracts	-	-	-	-	-
Total Derivatives	-	-	-	-	-
Separate account assets					
Total Assets at Fair Value/NAV	929,291	-	-	-	929,291

b. Liabilities at Fair Value					
Derivative liabilities	-	-	-	-	-
.....	-	-	-	-	-
.....	-	-	-	-	-
Total Liabilities at Fair Value	-	-	-	-	-

(5) The Company had no derivative assets and liabilities during the three months ended March 31, 2021.

B. Not required.

C. Fair Value Level

Type of Financial Investment	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
US Government - Issuer Obligation Bonds	\$ 830,471	\$ 825,003	\$ 830,471	-	-	-
Industrial and Misc Bonds	98,820	98,820	98,820	-	-	-

NOTES TO FINANCIAL STATEMENTS

- D. This note is not applicable to the Company.
- E. This note is not applicable to the Company.

21. Other Items

- A. The Company has no unusual or infrequent items to report.
- B. The Company has no troubled debt restructuring.
- C. The COVID-19 pandemic continues to evolve and the ultimate impact on the Company and its statutory basis results of operations, financial condition and cash flows remains uncertain and difficult to predict. During the second quarter of 2020, the global health system experienced unprecedented levels of care deferral, which impacted all of our businesses. As the pandemic advanced, access to and demand for care was most constrained from mid-March through April, began to recover in May and June and restored to near normal seasonal levels in the third quarter of 2020. The temporary deferral of care may cause care patterns to moderately exceed normal baselines in future periods as utilization of health system capacity continues to increase. From time to time, health system capacity may be subject to possible increased volatility due to the pandemic.
- D. The Company has not had any business interruption insurance recoveries.
- E. The Company has not been involved in state transferable tax credits.
- F. The Company has not had any subprime-mortgage-related risk exposure.
- G. The Company has no retained assets.
- H. The Company has no Insurance-Linked Securities (ILS).
- I. The Company has no life insurance where the reporting entity is Owner and Beneficiary or has otherwise obtained rights to control the policy.

22. Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through May 14, 2021 for the statutory statement issued on May 17, 2021.

There were no Type I subsequent events.

Type II – Non-recognized Subsequent Events:

Subsequent events have been considered through May 14, 2021 for the statutory statement issued on May 17, 2021.

There were no Type II subsequent events

NOTES TO FINANCIAL STATEMENTS

	Current Year	Prior Year
Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act (YES/NO)?		
A.	Yes () No (X)	
B.	\$ -	\$ -
C.	\$ -	\$ 16,514,765
D.	\$ -	\$ -
E.	\$ 114,924,378	
(Five-Year Historical Line 14)		
F.	\$ 114,924,378	
(Five-Year Historical Line 14 minus 22B above)		
G.	\$ -	
(Five-Year Historical Line 15)		
H.	Yes () No (X)	
Would reporting the ACA assessment as of December 31, 2017, have triggered an RBC action level (YES/NO)?		

23. Reinsurance

In February 2012, the Company signed a Risk Premium Reinsurance Agreement with a reinsurance company ("the Reinsurer"). The agreement indemnifies the Company for an agreed upon quota share of dental insurance risk assumed by the Reinsurer under the terms and conditions as set forth in its contracts. During the three months ended March 31, 2021, the Company ceded to the reinsurer premiums of \$94,738,838 and claims costs of \$65,783,100. After its experience refund, the Company incurred and paid \$577,102 of net reinsurance expense.

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

- (1) 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, trustee, or director of the company?

Yes () No (X)

If yes, give full details.

- (2) 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 any other person not primarily engaged in the insurance business?

Yes () No (X)

NOTES TO FINANCIAL STATEMENTS

If yes, give full details.

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 credit?

Yes () No (X)

- (2) Does the reporting entity 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 (X)

If yes, give full details.

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? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.

Not Applicable

- (2) Have any new agreements been executed or existing agreements amended, since January 1st 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 (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments?

B. Not applicable to the Company.

C. Not applicable to the Company.

D. Not applicable to the Company.

E. The Company does not have any Reinsurance Credits.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

In connection with the Company's contract with HHSC, it is obligated to pay an Experience Rebate

NOTES TO FINANCIAL STATEMENTS

if net income before taxes is greater than a graduated percentage of total revenues for any state fiscal year period. Pre-tax net income to revenues less than 3% is maintained 100% by the Company, with each increasing percentage lowering the Company's share and increasing HHSC share, up to 12%. All pre-tax net income above 12% is rebated 100% to the agency. During 2021, the Company recorded aggregate premium reserves approximating \$7,500,000. As of March 31, 2021, the Company has calculated a total estimated experience rebate liability of approximately \$14,100,000.

Additionally, certain state contracts require member dental benefit payments ranging between 85% and 88% of earned program revenues (85% dental loss ratio ("DLR")). To the extent a related program's DLR is less than the required minimum, the shortfall will be reimbursed to the state. During 2021, the Company recorded aggregate premium reserves approximating \$18,500,000 related to these certain state contracts. The has accrued liability approximating \$104,000,000 for certain contracts where dental benefit payments did not exceed the required 85% dental loss ratio threshold.

- A. Not applicable to the Company.
- B. Not applicable to the Company.
- C. Not applicable to the Company.
- D. Not applicable to the Company.
- E. See Note 14 F and Note 22.

25. Change in Incurred Claims and Claim Adjustment Expenses

- A. Net incurred claims reserve was \$32,169,620 as of December 31, 2020. During the three months ended March 31, 2021, \$20,424,264 has been paid for incurred claims and claim adjustment expenses attributable to prior years. Reserves remaining for prior years are now \$2,376,217 as a result of re-estimation of unpaid claims and claim adjustment expenses. Accordingly, there was \$9,369,139 of favorable prior-year's reserves applied during 2021. Original estimates are adjusted as additional information becomes known regarding individual claims and the markets in which the Company operates.
- B. The Company had no significant changes in methodologies or assumptions.

26. Intercompany Pooling Arrangements

The Company is not part of a group of affiliated insurers that utilizes a pooling arrangement.

27. Structured Settlements

This note is not applicable to the Company.

28. Health Care Receivables

This note is not applicable to the Company.

- A. The Company has no Pharmaceutical Rebate Receivables.

NOTES TO FINANCIAL STATEMENTS

B. The Company has no Risk Sharing Receivables.

29. Participating Policies

The Company did not have any participating policies.

30. Premium Deficiency Reserves

This Company did not have any premium deficiency reserves.

31. Anticipated Salvage and Subrogation

There is no salvage or subrogation to disclose.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes () No (X)
- 1.2 If yes, has the report been filed with the domiciliary state? Yes () No ()
- 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 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 ()
If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes (X) No ()
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.
01/01/21-United HealthCare Services, Inc. acquired Tufts Health Freedom Plans, Inc.
- 3.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes (X) No ()
- 3.5 If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.
0000731766
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes () No (X)
If yes, complete and file the merger history data file with the NAIC.
- 4.2 If yes, provide the name of 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 Company Code	³ State of Domicile
5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? If yes, attach an explanation		Yes () No (X) N/A ()
6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.		12/31/2015
6.2 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.		12/31/2015
6.3 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).		01/04/2017

- 6.4 By what department or departments?
Texas Department of Insurance
- 6.5 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)
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes () No () N/A (X)
- 7.1 Has this 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)
- 7.2 If yes, give full information _____
- 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 below the names and location (city and state of the main office) of any affiliates regulated by a federal 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
9.1 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: (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.					Yes (X) No ()

- 9.11 If the response to 9.1 is No, please explain: _____
- 9.2 Has the code of ethics for senior managers been amended? Yes () No (X)
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s). _____
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes () No (X)
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s). _____

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes () No (X)
- 10.2 If yes, indicate the amounts receivable from parent included in the Page 2 amount: \$ _____

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes () No (X)
- 11.2 If yes, give full and complete information relating thereto: \$
12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$
13. Amount of real estate and mortgages held in short-term investments: \$
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes () No (X)
- 14.2 If yes, please complete the following:

	¹ Prior Year-End Book/ Adjusted Carrying Value	² Current Quarter Book/ Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$	\$
14.24 Short-Term Investments	\$	\$
14.25 Mortgage Loans on Real Estate	\$	\$
14.26 All Other	\$	\$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Line 14.21 to Line 14.26)	\$	\$
14.28 Total Investment in Parent included in Line 14.21 to Line 14.26 above	\$	\$

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes () No (X)
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes () No () N/A (X)
If no, attach a description with this statement.
16. For the reporting entity's security lending program, state the amount of the following as of current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$
- 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$
- 16.3 Total payable for securities lending reported on the liability page \$
17. 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 Safeguarding Agreements of the NAIC Financial Condition Examiners Handbook? Yes (X) No ()
- 17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

¹ Name of Custodian(s)	² Custodian Address
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RBC Advisors Services	200 Vasey Street, New York, NY 10281
Morgan Stanley/SAGE	100 North Tampa Street, Suite 3000, Tampa, FL 33602
Merrill Lynch	2049 Century Park E 11/12 FL, Century City, CA 90067
US Bank	7th & Washington, St. Louis, MO 63101

- 17.2 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)
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- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes () No (X)
- 17.4 If yes, give full and complete information relating thereto:

¹ Old Custodian	² New Custodian	³ Date of Change	⁴ Reason
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- 17.5 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such, "[...] that have access to the investment accounts", "... handles securities"

¹ Name of Firm or Individual	² Affiliation
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Gaithes Capital Management, Inc.	U
Morgan Stanley/SAGE	U
Merrill Lynch	U
US Bank	U

- 17.5097 For these firms (individuals) listed in the table for Question 17.5, do any firms (individuals) unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's invested assets? Yes (X) No ()
- 17.5098 For firms (individuals) unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 17.5, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets? Yes (X) No ()

- 17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below:

¹ Central Registration Depository Number	² Name of Firm or individual	³ Legal Entity Identifier (LEI)	⁴ Registered With	⁵ Investment Management Agreement (IMA) Filed
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108608	Gaithes Capital Management, Inc.			
	Morgan Stanley/SAGE			
	Merrill Lynch			
	US Bank			

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

18. 1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes (X) No ()

18. 2 If no, list exceptions:

19. By self-designating SGI securities, the reporting entity is certifying the following elements for each self-designated SGI security:
 a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
 b. Issuer or obligor is current on all contracted interest and principal payments.
 c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.
 Has the reporting entity self-designated SGI securities? Yes () No (X)
20. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:
 a. The security was purchased prior to January 1, 2018.
 b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
 c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
 d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? Yes () No (X)

21. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:
 a. The shares were purchased prior to January 1, 2019.
 b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
 c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
 d. The fund only or predominantly holds bonds in its portfolio.
 e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
 f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria? Yes () No (X)

GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages:
- 1.1 A&H loss percent 69.2 %
- 1.2 A&H cost containment percent %
- 1.3 A&H expense percent excluding cost containment expenses 21.6 %
- 2.1 Do you act as a custodian for health savings accounts? Yes () No (X)
- 2.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$
- 2.3 Do you act as an administrator for health savings accounts? Yes () No (X)
- 2.4 If yes, please provide the balance of the funds administered as of the reporting date. \$
3. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states?
- 3.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes (X) No ()
Yes () No (X)

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Type of Business Ceded	8 Type of Reinsurer	9 Certified Reinsurer Rating (1 through 6)	10 Effective Date of Certified Reinsurer Rating
		03/01/2012	RG A REINS CO (BARBADOS) LTD	BRB			QA/I		

AA-3160036

Life & Annuity - Non-Affiliates

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status (a)	Direct Business Only								
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 CHIP Title XXI	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Other Considerations	8 Property/Casualty Premiums	9 Total Columns 2 Through 8	10 Deposit-Type Contracts
1. Alabama	L									
2. Alaska	AK									
3. Arizona	AZ									
4. Arkansas	AR			18,463,421				18,463,421		
5. California	CA									
6. Colorado	CO									
7. Connecticut	CT									
8. Delaware	DE									
9. District of Columbia	DC									
10. Florida	FL									
11. Georgia	GA									
12. Hawaii	HI									
13. Idaho	ID			18,946,356				18,946,356		
14. Illinois	IL									
15. Indiana	IN									
16. Iowa	IA			4,995,109				4,995,109		
17. Kansas	KS									
18. Kentucky	KY									
19. Louisiana	LA			23,952,564				23,952,564		
20. Maine	ME									
21. Maryland	MD									
22. Massachusetts	MA									
23. Michigan	MI									
24. Minnesota	MN									
25. Mississippi	MS									
26. Missouri	MO									
27. Montana	MT									
28. Nebraska	NE			15,070,904				15,070,904		
29. Nevada	NV									
30. New Hampshire	NH									
31. New Jersey	NJ									
32. New Mexico	NM									
33. New York	NY									
34. North Carolina	NC									
35. North Dakota	ND									
36. Ohio	OH									
37. Oklahoma	OK									
38. Oregon	OR									
39. Pennsylvania	PA									
40. Rhode Island	RI									
41. South Carolina	SC									
42. South Dakota	SD									
43. Tennessee	TN									
44. Texas	TX			136,642,780				136,642,780		
45. Utah	UT			5,269,158				5,269,158		
46. Vermont	VT									
47. Virginia	VA									
48. Washington	WA									
49. West Virginia	WV									
50. Wisconsin	WI									
51. Wyoming	WY									
52. American Samoa	AS									
53. Guam	GU									
54. Puerto Rico	PR									
55. U.S. Virgin Islands	VI									
56. Northern Mariana Islands	MP									
57. Canada	CAW									
58. Aggregate Other Alien	OT									
59. Subtotal				223,340,282				223,340,282		
60. Reporting entity contributions for Employee Benefit Plans				223,340,282				223,340,282		
61. Total (Direct Business)				223,340,282				223,340,282		
DETAILS OF WRITE-INS										
59001										
59002										
59003										
59098										
Summary of remaining write-ins for Line 58 from overflow page										
59999										
Total (Line 59001 through Line 59003 plus 59999) (Line 58 above)										

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG
 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

16 R - Registered - Non-domiciled RRGs
 Q - Qualified - Qualified or accredited reinsurer