

FORM A

**STATEMENT REGARDING THE ACQUISITION OF CONTROL OF OR
MERGER WITH A DOMESTIC INSURER**

Vibra Health Plan, Inc.
NAIC No. 15793

(Name of Domestic Insurer)

by

Capital BlueCross
NAIC No. 54720

(Name of Acquiring Person (Applicant))

Filed with the Insurance Department of the Commonwealth of Pennsylvania

Dated: February 14, 2017

Name, title, address and telephone number of individuals to whom notices and correspondence concerning this form should be addressed:

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INTRODUCTION

Vibra Health Plan, Inc. (“VHP”) is a Pennsylvania stock business corporation licensed to operate as a Pennsylvania risk-assuming Preferred Provider Organization (“PPO”). VHP obtained its Certificate of Authority from the Department on October 26, 2015. VHP’s sole line of business is Medicare Advantage, under contract with the Federal Centers for Medicare and Medicaid Services (“CMS”) for 2017-- its first Medicare Advantage contract. Capital BlueCross (“CBC”), the Applicant, is a Pennsylvania hospital plan corporation operating under Capital Blue in twenty-one central Pennsylvania counties, and has numerous Blue-branded and non-Blue-branded subsidiaries.

CBC intends to acquire control of VHP by purchasing 88.3% ownership in VHP’s immediate parent Vibra Health Plan Holdings, LLC (“Holdings”) in exchange for the Purchase Price (see section B). Upon closing of the transaction, Holdings will be owned by CBC with 88.3%, and a minority owner, Hollinger Health, LLC, with 11.7%.

ITEM 1: INSURER AND METHOD OF ACQUISITION

A.	<u>Domestic Insurer</u>	<u>Domicile</u>
	Vibra Health Plan, Inc. (“VHP”) 4000 Crums Mill Road Suite 201 Harrisburg, PA 17112 NAIC No. 15793	Pennsylvania

B. Method of Acquisition

Upon approval by the Department, and the satisfaction of other conditions to closing which are customary in transactions of this type and scope, and in exchange for \$13,250,000 (the Purchase Price), and as identified in the confidential Exhibit A. CBC will acquire approximately 88.3% ownership, and will become managing member of, Holdings, thus acquiring control of VHP.

Currently, Holdings is owned by Hollinger Health, LLC (72.5%) and by MAF Holdings, LLC (27.5%). Contemporaneously with the closing of this transaction, Holdings will purchase all of the MAF Holdings, LLC interests, and MAF Holdings, LLC will no longer have any interest in Holdings, and thus no interest in VHP¹. CBC will acquire its interests in Holdings directly from Holdings, such that, at closing, the only owners of Holdings will be CBC (88.3%) and Hollinger Health, LLC (11.7%). No part of the Purchase Price is being used to satisfy and redeem the interests of MAF Holdings, LLC.

¹ It is the Applicant’s understanding that the transaction by which MAF Holdings, LLC divest itself of any interest in Holdings will be addressed in an exemption from acquisition of control filing to be submitted between the date hereof and the closing of the transaction which is the subject of this filing.

The Purchase Price will be paid in cash from CBC's unassigned surplus with the proceeds to be applied as outlined in the confidential Exhibit A. Of the paid-in-capital amount to Holdings identified in confidential Exhibit A, a portion will have already been advanced under an interim loan agreement by CBC to Holdings for the benefit of VHP to maintain minimum capital and surplus and working capital through the period of time prior to closing. The loan amount, if the transaction does not close, is immediately due from Holdings to CBC, and upon closing, all outstanding loan amounts are to be converted to paid-in capital by CBC to Holdings. The Member Interest Purchase Agreement, and its attachments are attached hereto as Exhibit B.

ITEM 2: IDENTITY AND BACKGROUND OF THE APPLICANT

A.	<u>Name and Business Address of Applicant</u>	<u>Domicile</u>
	Capital BlueCross ("CBC") 2500 Elmerton Avenue Harrisburg, PA 17110 NAIC No. 54720	Pennsylvania

B. Nature of Applicant's Business

CBC is a Pennsylvania-domiciled hospital plan corporation, and is a non-stock, non-profit corporation which serves the public by offering hospitalization and health benefit insurance plans to subscribers throughout a twenty-one (21) county area that comprises Central Pennsylvania and the Lehigh Valley. CBC, together with its wholly-owned and controlled subsidiaries, offers both health, dental and vision indemnity products and managed care products and benefits administration to individuals, small group and large group customers, including Qualified Health Plans on the healthcare exchanges. No change to the business operations of Applicant or its subsidiaries is anticipated as a result of the acquisition of control of VHP.

C. Organizational Chart.

Current organizational charts of both (1) CBC and its direct and indirect subsidiaries and (2) VHP and its parents/affiliates are enclosed as Exhibit C. These charts indicate the percentage of voting securities of each person that is owned or controlled by another person, the state(s) of domicile and operations, and type of organization of each entity. Unless otherwise indicated, control of all entities is maintained by the ownership or control of voting securities. No court proceedings involving a reorganization or liquidation are pending with respect to any entities.

An organizational chart depicting the Applicant and its affiliates after acquiring control of VHP is enclosed as Exhibit C-1.

ITEM 3: IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

A listing of all directors and executive officers of CBC is set forth on Exhibit D. As a non-member, non-profit organization, there are no persons or entities that own 10% or more of the voting securities of CBC.

ITEM 4: NATURE, SOURCE AND AMOUNT OF CONSIDERATION

A. Nature, Source and Amount of Funds.

The Member Interest Purchase Agreement (“MIPA”) between CBC and Holdings attached as Exhibit B provides for cash consideration to be paid to Holdings for the interests of Holdings equating to 88.3% control of Holdings. No part of the Purchase Price will be from borrowed funds, and will be funded entirely out of CBC’s unassigned surplus.

B. Criteria Used in Determining the Nature and Amount of the Consideration.

Applicant reviewed the financial statements, operations and material legal documents of Holdings and VHP. The Purchase Price is based on VHP members’ equity, VHP assets, and potential short term and long term liabilities and income streams. Thereafter, the Purchase Price was determined by negotiation, and was reviewed by CBC’s Finance and Investment Committee of the Board of Directors.

C. Source of Consideration – Disclosure of Loan or Borrowed Funds

No part of the Purchase Price will be from borrowed funds, and will be funded entirely out of CBC’s unassigned surplus.

ITEM 5: FUTURE PLANS OF INSURER

Other than as may be set forth in this Form A filing, Applicant has no plans or proposals to cause VHP to declare an extraordinary dividend, to liquidate VHP, to sell VHP’s assets to or merge it with any person or persons or to make any other material change in VHP’s business operations or corporate structure or management. The Business Plan at Exhibit E details the present general plan for operations of VHP.

It is anticipated that there will be new inter-company services agreements post-transaction which will be proposed and filed with the Department closer to the anticipated closing date of the transaction.

ITEM 6: VOTING SECURITIES TO BE ACQUIRED

Number of Shares and Method of Acquisition: As set forth in the MIPA, at Exhibit B, the transaction involves acquiring 88.3% ownership of Holdings; given that Holdings is an LLC with

membership interests as opposed to shares of stock, the ownership of Holdings is, and will be, as of closing and afterwards, reflected in Holdings' capital accounts of its two (2) members.

Method by Which Fairness of Proposal Was Determined: Please refer to section 4.B hereinabove, which sets forth the method by which the fairness of the consideration proposed for the acquisition was determined.

ITEM 7: OWNERSHIP OF VOTING SECURITIES

Neither CBC, its affiliates, nor any person identified in Item 3 (above) beneficially owns or has the right to acquire beneficial ownership of any voting security of VHP or its parents/affiliates other than through the transaction contemplated by the MIPA which is the subject of this Application.

ITEM 8: CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Other than the items disclosed in this Form A, and in the MIPA and the related agreements referenced therein, (including the Amended and Restated Operating Agreement) which is the subject of this Application, there are no contracts, arrangements or understandings with respect to any voting security involving VHP or its parents/affiliates involving CBC, its officers or directors, of any of its affiliates.

ITEM 9: RECENT PURCHASES OF VOTING SECURITIES

Neither CBC, its affiliates, nor any person identified in Item 3 (above) has purchased any voting securities of VHP or its parents/affiliates during the 12 calendar months preceding the filing of this Application.

ITEM 10: RECENT RECOMMENDATIONS TO PURCHASE

Neither CBC, its affiliates, nor any person identified in Item 3 (above) has made any recommendation to purchase any voting security of VHP or its parents/affiliates, nor has anyone based upon interviews or at the suggestion of CBC, its affiliates or any person listed in Item 3 (above) made any recommendations to purchase any voting security of VHP or its parents/affiliates during the 12 calendar months preceding the filing of this Application.

ITEM 11: AGREEMENTS WITH BROKER-DEALERS

There are no agreements, contracts or understandings between CBC and any broker-dealer as to the solicitation of voting securities of VHP or its parents/affiliates for tender, and no fees, commissions or other compensation to be paid to any broker-dealer with regard thereto. The transaction was negotiated by CBC for and on its own behalf.

ITEM 12: FINANCIAL STATEMENTS AND EXHIBITS

Following is a list of financial statements and exhibits filed with this Application

or under separate cover as indicated below:

Exhibit A: Purchase Price and Use of Proceeds – *Applicant is requesting confidential treatment of the use of proceeds and is filing an un-redacted copy of this exhibit under separate cover.*

Exhibit B: Member Interest Purchase Agreement and Amended and Restated Operating Agreement – Redacted copies are appended; *Applicant is requesting confidential treatment of un-redacted Membership Interest Purchase Agreement (“MIPA”), including the schedules to the MIPA, and is filing the un-redacted versions under separate cover.*

Exhibit C: Current organizational charts

Exhibit C-1: Post transaction organizational chart

Exhibit D²: Listing of Applicant’s directors and executive officers

Exhibit E: Applicant’s Business Plan for VHP, including financial projections and other exhibits. *Applicant is requesting confidential treatment with respect to the Business Plan and all exhibits and is filing under separate cover.*

Exhibit F: Applicant’s audited Annual Statutory Statements for the years ended 2010 to 2015 and Quarterly Statutory Statements filed in 2016. *Applicant is requesting confidential treatment with respect to each of the audited historical financial statements for the years ended 2010 to 2015, and is filing same under separate cover.*

Exhibit G: Form E – Pre-Acquisition Notification Statement of the Potential Competitive Impact of a Proposed Merger or Acquisition. *Applicant is requesting confidential treatment with respect to the Form E and is filing under separate cover*

ITEM 13: AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

The Applicant agrees to provide, to the best of its knowledge and belief, the information required by Form F within thirty (30) days after the end of the month in which the acquisition of control occurs and annually thereafter as long as control exists or upon request as necessary for the Commissioner to evaluate enterprise risk of the insurer unless otherwise ordered by the Commissioner.

² Biographical Affidavits. *Applicant is requesting confidential treatment with respect to the Biographical Affidavits of directors and executive officers and reference is made to those already on file with the Department, all of which have been filed within the last three (3) years preceding the date of this Application.*

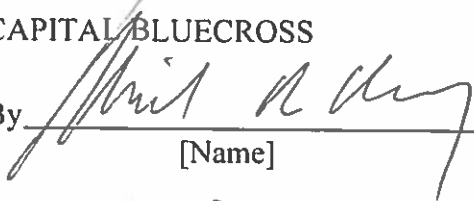
SIGNATURE AND CERTIFICATION:

SIGNATURE

Pursuant to the requirements of Section 1402 of the act, Capital BlueCross has caused this application to be duly signed on its behalf in the City of Harrisburg and Commonwealth of Pennsylvania on the 14th day of February, 2017.


(SEAL)

CAPITAL BLUECROSS

By 
[Name]

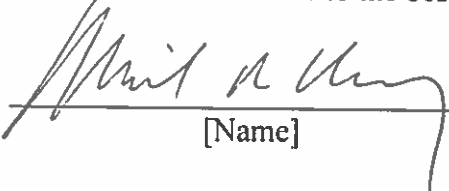
Title: SRVP, CFO & Treasurer

Attest:


[Name] Pamela L. Day
[Title] Executive Assistant

CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached application dated February 14, 2017 for and on behalf of Capital BlueCross; that (s)he is the SRVP CFO & Treasurer of such company and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.


[Name]

**EXHIBIT A
TO THE FORM A STATEMENT REGARDING THE ACQUISITION OF CONTROL
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**Vibra Health Plan, Inc.
NAIC No. 15793
by
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NAIC No. 54720**

Purchase Price:

Purchase Price, as referenced in Section A hereinabove, is \$13,250,000 in return for acquisition of approximately 88.3% control of Holdings.

[Remainder filed under request for confidential treatment].

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Method by Which Fairness of Proposal Was Determined: Please refer to section 4.B hereinabove, which sets forth the method by which the fairness of the consideration proposed for the acquisition was determined.

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Exhibit C: Current organizational charts

Exhibit C-1: Post transaction organizational chart

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Exhibit G: Form E – Pre-Acquisition Notification Statement of the Potential Competitive Impact of a Proposed Merger or Acquisition. *Applicant is requesting confidential treatment with respect to the Form E and is filing under separate cover*

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The Applicant agrees to provide, to the best of its knowledge and belief, the information required by Form F within thirty (30) days after the end of the month in which the acquisition of control occurs and annually thereafter as long as control exists or upon request as necessary for the Commissioner to evaluate enterprise risk of the insurer unless otherwise ordered by the Commissioner.

² Biographical Affidavits. *Applicant is requesting confidential treatment with respect to the Biographical Affidavits of directors and executive officers and reference is made to those already on file with the Department, all of which have been filed within the last three (3) years preceding the date of this Application.*

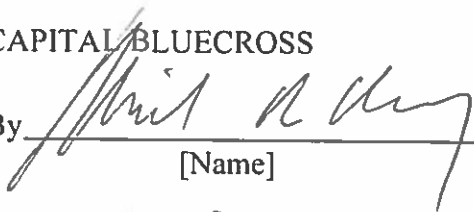
SIGNATURE AND CERTIFICATION:

SIGNATURE

Pursuant to the requirements of Section 1402 of the act, Capital BlueCross has caused this application to be duly signed on its behalf in the City of Harrisburg and Commonwealth of Pennsylvania on the 14th day of February, 2017.


(SEAL)

CAPITAL BLUECROSS

By 
[Name]

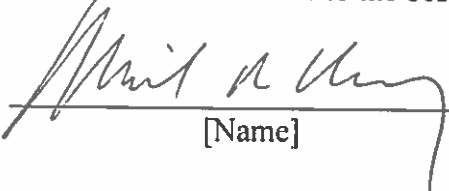
Title: SRVP, CFO & Treasurer

Attest:


[Name] Pamela L. Day
[Title] Executive Assistant

CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached application dated February 14, 2017 for and on behalf of Capital BlueCross; that (s)he is the SRVP CFO & Treasurer of such company and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.


[Name]

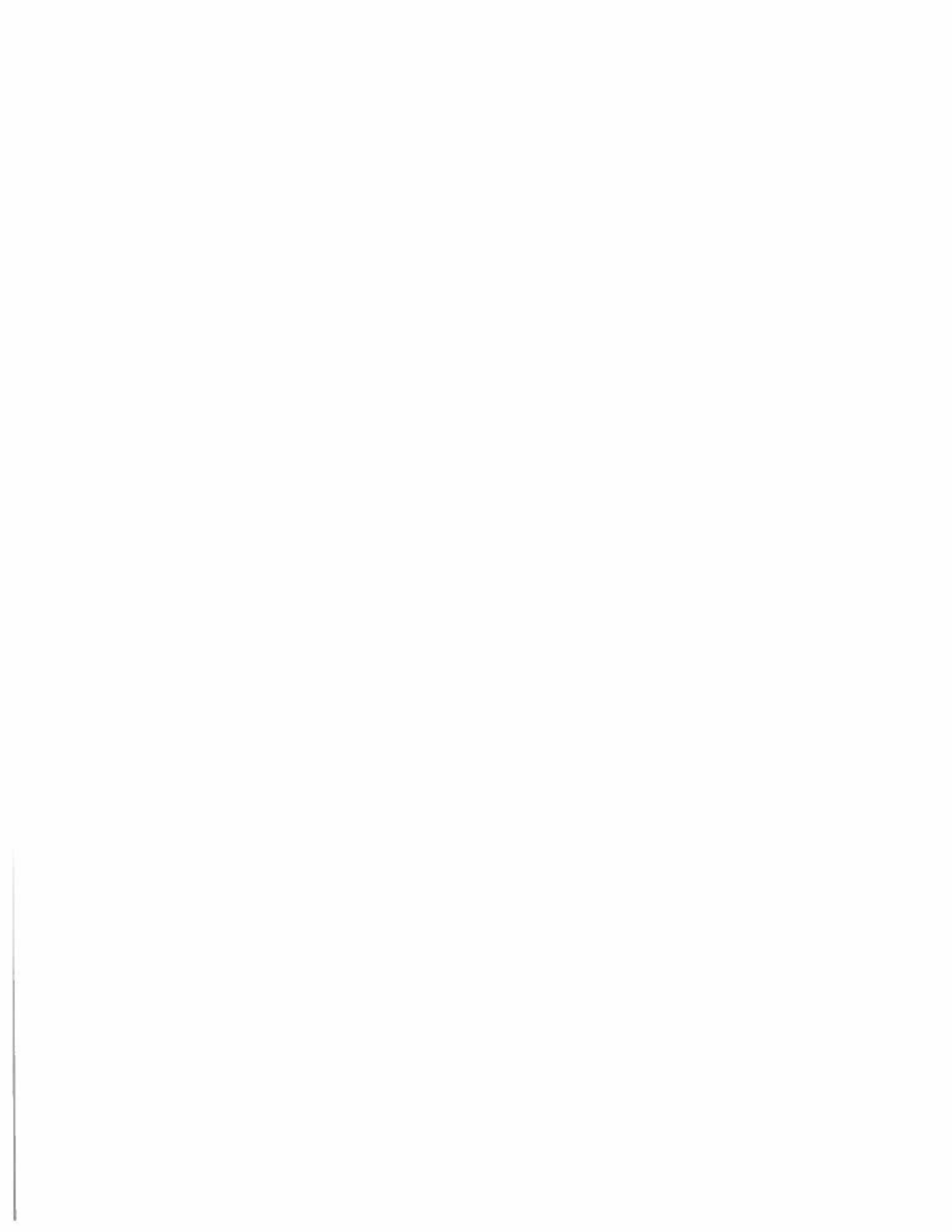
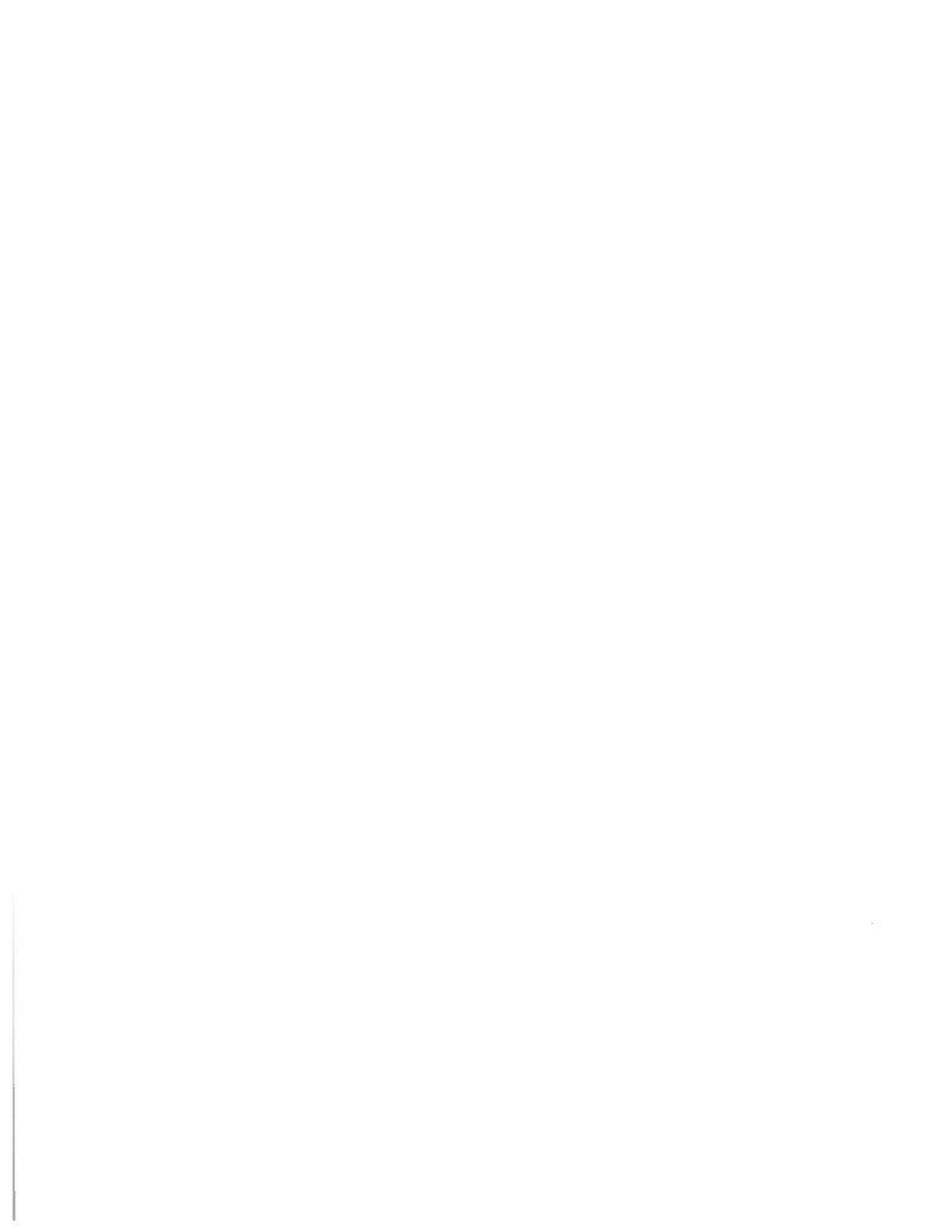


EXHIBIT B
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Vibra Health Plan, Inc.
NAIC No. 15793
by
Capital BlueCross
NAIC No. 54720

Member Interest Purchase Agreement (schedules with confidential and proprietary and personal information redacted; un-redacted copies sent under separate cover).

Amended and Restated Operating Agreement – confidential; sent under separate cover.



MEMBERSHIP INTEREST PURCHASE AGREEMENT

AMONG

VIBRA HEALTH PLAN HOLDINGS, LLC,

CAPITAL BLUE CROSS,

HOLLINGER HEALTH, LLC,

AND

BRAD E. HOLLINGER

DATED AS OF

JANUARY 24, 2017

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MEMBERSHIP INTEREST PURCHASE AGREEMENT

This MEMBERSHIP INTEREST PURCHASE AGREEMENT (this "Agreement") is dated as of January 24, 2017 (the "Effective Date"), by and among Vibra Health Plan Holdings, LLC, a Delaware limited liability company ("VHP Holdings," Capital Blue Cross, a Pennsylvania non-profit corporation ("CBC"), Hollinger Health, LLC, a Delaware limited liability company ("HH"), and Brad E. Hollinger ("Hollinger"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the form of Amended and Restated Operating Agreement of VHP Holdings, attached hereto as Exhibit A (the "Amended and Restated Operating Agreement").

Background

A. VHP Holdings is engaged in the business of acting as a holding company for insurance and insurance marketing companies. VHP Holdings is the sole stockholder or member, as the case may be, of Vibra Health Plan, Inc., a Pennsylvania corporation ("VHP"), and VHP Insurance Solutions, LLC, a Delaware limited liability company ("Agency").

B. As of the Effective Date, HH and MAF Managed Care Holdings, LLC, a Pennsylvania limited liability company ("MAF"), are the holders of all of the outstanding Membership Interests.

C. At the Closing, (i) HH will purchase all of MAF's Membership Interests, with the result that MAF will no longer be a Member of VHP Holdings or a holder of any Membership Interests, (ii) loans previously made by HH or Hollinger to VHP Holdings in the aggregate outstanding amount of \$4,250,000.00 will be deemed converted into a capital contribution by HH to VHP Holdings effective upon the Closing; and (iii) VHP Holdings, CBC and HH will enter into the Amended and Restated Operating Agreement in order to, among other things, reflect the admission of CBC as a member.

D. As of the Effective Date and the Closing, Hollinger is and will be the majority member of HH.

E. VHP Holdings wishes to issue and sell to CBC at Closing Membership Interests representing an 88.3% Percentage Interest in VHP Holdings (the "Offered Interests"), and CBC wishes to purchase such Offered Interests on the terms and subject to the conditions set forth in this Agreement. The rights, privileges and preferences of the Offered Interests shall be as set forth in the Amended and Restated Operating Agreement.

Terms

NOW, THEREFORE, in consideration of the mutual representations, warranties and covenants contained in this Agreement, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
DEFINITIONS

The following terms have the meanings specified or referred to in this Article:

“Acquisition Proposal” has the meaning set forth in Section 5.3.

“Action” means any (i) written claim, cause of action, demand, notice of violation, citation or summons, (ii) currently pending audit, lawsuit, arbitration or subpoena or (iii) written inquiry or investigation by a Governmental Authority, whether civil, criminal, administrative regulatory or otherwise, whether at law or in equity.

“Agency” has the meaning set forth in the Background.

“Agency Balance Sheet” has the meaning set forth in Section 3.5(b).

“Agency Balance Sheet Date” has the meaning set forth in Section 3.5(b).

“Agency Financial Statements” has the meaning set forth in Section 3.5(b).

“Agency Interim Balance Sheet” has the meaning set forth in Section 3.5(b).

“Agency Interim Balance Sheet Date” has the meaning set forth in Section 3.5(b).

“Affiliate” of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Agreement” has the meaning set forth in the Preamble.

“Amended and Restated Operating Agreement” has the meaning set forth in the Preamble.

“Annual Statements” means, with respect to any Person, the annual statements of such Person filed with or submitted to the insurance Governmental Authority in the jurisdiction in which such Person is domiciled on forms prescribed or permitted by such Governmental Authority.

“Audited Financial Statements” has the meaning set forth in Section 3.5.

“Board” means the board of directors of VHP Holdings.

“Breaching Party” has the meaning set forth in Section 7.1.

“Business Day” means any day except Saturday, Sunday, any federal or Pennsylvania government holiday or any other day on which commercial banks located in Harrisburg, Pennsylvania are authorized or required by Law to be closed for business.

“Cap” has the meaning set forth in Section 7.7(b)(iii).

“CBC” has the meaning set forth in the Preamble.

“CBC Indemnitee” has the meaning set forth in Section 7.2.

“Claim” means a Direct Claim or a Third Party Claim.

“Closing” has the meaning set forth in Section 2.1(a).

“Closing Date” has the meaning set forth in Section 2.1(a).

“Code” means the Internal Revenue Code of 1986, as amended.

“Contracts” means all contracts, leases, deeds, mortgages, licenses, instruments, notes, undertakings, indentures, joint ventures and all other agreements and commitments (whether written or oral) that are currently in effect or under which any Party has or may have performance obligations.

“Convertible Debt Advance” has the meaning set forth in Section 2.1(b).

“Deductible Basket” has the meaning set forth in Section 7.7(b)(i).

“Direct Claim” has the meaning set forth in Section 7.4(c).

“Disclosure Schedules” means the Disclosure Schedules delivered by (x) the VHP Parties to CBC and (y) CBC to the VHP Parties, concurrently with the execution and delivery of this Agreement.

“Dollars or \$” means the lawful currency of the United States of America.

“Drop Dead Date” means June 1, 2017.

“Effective Date” has the meaning set forth in the Preamble.

“Employee Benefit Plan” means any employee benefit plan, program or arrangement currently sponsored, maintained or contributed to by any of the VHP Entities or any ERISA Affiliate, or with respect to which any VHP Entity or any ERISA Affiliate has had, has or may have any actual or contingent liability or obligation (including any such obligations under any terminated plan, program or arrangement), including (A) employee pension benefit plans, as defined in Section 3(2) of ERISA, (B) multi-employer plans, as defined in Section 3(37) of ERISA, (C) employee welfare benefit plans, as defined in Section 3(1) of ERISA, (D) personnel policies, employee manuals or other written statements of rules or policies concerning employment, (E) collective bargaining agreements, (F) deferred compensation plans or arrangements, (G) stock option or other equity compensation plans or arrangements, (H) stock

purchase plans or arrangements, (I) phantom equity plans or arrangements, (J) bonus or incentive award plans or arrangements, (K) fringe benefit plans or arrangements, (L) life, health, dental, vision, hospitalization, disability and other insurance plans or arrangements, (M) employee assistance programs, (N) severance or termination pay plans, arrangements, agreements or policies (including any change in control plans, agreements or arrangements), and/or (O) sick pay and vacation plans, arrangements and/or policies, in each case whether or not described in Section 3(3) of ERISA.

“Encumbrance” means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or otherwise), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“ERISA Affiliate” means all employers (whether or not incorporated) that would be treated together with any of the VHP Entities or any of its Affiliates as a “single employer” within the meaning of Section 414 of the Code.

“Financial Statements” has the meaning set forth in Section 3.5(b).

“GAAP” means generally accepted accounting principles in the United States of America, consistently applied.

“Governmental Approvals” means the approval of any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such governmental or political subdivision (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

“Governmental Authority” means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

“Governmental Order” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

“Hazardous Materials” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, and polychlorinated biphenyls.

“HH” has the meaning set forth in the Preamble.

“Hollinger” has the meaning set forth in the Preamble.

“Indemnified Party” means the Party making a claim under Article VII.

“Indemnifying Party” means the Party against whom a claim is asserted under Article VII.

“Insurance Contract” means any health or dental insurance Contract, Reinsurance Contract and any other Contract, agreement or product that is currently in force, or has remaining obligations if not currently in force, and is regulated by the insurance Laws of the Commonwealth of Pennsylvania.

“Insurance License” means any License granted by a Governmental Authority to transact an insurance or reinsurance business.

“Intellectual Property” means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, logos, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use and symbolized by, and all registrations, applications and renewals for, any of the foregoing; (b) internet domain names, whether or not trademarks, registered in any top-level domain by any authorized private registrar or Governmental Authority, web addresses, web pages, websites and related content, accounts with social media companies and the content found thereon and related thereto, and URLs; (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewal of such copyrights; (d) inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein; (e) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Authority-issued indicia of invention ownership (including inventor’s certificates, petty patents and patent utility models); and (f) software and firmware, including data files, source code, object code, application programming interfaces, architecture, files, records, schematics, computerized databases and other related specifications and documentation.

“Knowledge” or any other similar knowledge qualification, means the actual knowledge of any Person or any director, manager or officer of such Person, after due inquiry.

“Law” means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

“Legal Requirements” means, when described as being applicable to any Person, any and all federal, state, local or foreign laws (statutory, judicial or otherwise), ordinances, rules, regulations, judgments, orders, directives, injunctions, writs, decrees or awards of, and any

Contracts with, any Governmental Authority, in each case as and to the extent applicable to such Person or such Person's business, operations or property.

"Liabilities" means a liability, obligation, claim or cause of action (of any kind or nature whatsoever, whether absolute, accrued, contingent, or other, and whether known or unknown), including any liability, obligation, claim or cause of action arising pursuant to or as a result of an Insurance Contract or pursuant to any Environmental Claim.

"Losses" means actual and out-of-pocket losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, diminution of value, costs or expenses, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.

"Made Available" means that the information in question is set forth in the Disclosure Schedules.

"Material Adverse Effect" means any event, occurrence, fact, condition or change that is, or could reasonably be expected to be materially adverse to (a) the business, results of operations, financial condition or assets of any of the VHP Entities, in the aggregate, or (b) the ability of the VHP Parties to consummate the transactions contemplated hereby; provided, however, that "Material Adverse Effect" shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) any changes, conditions or effect in the United States or foreign economies or securities or financial markets in general; (ii) changes, conditions or effects that affect the industry in which the VHP Entities operate; (iii) any change, effect or circumstance resulting from an action required by this Agreement; (iv) the effect of any changes in applicable Laws or accounting rules; (v) any change, effect or circumstance resulting from the announcement of this Agreement; or (vi) conditions caused by acts of terrorism or war (whether or not declared) or any natural or man-made disaster or other acts of God, except in the clauses (i), (ii), (iv) and (vi) such events, occurrences, facts, conditions or changes, which disproportionately affect, individually or together with any other events, occurrences, facts, conditions or changes, any of the VHP Entities, when compared to other Persons operating in the industry in which the VHP Entities operate.

"Material Contract" has the meaning set forth in Section 3.9(a).

"Membership Interests" has the meaning set forth in the Amended and Restated Operating Agreement.

"Mini-Basket" has the meaning set forth in Section 7.7(b)(i).

"Non-Breaching Party" has the meaning set forth in Section 7.1.

"Offered Interests" has the meaning set forth in the Background.

"Operating Insurance Policies" has the meaning set forth in Section 3.19.

"Party" and "Parties" have the meanings set forth in the Recitals.

“Percentage Interests” has the meaning set forth in the Amended and Restated Operating Agreement.

“Permits” means all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Authorities.

“Permitted Encumbrances” has the meaning set forth in Section 3.14(a).

“Person” means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

“Post-Closing Tax Period” means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning after the Closing Date.

“Producer” means any insurance agent, third-party administrator, marketer, underwriter, wholesaler, broker, producer, reinsurance intermediary or distributor of insurance or any insurance product.

“Purchase Price” has the meaning set forth in Section 2.1(a).

“Quarterly Statements” means, with respect to any Person, the quarterly statements of such Person filed with or submitted to the insurance Governmental Authority in the jurisdiction in which such Person is domiciled on forms prescribed or permitted by such Governmental Authority. If a Person is not required to file or submit quarterly statements to any insurance Governmental Authority then the Person’s “Quarterly Statements” will be its internally-prepared quarterly financial statements prepared in accordance with the same SAP or GAAP, as the case may be, that are applicable to its respective Annual Statements.

“Real Property” means the real property owned, leased or subleased by any of the VHP Entities, together with all buildings, structures and facilities located thereon.

“Reinsurance Contract” means a Contract between insurance companies whereby one insurance company agrees to indemnify another insurance company for all or a portion of losses incurred by the other insurance company under some or all of its issued insurance policies.

“Release” means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

“Representative” means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“SAP” means statutory accounting principles applicable to VHP’s Annual Statements and Quarterly Statements.

“SAP Statements” means Annual Statements and Quarterly Statements of VHP.

“Taxes” means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

“Tax Return” means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Third Party Claim” has the meaning set forth in Section 7.4(a).

“Transaction Documents” means this Agreement and the Amended and Restated Operating Agreement of VHP Holdings.

“VHP” has the meaning set forth in the Background.

“VHP Balance Sheet Date” has the meaning set forth in Section 3.5(a).

“VHP Entities” means VHP Holdings, VHP and Agency, or any individually, a “VHP Entity.”

“VHP Financial Statements” has the meaning set forth in Section 3.5(a).

“VHP Holdings” has the meanings set forth in the Recitals.

“VHP Indemnitors” means HH, and Hollinger.

“VHP Intellectual Property” means all Intellectual Property that is owned or held by any of the VHP Entities.

“VHP Interim Balance Sheet” has the meaning set forth in Section 3.5(a).

“VHP Interim Balance Sheet Date” has the meaning set forth in Section 3.5(a).

“VHP IP Agreements” means all written licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, permissions and other Contracts (including any right to receive or obligation to pay royalties or any other consideration), relating to the Intellectual Property to which any VHP Entity is a party, but excluding any such agreements pertaining to “shrink wrap” or “off the shelf” Intellectual Property.

“VHP IP Registrations” means all VHP Intellectual Property that is subject to any issuance registration, application or other filing by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including registered trademarks, domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing.

“VHP Parties” means VHP Holdings, HH and Hollinger.

“VHP Parties Indemnitees” has the meaning set forth in Section 7.3.

ARTICLE II SALE AND PURCHASE OF THE OFFERED INTERESTS

2.1 Issuance and Sale; Convertible Debt; Closing.

(a) Upon the terms and subject to the conditions set forth herein, VHP Holdings shall issue and sell to CBC, and CBC shall purchase from VHP Holdings, the Offered Interests for an aggregate purchase price (the “Purchase Price”) of [REDACTED]. The Purchase Price paid by CBC shall be treated as a capital contribution by CBC in accordance with Section 2.01(a) of the Amended and Restated Operating Agreement. The closing of the purchase and sale of the Offered Interests (the “Closing”) shall take place at the offices of Saul Ewing LLP, 1500 Market Street, Suite 3800, Philadelphia PA 19102, or such other location as agreed to by the Parties, on the date of this Agreement (the “Closing Date”) contemporaneously with the execution and delivery of this Agreement.

(b) The parties acknowledge and agree that on or after the date of this Agreement but prior to the Closing, CBC may, but shall not be required to, make a loan to VHP Holdings in an amount not exceeding \$4,600,000.00 in the aggregate on such terms as CBC and VHP Holdings may agree (the principal amount of any such loan, the “Convertible Debt Advance”).

(c) At the Closing, (i) the Convertible Debt Advance (if any) together with accrued but unpaid interest thereon shall be deemed to have converted into a portion of the Purchase Price and deemed to have been paid by CBC; (ii) CBC shall deliver to VHP Holdings, by wire transfer of same day funds to an account designated by VHP Holdings, the remaining balance of the Purchase Price (net of the amount deemed to have been paid pursuant to clause (i); (iii) the Parties shall execute and deliver the Amended and Restated Operating Agreement and (iv) VHP Holdings shall issue and deliver to CBC a certificate representing the Offered Interests.

2.2 Flow of Funds and Use of Proceeds. The VHP Parties hereby covenant and agree that the Purchase Price will be used as set forth on Schedule 2.2 hereto.

ARTICLE III
REPRESENTATIONS AND WARRANTIES
OF THE VHP PARTIES

The VHP Parties represent and warrant to CBC as follows:

3.1 Organization and Authority.

(a) VHP Holdings. VHP Holdings is a Delaware limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. VHP Holdings has full limited liability company power and authority to enter into this Agreement and the other Transaction Documents to which VHP Holdings is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by VHP Holdings of this Agreement and any other Transaction Document to which VHP Holdings is a party, the performance by VHP Holdings of its obligations hereunder and thereunder and the consummation by VHP Holdings of the transactions contemplated hereby and thereby have been duly authorized by all requisite limited liability company action on the part of VHP Holdings. This Agreement has been duly executed and delivered by VHP Holdings, and (assuming due authorization, execution and delivery by each other Party) this Agreement constitutes a legal, valid and binding obligation of VHP Holdings enforceable against VHP Holdings in accordance with its terms. When each other Transaction Document to which VHP Holdings is or will be a party has been duly executed and delivered by VHP Holdings (assuming due authorization, execution and delivery by each other Party thereto), such Transaction Document will constitute a legal and binding obligation of VHP Holdings enforceable against it in accordance with its terms.

(b) HH. HH is a Delaware limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. HH has full limited liability company power and authority to enter into this Agreement and the other Transaction Documents to which it is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by HH of this Agreement and any other Transaction Document to which it is a party, the performance by it of its obligations hereunder and thereunder and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all requisite limited liability company action on the part of it. This Agreement has been duly executed and delivered by HH, and (assuming due authorization, execution and delivery by each other Party) this Agreement constitutes a legal, valid and binding obligation of HH enforceable against HH in accordance with its terms. When each other Transaction Document to which HH is or will be a party has been duly executed and delivered by HH (assuming due authorization, execution and delivery by each other party thereto), such Transaction Document will constitute a legal and binding obligation of it, enforceable against it in accordance with its terms.

(c) Hollinger. Hollinger has full power and authority to enter into this Agreement and the other Transaction Documents to which he is a party, to carry out his obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by Hollinger, and (assuming a due authorization, execution and delivery by each other Party) this Agreement constitutes his

legal, valid and binding obligation enforceable against him in accordance with its terms. When each other Transaction Document to which Hollinger is or will be a party has been duly executed and delivered by him (assuming due authorization, execution and delivery by each other Party thereto), such Transaction Document will constitute his legal and binding obligation, enforceable against him in accordance with its terms.

(d) VHP. VHP is an insurance company duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has all requisite corporate power and authority to conduct its business as it is currently being conducted. VHP is duly qualified to do business, and is in good standing, in each of the jurisdictions where the character of its assets owned, operated or leased, or the nature of its business, makes such qualification necessary. VHP is duly authorized in the Commonwealth of Pennsylvania and each other applicable jurisdiction to write each line of business reported as being specified in the VHP Financial Statements.

(e) Agency. Agency is a Delaware limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite limited liability company power and authority to conduct its business as it is currently being conducted. Agency is duly qualified to do business, and is in good standing, in each of the jurisdictions where the character of its assets owned, operated or leased, or the nature of its business, makes such qualification necessary. Agency possesses an Insurance License in each jurisdiction in which it is required to possess an Insurance License. All such Insurance Licenses are in full force and effect without amendment, limitation or restriction, and there is no event, inquiry or proceeding which is reasonably likely to lead to the revocation, amendment, failure to renew, limitation, suspension or restriction of any such Insurance License.

(f) Organizational Documents. Copies of the certificate of formation, operating agreement, articles of incorporation, bylaws or other organization documents of each of the VHP Entities have been Made Available to CBC and such copies are true and correct as of the date of this Agreement.

(g) Investments in Other Entities. Other than VHP Holdings's ownership of VHP and Agency, none of the VHP Entities, directly or indirectly, beneficially own any equity or similar interest in, or any interest convertible into or exchangeable or exercisable for any equity or similar interest in, any corporation, partnership, joint venture or other business association, or entity that, directly or indirectly, conducts any material activity other than investments in publicly-traded securities constituting less than five percent (5%) of the outstanding equity of the issuing entity.

(h) Minute Books. The minute books of each of the VHP Entities has been Made Available to CBC. Except for omissions that would not relate to a material liability or obligation on the part of any VHP Entity, such minute books contain a complete summary of all meetings of directors or managers, as the case may be, and meetings of members or stockholders, as the case may be, and reflect all of the material actions taken by each of the respective boards of directors or managers, as the case may be (including committees thereof) and members or stockholders, as the case may be.

(i) Commercially Domiciled. None of the VHP Entities is “commercially domiciled” in any jurisdiction, or otherwise treated as domiciled in a jurisdiction, other than their respective states of domicile.

(j) Due Authorization. All corporate action or limited liability action, respectively, by any of the VHP Entities in connection with this Agreement and the other Transaction Documents will be duly authorized on or prior to the Closing.

3.2 Capitalization of the VHP Entities.

(a) VHP Holdings. The Membership Interests are owned of record and beneficially by MAF and HH. Upon consummation of the transactions contemplated by this Agreement and the other Transaction Documents, CBC shall own Membership Interests equal to 88.3% of the Percentage Interests, free and clear of all Encumbrances (and the other Membership Interests shall be owned as set forth in Exhibit B of the Amended and Restated Operating Agreement). All of the Membership Interests were issued in compliance with applicable Laws. None of the Membership Interests were issued in violation of any agreement, arrangement or commitment to which VHP Holdings is a party or is subject to or in violation of any preemptive or similar rights of any Person.

(b) VHP. The authorized shares of VHP is 1,000 shares of common stock, no par value. All of the outstanding shares of VHP have been duly authorized, are validly issued, fully paid and non-assessable, and are owned of record by VHP Holdings. All of the shares of VHP were issued in compliance with applicable Laws. None of the shares of VHP were issued in violation of any agreement, arrangement or commitment to which VHP is a party or is subject to or in violation of any preemptive or similar rights of any Person.

(c) Agency. VHP Holdings is, and at all times since Agency’s organization has been, the sole member of Agency.

(d) Outstanding Options. There are no outstanding our authorized options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to the Membership Interests, shares or other equity of any of the VHP Entities or obligating any of the VHP Entities to issue or sell any such interest therein. None of the VHP Entities have outstanding or have authorized any stock appreciation, phantom stock, profit participation or similar rights. There are no voting trusts, shareholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Membership Interests, shares of VHP or limited liability company interests of Agency.

3.3 No Subsidiaries. Other than VHP and Agency being wholly-owned subsidiaries of VHP Holdings, none of the VHP Entities have any subsidiaries.

3.4 No Conflicts; Consents. The execution, delivery and performance by each of the VHP Parties of this Agreement and the other Transaction Documents to which it is a Party, and the consummation of the transactions contemplated hereby and thereby, do not and will not:

(a) to the extent that such Party is not an individual, conflict with or result in a violation or breach of, or default under, any provision of the certificate of formation, operating agreement, articles of incorporation, bylaws or other organization documents of such Party;

(b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to such Party;

(c) except as set forth in Schedule 3.4(c), require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel:

(i) any Material Contract;

(ii) any Permit affecting the properties, assets or business of any of the VHP Entities; or

(iii) any group of related or similar Contracts the breach or cancellation of which would result in a Material Adverse Effect; or

(d) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on any properties or assets of any of the VHP Entities. Other than the Governmental Approvals, no consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to any of the VHP Entities in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

3.5 Financial Statements.

(a) Complete copies of VHP's unaudited financial statements consisting of the balance sheet of VHP as of September 30, 2016 and the related statements of income and retained earnings, stockholders' equity and cash flow for the nine-month period then ended (the "VHP Financial Statements"), as filed with the appropriate Governmental Authorities, have been Made Available to CBC, as have been complete copies of VHP's Quarterly Statements for all complete calendar quarters since December 31, 2015, as filed with the appropriate Governmental Authorities. The VHP Financial Statements have been prepared in accordance with SAP applied on a consistent basis throughout the period involved, subject to normal and recurring year-end adjustments (the effect of which will not be materially adverse) and the absence of notes. The VHP Financial Statements are based on the books and records of VHP, and fairly present in all material respects the financial conditions of VHP as of the respective dates they were prepared and the results of the operations of VHP for the periods indicated. The balance sheet of VHP as of December 31, 2015 is referred to herein as its "VHP Balance Sheet" and the date thereof as the "VHP Balance Sheet Date" and the balance sheet of VHP as of September 30, 2016 is referred to herein as its "VHP Interim Balance Sheet" and the date thereof the "VHP Interim Balance Sheet Date." VHP maintains a standard system of accounting established and administered in accordance with SAP.

(b) Agency. Agency has no revenue, income, assets, debts, liabilities or other encumbrances of a financial nature.

3.6 Reserves. The aggregate actuarial reserves and other actuarial amounts held in respect of Liabilities with respect to Insurance Contracts of VHP as established or reflected on the VHP Financial Statements: (a)(i) were determined in accordance with generally accepted actuarial standards consistently applied, (ii) were fairly stated, in all material respects, in accordance with sound actuarial principles and (iii) were based on actuarial assumptions that are in accordance with or are more conservative than those specified in the related Insurance Contracts; and (b) complied with, in all material respects, the requirements of Pennsylvania Law and all other applicable Laws. VHP owns Assets that qualify as admitted assets under applicable insurance Laws in an amount at least equal to the sum of its statutory reserves and other similar amounts. VHP has Made Available to CBC a true and complete copy of VHP's Actuarial Analysis.

3.7 Undisclosed Liabilities.

(a) VHP Holdings. Except as set forth on Schedule 3.7(a), VHP Holdings does not have any Liabilities.

(b) VHP. VHP does not have any Liabilities except (x) those which are adequately reflected or reserved against in the VHP Balance Sheet as of the VHP Balance Sheet Date, and (y) those which have been incurred in the ordinary course of business consistent with past practice since the VHP Balance Sheet Date.

(c) Agency. Agency does not have any Liabilities except (x) those which are adequately reflected or reserved against in the Agency Balance Sheet as of the Agency Balance Sheet Date, and (y) those which have been incurred in the ordinary course of business consistent with past practice since the Agency Balance Sheet Date.

3.8 Absence of Certain Changes, Event and Conditions. Except as expressly contemplated by this Agreement or as set forth on Schedule 3.8, since September 30, 2016, the VHP Entities have operated in the ordinary course of business in all material respects and, other than in the ordinary course of business, consistent with past practice, there has not been, with respect to any of the VHP Entities, any:

(a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(b) amendment of the certificate of formation, operating agreement, articles of incorporation, bylaws or other organization documents;

(c) split, combination or reclassification of any shares or membership interests;

(d) issuance, sale or other disposition of any of the VHP Entities' membership interests or capital stock, or grant of any options, warrants or other rights to purchase or obtain

(including upon conversion, exchange or exercise) any such membership interests or capital stock;

(e) declaration or payment by any of the VHP Entities of any dividends or distributions on or in respect of any of its membership interests or capital stock or redemption, purchase or acquisition thereof;

(f) material change by either of VHP or Agency, respectively, in any method of accounting or accounting practice, except as required by SAP or GAAP, as the case may be or as disclosed in the notes of the VHP Financial Statements or the Agency Financial Statements;

(g) material change in any of the VHP Entities' cash management practices or its policies, practices and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits;

(h) entry by any of the VHP Entities into any Contract that would constitute a Material Contract;

(i) incurrence, assumption or guarantee by any of the VHP Entities of any indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;

(j) transfer, assignment, sale or other disposition by (x) VHP of any of the assets shown or reflected on the VHP Balance Sheet or cancellation by VHP of any debts or entitlements or (y) Agency of any of its assets or cancellation by Agency of any debts or entitlements;

(k) transfer, assignment or grant by any of the VHP Entities of any license or sublicense of any material rights under or with respect to any VHP Intellectual Property or VHP IP Agreements;

(l) damage, destruction or loss (not covered by insurance) to any VHP Entity's property that is material to such VHP Entity;

(m) waiver, settlement or compromise of rights or claims other than in the ordinary course of business consistent with past practice;

(n) any capital investment in, or any loan to or any forgiveness of any loan to, any other Person by any of the VHP Entities;

(o) acceleration, termination, material modification to or cancellation of any Material Contract;

(p) any material capital expenditures by any of the VHP Entities;

(q) imposition of any Encumbrance upon any of the properties, Membership Interests or capital stock or assets, tangible or intangible, by any of the VHP Entities;

(r) any transaction with any current or former directors, managers, officers or employees;

(s) entry into a new line of business or abandonment or discontinuance of existing lines of business;

(t) adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(u) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets or stock of, or by any other manner, any business or any Person or any division thereof;

(v) action by any of the VHP Entities making, changing or rescinding any Tax election, amending any Tax Return or taking any position on any Tax Return, taking any action, omitting to take any action or entering into any other transaction having the effect of increasing the Tax liability or reducing any Tax asset of VHP Holdings in respect of any Post-Closing Tax Period;

(w) any addition or any development involving a prospective addition to any of the VHP Entities' reserves for future policy benefits or other policy claims and benefits other than as a result of activities and events in the ordinary course of business;

(x) except as required by SAP or GAAP, as the case may be, or applicable Law, any material change in any of the VHP Entities' accounting, actuarial, pricing, investment, reserving, reinsurance, underwriting, risk retention or claims administration policies, practices, procedures, methods, assumptions or principles;

(y) entering into or amending any Reinsurance Contract or arrangement, or any assumption of any Liability or obligation with respect to, or entry into, or material amendment or termination of, any assumed or ceded Reinsurance Contract; or

(z) any Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

3.9 Material Contracts.

(a) Schedule 3.9(a) lists each of the following Contracts to which any of the VHP Entities is a party, organized by the relevant VHP Entity (such Contracts, together with all Contracts listed or required to be listed or otherwise disclosed or required to be disclosed in Schedule 3.10 and Schedule 3.16(b), the "Material Contracts"):

(i) each Contract of any of the VHP Entities involving aggregate annual consideration in excess of \$100,000 and which, in each case, cannot be cancelled by that VHP Entity without penalty or without more than 90 days' notice;

(ii) each employment agreement with any executive officer;

(iii) all Contracts by any of the VHP Entities to purchase its total requirements of any product or service from a third party or containing "take or pay" provisions;

(iv) all Contracts other than Insurance Contracts that provide for the indemnification by any of the VHP Entities of any Person or the assumption of any material Tax or other Liability of any Person;

(v) all Contracts that relate to the acquisition or disposition of any business, a material amount of stock or assets of any other Person or any real property (whether by merger, sale of stock, sale of assets or otherwise);

(vi) except for Contracts relating to trade receivables, all Contracts relating to indebtedness (including, without limitation, guarantees) of any of the VHP Entities;

(vii) all Contracts with any Governmental Authority to which any of the VHP Entities is a party ("Governmental Contracts"), except for Insurance Contracts issued in the ordinary course of business involving aggregate annual consideration that is less than \$100,000;

(viii) all Contracts that limit or purport to limit the ability of any of the VHP Entities to compete in any line of business or with any Person or in any geographic area or during any period of time, or that give any third party a right of first offer or right of first refusal with respect to any prospective transaction, business or activity;

(ix) any Contracts to which any of the VHP Entities is a party that provide for any joint venture, partnership or similar arrangement by that VHP Entity;

(x) all Contracts between or among any of the VHP Entities on the one hand and any of the VHP Parties (other than VHP Holdings) on the other hand;

(xi) all collective bargaining agreements or Contracts with any labor union to which any of the VHP Entities is a party;

(xii) all Contracts relating to the future disposition (including restrictions on transfer or rights of first refusal) or future acquisition of any interest in any business enterprise, and all Contracts relating to the future disposition of a material portion of the Assets of any of the Contracts other than this Agreement;

(xiii) all Contracts the terms of which provide or contemplate that the transactions contemplated under this Agreement will give to any form of severance, compensation or other Liability of any of the VHP Entities; and

(xiv) any other Contract that is material to any of the VHP Entities and not previously disclosed pursuant to this Section.

(b) Each Material Contract is valid and binding on the applicable VHP Entity in accordance with its terms and is in full force and effect. Neither of the applicable VHP Entity nor, to any of the VHP Parties' Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of any intention to terminate, any Material Contract. To the VHP Parties' Knowledge, no event or circumstance has occurred that, without notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. Complete and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) have been Made Available to CBC.

3.10 Provider, Broker and Insurance Contracts.

(a) Schedule 3.10(a) lists (together with a copy of the respective form) each of the following Contracts to which VHP is a party:

(i) each Contract with any one or more providers of health care or dental services or with Persons that employ or contract with providers of health care or dental services;

(ii) all broker, vendor, network access, distributor, third party administrator, dealer or agency Contracts;

(iii) all Insurance Contracts issued by VHP. All such Insurance Contracts and certificates, forms, applications, advertising materials, and rates or rules are in material compliance with all applicable Laws.

(b) Each Contract listed on Schedule 3.10(a) is valid and binding on VHP in accordance with its terms and is in full force and effect. Neither VHP nor, to the VHP Parties' Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of any intention to terminate, any such Contract. To the VHP Parties' Knowledge, no event or circumstance has occurred that, without notice or lapse of time or both, would constitute an event of default under any such Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any material right or obligation or the loss of any material benefit thereunder.

(c) Schedule 3.10(c) lists all of the brokers and the broker compensation for VHP.

3.11 Insurance Issued by VHP.

(a) Each Insurance Contract or certificate form, as well as any related application form, written advertising material, and rates or rules currently marketed by VHP the use or issuance of which requires filing or approval, has been appropriately filed, and if required by applicable Law, approved or not objected to by the insurance Governmental Authorities of

any state in which such Insurance Contracts, and forms, applications, advertising materials, rates or rules, are required to be filed.

(b) Since December 31, 2015, all claims and benefits claimed by any Person under any Insurance Contract have been paid (or provision for payment thereof has been made) or not paid in accordance with the terms of the Insurance Contracts under which they arose.

(c) Except as set forth in the VHP Financial Statements and except as provided by applicable Law, no provision in any Insurance Contract gives policyholders the right to receive dividends or distributions on their Insurance Contracts (other than claim benefits) or otherwise share in the benefits, revenue or profits of VHP nor has VHP marketed any of its products in such a manner as could reasonably be expected to create an expectation on the part of a policyholder to receive any such dividends or distributions. Except as incurred in the ordinary course of business consistent with past practice, VHP is not liable to pay commissions upon the renewal of any Insurance Contract nor are any of them party to any agreement providing for the collection of insurance premiums payable to VHP by any other Person.

(d) VHP has Made Available to CBC a copy of all written investment policies and procedures for VHP. VHP has at all times complied with such investment policies and procedures in all material respects.

(e) VHP has Made Available to CBC a copy of its procedures or appropriate documents for VHP which include procedures for review and mediation of complaints of enrollees concerning (i) the quality of care rendered by a participating health care provider or dental provider and (ii) the payment of benefits.

(f) VHP is not engaged in any activity that would require it to register as an investment company, broker-dealer, investment advisor or fund administrator under any applicable state or federal Law, including the Exchange Act, the Investment Company Act and the Investment Advisors Act. VHP does not maintain or manage any open-end management investment company or portfolio.

(g) VHP has duly and validly filed or caused to be filed all reports, statements, documents, registrations, filings or submissions that were required by applicable insurance Laws to be filed; all such filings complied with all applicable Laws in all material respects when filed, and no material deficiencies have been asserted with respect to any such filings which have not been fully satisfied in all material respects.

(h) Except as set forth on Schedule 3.11(h), VHP is not a party to any Reinsurance Contract applicable to insurance in force on the date of this Agreement.

(i) Each Producer, at the time such Producer wrote, sold or produced business for VHP, was duly licensed under applicable Law for the type of business written, sold or produced by such Producer in the particular jurisdiction in which such Producer wrote, sold or produced such business for VHP, and was duly appointed, if applicable, by VHP; (ii) no such Producer violated (or with notice or lapse of time or both would have violated) any term or provision of any Law or Order applicable to any aspect (including the marketing, writing, sale or

production) of the business of any of VHP; and (iii) there are no material disputes between VHP on the one hand and any such Producer on the other hand.

(j) No claims or assessments have been asserted against VHP by any insurance guaranty association, joint underwriting association, residual market facility or assigned risk pool. To the VHP Parties' Knowledge, no such claim or assessment is pending.

(k) No rating agency has imposed conditions (financial or otherwise) on retaining any currently-held rating assigned to VHP, or indicated to VHP that it is considering the downgrade of any rating assigned to VHP.

(l) VHP has Made Available to CBC true and complete copies of all risk-based capital reports, which reports are true, accurate and complete in all material respects. VHP has not suffered a decrease in its risk-based capital to "Company Action Level."

3.12 Providers.

(a) Schedule 3.12(a) lists all health care providers and dental providers who are parties to provider contracts with VHP.

(b) None of the VHP Parties have any Knowledge of the intent of any of the health care or dental providers who are listed or required to be listed on Schedule 3.12(a) to terminate or fail to renew their respective provider contract at payment rates currently in effect.

3.13 Title to Assets; Real Property.

(a) VHP has good and valid title to, or a valid leasehold interest in, all Real Property and personal property and other assets reflected in the VHP Financial Statements or acquired after the VHP Balance Sheet Date, other than properties and assets sold or otherwise disposed of in the ordinary course of business consistent with past practice since the VHP Balance Sheet Date. All such properties and assets (including leasehold interests) are free and clear of Encumbrances except for the following (collectively referred to as "Permitted Encumbrances"):

(i) liens for Taxes not yet due and payable;

(ii) mechanics', carriers', workmen's, repairmen's or other like lines arising or incurred in the ordinary course of business consistent with past practice or amounts that are not delinquent and which are not, individually or in the aggregate, material to the business of any of the VHP Entities;

(iii) easements, rights of way, zoning ordinances and other similar Encumbrances affecting Real Property which are not, individually or in the aggregate, material to the business of any of the VHP Entities; or

(iv) liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business

consistent with past practice which are not, individually or in the aggregate, material to the business of any of the VHP Entities.

(b) None of the VHP Entities owns or previously owned any Real Property.

(c) Schedule 3.13(c) lists (i) the street address of each parcel of Real Property; (ii) if such Real Property is leased or subleased by any of the VHP Entities, the landlord under the lease, rental amount currently being paid, and the expiration of the terms of such lease or sublease for each leased or subleased Real Property; and (iii) the current use of such Real Property. With respect to leased Real Property, VHP Holdings has Made Available to CBC true, complete and correct copies of any leases affecting the Real Property. None of the VHP Entities is a lessor, sublessor or grantor under any lease, sublease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any leased Real Property. To the VHP Parties' Knowledge, the use and operations of the Real Property in the conduct of each VHP Entity's business do not violate any Law, covenant, condition, restriction, easement, license, permit or agreement. No material improvement constituting a part of the Real Property encroach on real property owned or leased by a Person other than the relevant VHP Entity. There are no Actions pending nor, to the VHP Parties' Knowledge, threatened against or affecting the Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings.

3.14 Condition and Sufficiency of Assets. To the Knowledge of the VHP Parties, The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property of each VHP Entity are structurally sound, are in adequate operating condition and repair, and are adequate for the uses to which they are being put, and none of such buildings, plants, structures, furniture, fixtures, equipment, vehicles and other items of tangible personal property is in need of maintenance or repairs. Except as set forth in Schedule 3.14, the buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property currently owned or leased by each VHP Entity, together with all other properties and assets of that VHP Entity, are sufficient for the continued conduct of that VHP Entity's business after the Closing in substantially the same manner as conducted prior to the Closing and constitute all of the rights, property and assets necessary to conduct the business of that VHP Entity as currently conducted.

3.15 Intellectual Property.

(a) Schedule 3.15(a) lists all VHP Intellectual Property and all VHP IP Registrations that are owned by any of the VHP Entities. All required filings and fees relating to the VHP IP Registrations have been timely filed with and paid to the relevant Governmental Authorities and authorized registrars, and all VHP IP Registrations are otherwise in good standing. The VHP Intellectual Property listed in Schedule 3.15(a) constitutes all of the Intellectual Property that the VHP Entities own, all of which will remain owned by the VHP Entities and available for their respective use from and after the Closing.

(b) Schedule 3.15(b) lists all VHP IP Agreements. VHP Holdings has Made Available to CBC true and complete copies of all such VHP IP Agreements, including all modifications, amendments and supplements thereto and waivers thereunder. Each VHP IP

Agreement is valid and binding on the relevant VHP Entity in accordance with its terms and is in full force and effect. Neither the VHP Entities, nor to the VHP Entities' nor the VHP Parties' Knowledge, any other party thereto, is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of breach or default of or any intention to terminate, any VHP IP Agreement;

(c) The VHP Entity identified on Schedule 3.15(c) is the sole and exclusive legal and beneficial, and with respect to the VHP IP Registrations, record, owner of all right, title and interest in and to the VHP Intellectual Property, and each VHP Entity has the valid right to use all other Intellectual Property used in or necessary for the conduct of its respective current business or operations, in each case, free and clear of Encumbrances other than Permitted Encumbrances.

(d) The consummation of the transactions contemplated hereunder will not result in the loss or impairment of or payment of any additional amounts with respect to, nor require the consent of any other Person in respect of, any of the VHP Entities' right to own, use or hold for use any Intellectual Property as owned, used or held for use in the conduct of the relevant VHP Entity's business or operations as currently conducted.

(e) Each of the VHP Entities' rights in the VHP Intellectual Property are valid, subsisting and enforceable. Each of the VHP Entities has taken all reasonable steps to maintain its respective VHP Intellectual Property and to protect and preserve the confidentiality of all its trade secrets included in the VHP Intellectual Property.

(f) The conduct of each of the VHP Entities' respective business as currently and formerly conduct, and the products, processes and services of each of the VHP Entities, have not infringed, misappropriated, diluted or otherwise violated, and do not and will not infringe, dilute, misappropriate or otherwise violate the Intellectual Property or other rights of any Person. No Person has infringed, misappropriated, diluted or otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, any VHP Intellectual Property.

(g) There are no Actions (including any oppositions, interferences or re-examinations) settled, pending or threatened (including in the form of offers to obtain a license): (i) alleging any infringement, misappropriation, dilution or violation of the Intellectual Property of any Person by any of the VHP Entities; (ii) challenging the validity, enforceability, registrability or ownership of any VHP Intellectual Property or any VHP Entities' rights with respect to any VHP Intellectual Property; or (iii) by any of the VHP Entities or any other Person alleging any infringement, misappropriation, dilution or violation by any Person of any VHP Intellectual Property. None of the VHP Entities is subject to any outstanding or prospective Governmental Order (including any motion or petition therefor) that does or would restrict or impair the use of any VHP Intellectual Property.

3.16 Accounts Receivable.

(a) The accounts receivable reflected on the VHP Interim Balance Sheet and VHP's most recent Quarterly Statement and the accounts receivable arising after the date thereof (a) have arisen from bona fide transactions entered into by VHP involving the sale of goods or

the rendering of services in the ordinary course of business consistent with past practice; (b) constitute only valid, undisputed claims of VHP not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of business consistent with past practice; and (c) subject to a reserve for bad debts shown on the VHP Interim Balance Sheet and on the most recent Quarterly Statement or, with respect to accounts receivable arising after the VHP Interim Balance Sheet Date or the date of the most recent Quarterly Statement, on the accounting records of VHP, are expected to be collectible in full within 90 days of billing. The reserve for bad debts shown on the VHP Interim Balance Sheet and its most recent Quarterly Statement or, with respect to accounts receivable arising after the VHP Interim Balance Sheet Date or the date of the most recent Quarterly Statement, on the accounting records of the relevant VHP Entity have been determined in accordance with SAP, consistently applied, subject to normal year-end adjustments and the absence of disclosures normally made in footnotes.

3.17 Suppliers. Except as set forth on Schedule 3.17, none of the VHP Entities has paid to a supplier (other than an Affiliate), as consideration for goods or services rendered, an amount greater than or equal to \$100,000 for the most recent fiscal year.

3.18 Operations Insurance. Schedule 3.18 sets forth a true and complete list of all current policies (including any policies under which claims may still be made) or binders of fire, liability, product liability, umbrella liability, real and personal property, workers' compensation, vehicular, directors' and officers' liability, fiduciary liability and other casualty and property insurance maintained by any of the VHP Entities and relating to the assets, business, operations, officers and directors of any of the VHP Entities (collectively, the "Operations Insurance Policies") and true and complete copies of such Operations Insurance Policies have been Made Available to CBC. Such Operations Insurance Policies are in full force and effect. None of the VHP Entities has received any written notice of cancellation or non-renewal of, premium increase with respect to, or alteration of coverage under, any of such Operations Insurance Policies. All premiums due on such Operations Insurance Policies have either been paid or, if due and payable prior to Closing, will be paid prior to Closing in accordance with the payment terms of each Operations Insurance Policy. The Operations Insurance Policies do not provide for any retrospective premium adjustment or other experience-based liability on the part of any of the VHP Entities. All such Operations Insurance Policies (a) are valid and binding in accordance with their terms; (b) are provided by carriers who are financially solvent; and (c) have not been subject to any lapse in coverage. There are no claims related to the business of any of the VHP Entities pending under any such Operations Insurance Policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. None of the VHP Entities is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any such Operations Insurance Policy. The Operations Insurance Policies are of the type and in the amounts customarily carried by Persons conducting a business similar to the VHP Entities and are sufficient for compliance with all applicable Laws and Contracts to which any of the VHP Entities is a party or by which it is bound.

3.19 Legal Proceedings; Governmental Orders.

(a) There are no Actions pending or, to the Knowledge of the VHP Parties, threatened (a) against or by any of the VHP Entities affecting any of such VHP Entity's properties, assets or business; or (b) against or by any of the VHP Entities or the VHP Parties that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

(b) There are no outstanding Governmental Orders or supervisory letters (including without limitation any that relate to reserve adequacy or to the marketing, sales, trade or underwriting practices or policies of any of the VHP) and no unsatisfied judgments, penalties or awards against or affecting VHP or any of its properties or assets nor, to the VHP Parties' Knowledge, are any Governmental Authorities contemplating issuing any.

3.20 Compliance with Laws; Permits.

(a) Each of the VHP Entities has complied, in all material respects, and is now complying, in all material respects, with all Laws applicable to it or its business, properties or assets or business, including all applicable data security and privacy laws.

(b) All Permits required for any of the VHP Entities to conduct its business have been obtained by it and are valid and in full force and effect. All fees and charges with respect to such Permits as of the Effective Date have been paid in full. Schedule 3.20(b) lists all current Permits issued to each of the VHP Entities, including the names of the Permits and their respective dates of issuance and expiration. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth in Schedule 3.20(b).

(c) VHP has Made Available to CBC all reports (including draft reports) of examinations of the affairs of VHP (including market conduct examinations) issued by insurance Governmental Authorities. All material deficiencies or violations in such reports have been resolved. All outstanding Insurance Contracts issued or assumed by VHP are, to the extent required by applicable Law, on forms and at rates approved by the insurance Governmental Authorities of the jurisdiction where issued or have been filed with and not objected to by such Governmental Authorities within the periods provided for objection.

(d) Each of the VHP Parties has implemented procedures and programs which are designed to provide reasonable assurance that it is in compliance in all material respects with all applicable Laws, including advertising, licensing, data security, privacy and sales Law.

3.21 Environmental Matters. Each of the VHP Entities is currently and has been in compliance in all material respects with all environmental laws and has not received from any Person any: (i) environmental notice or environmental claim; or (ii) written request for information pursuant to environmental law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

3.22 Employee Matters.

(a) Schedule 3.22 sets forth a true, correct and complete list of each of the following with respect to each of the VHP Entities: (i) the name and position, base salary rate and bonus opportunity, date of hire and amount of accrued but unused and unpaid vacation time, sick time and paid time off of each present employee or independent contractor, including each employee on leave of absence or layoff status, (ii) each Employee Benefit Plan, (iii) each advisory, consulting, employment or managerial Contract and (iv) each employee confidentiality or other Contract protecting proprietary formulae, information or processes.

(b) Each Employee Benefit Plan has been operated and administered in compliance in all material respects with its terms and applicable Law, including ERISA and the Code. Any Employee Benefit Plan that is an employee pension benefit plan (within the meaning of Section 3(2) of ERISA) that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter or is entitled to rely on a favorable opinion letter from the Internal Revenue Service, and no event or circumstance has occurred that could cause the loss of such qualification. All contributions and premium payments required under the terms of each Employee Benefit Plan and applicable Law have been made when due.

(c) Except as required by applicable Law, the transactions contemplated by this Agreement and the Transaction Documents will not accelerate the vesting or the time of payment, or increase the amount, of compensation due to any present or former employee of any of the VHP Entities. None of the VHP Entities is a party to any Contract or Employee Benefit Plan that would result, separately or in the aggregate, in the payment of any excess parachute payments within the meaning of Section 280G of the Code (or any comparable provision of another applicable Law).

3.23 Taxes.

(a) All Tax Returns required to be filed on or before the Closing Date by any of the VHP Entities have been, or will be, timely filed. Such Tax Returns are, or will be, true, complete and correct in all respects. All Taxes due and owing by any of the VHP Entities (whether or not shown on any Tax Return) have been, or will be, timely paid.

(b) Each of the VHP Entities has withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, credit, customer, shareholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) No claim has been made by any taxing authority in any jurisdiction where a VHP Entity does not file Tax Returns that it is, or may be, subject to Tax by that jurisdiction.

(d) Except as set forth in Schedule 3.23(d), no extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of any of the VHP Entities.

(e) The amount of each of VHP's and Agency's respective Liability for unpaid Taxes for all periods ending on or before December 31, 2016 does not, in the aggregate,

exceed the amount of accruals of Taxes (excluding reserves for deferred Taxes) reflected on its respective Financial Statements. The amount of each of VHP's and Agency's respective Liability for unpaid Taxes for all periods following the end of the recent period covered by its respective Financial Statements shall not, in the aggregate, exceed the amount of accruals for Taxes (excluding reserves for deferred Taxes) as adjusted for the passage of time in accordance with its respective past custom and practice (and which accruals shall not exceed comparable amounts incurred in similar periods in period years).

(f) Schedule 3.23(f) sets forth:

(i) the taxable years of each of the VHP Entities as to which the applicable statutes of limitations on the assessment and collection of Taxes has not expired;

(ii) those years for which examinations by the taxing authorities have been completed; and

(iii) those taxable years for which examinations by taxing authorities are presently being conducted.

(g) All deficiencies asserted, or assessments made, against any of the VHP Entities as a result of any examinations by any taxing authority have been fully paid.

(h) To each of the VHP Parties' Knowledge after reasonable inquiry, none of the VHP Entities is a party to any Action by any taxing authority, and there are no pending or threatened Actions by any taxing authority.

(i) VHP Holdings has Made Available to CBC copies of all pro forma federal, state, local and foreign income, franchise and similar Tax Returns and examination reports of, and statements of deficiencies assessed against or agreed to by, any of the VHP Entities for all Tax periods ending after December 31, 2015.

(j) To each of the VHP Parties' Knowledge after reasonable inquiry, there are no Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon the assets of any of the VHP Entities.

(k) No private letter rulings, technical advice memoranda or similar agreements or rulings have been requested, entered into or issued by any taxing authority with respect to any of the VHP Entities.

(l) Each of the VHP Entities is a member of a consolidated or unitary Tax group for Tax purposes. Except as set forth in Schedule 3.23(f), none of the VHP Entities has any Liability for Taxes of any Person (other than any of the VHP Entities) under Treasury Regulations Section 1.1502-6 (or any corresponding provision of state, local or foreign Law), as transferee or successor, by contract or otherwise.

(m) Except as set forth in Schedule 3.23(f), none of the VHP Entities will be required to include any item of income in, or exclude any item or deduction from, taxable income for any taxable period or portion thereof ending after the Closing Date as a result of:

(i) any change in a method of accounting under Section 481 of the Code (or any comparable provision of state, local or foreign Tax Laws), or use of an improper method of accounting, for a tax period ending on or prior to the Closing Date;

(ii) an installment sale or open transaction occurring on or prior to the Closing Date;

(iii) a prepaid amount received on or before the Closing Date;

(iv) any closing agreement under Section 7121 of the Code, or similar provision of state, local or foreign Law; or

(v) any election under Section 108(i) of the Code.

(n) None of the VHP Entities nor any of the VHP Parties is a "foreign person" as that term is used in Treasury Regulations Section 1.1445-2. None of the VHP Entities nor any of the VHP Parties is, nor has it been, a United States real property holding corporation (as defined in Section 897(c)(2) of the Code) during the applicable period specified in Section 897(c)(1)(a) of the Code.

(o) None of the VHP Entities has been a "distributing corporation" or a "controlled corporation" in connection with a distribution described in Section 355 of the Code.

(p) None of the VHP Entities is, nor has been, a party to, or a promoter of, a "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.601-4(b).

(q) To each of the VHP Parties' Knowledge after reasonable inquiry, there is currently no limitation on the utilization of net operating losses, capital losses, built-in losses, tax credits or similar items of any of the VHP Entities under Sections 269, 382, 383, 384 or 1502 of the Code and the Treasury Regulations thereunder (and comparable provisions of state, local or foreign Law); provided, however, that no representation is made as to the ability of the VHP Entities to utilize such net operating losses, capital losses, built-in losses, tax credits or similar items following the transactions contemplated by this Agreement.

(r) No property owned by any of the VHP Entities is (i) required to be treated as being owned by another person pursuant to the so-called "safe harbor lease" provisions of former Section 168(f)(8) of the Internal Revenue Code of 1964, as amended, (ii) subject to Section 168(g)(1)(A) of the Code or (iii) subject to a disqualified leaseback or long-term agreement as defined in Section 467 of the Code.

3.24 Transactions with Interested Persons. Except as set forth on Schedule 3.24, none of the VHP Entities is a party to any Contract with any directors, officers, employees or individual members or stockholders of any of the VHP Parties, or any family member or affiliate of any of the foregoing, other than medical or dental Insurance Contracts with individuals.

3.25 Absence of Indemnifiable Claims. As of the date of this Agreement, to the Knowledge of the VHP Parties, there are no pending claims that would entitle any director,

manager or officer of any of the VHP Entities to indemnification by any of the VHP Entities under applicable law, the certificate of formation, operating agreement, articles of incorporation, bylaws or other organization documents of any of the VHP Entities, any insurance policy maintained by any of the VHP Entities or any indemnity agreement of any of the VHP Entities or similar agreements to which any of the VHP Entities is a party or by which any of its Assets is or may be bound.

3.26 Brokers. No broker, find or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of any of the VHP Entities or the VHP Parties.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF CBC

CBC represents and warrants to the VHP Parties as follows:

4.1 Organization and Authority of CBC. CBC is a non-profit corporation duly incorporated, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. CBC has full corporate power and authority to enter into this Agreement, the Transaction Documents and the other documents to which CBC is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by CBC of this Agreement and any other document to which CBC is a party, the performance by CBC of its obligations hereunder and thereunder and the consummation by CBC of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of CBC. This Agreement has been duly executed and delivered by CBC, and (assuming due authorization, execution and delivery by the other Parties) this Agreement constitutes a legal, valid and binding obligation of CBC enforceable against CBC in accordance with its terms.

4.2 No Conflicts; Consents. The execution, delivery and performance by CBC of this Agreement, the Transaction Documents and any other document to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the articles of incorporation, bylaws or other organizational documents of CBC; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to CBC; or (c) except as set forth in Schedule 4.2, require the consent, notice or other action by any Person under any contract to which CBC is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to CBC in connection with the execution and delivery of this Agreement, the Transaction Documents and any other documents to which it is a party and the consummation of the transactions contemplated hereby and thereby, except for such filings and approvals of state insurance regulatory agencies as may be required.

4.3 Investigation, Etc.

(a) CBC acknowledges that:

(i) it has been furnished with or given adequate access to all such information about the VHP Parties as CBC has requested, and has carefully reviewed all such information and such other information that it and its advisers deem necessary to make its decision to enter in the transaction contemplated by this Agreement;

(ii) In connection with CBC's investigation, CBC has received certain projections, including projected statements of operating revenues and income from operations of the VHP Parties and certain business plan information. CBC acknowledges that there are uncertainties inherent in attempting to make such estimates, projections and other forecasts and plans, that CBC is familiar with such uncertainties and that CBC is responsible for making its own evaluation of the adequacy and accuracy of all estimates, projections and other forecasts and plans so furnished to it, including the reasonableness of the assumptions underlying such estimates, projections and forecasts. Accordingly, CBC hereby acknowledges that neither VHP Parties nor any of its Affiliates or representatives is making any representation or warranty with respect to such estimates, projections and other forecasts and plans, including the reasonableness of the assumptions underlying such estimates, projections and forecasts, and that CBC has not relied on any such estimates, projections and forecasts or plans. CBC acknowledges that neither the VHP Parties nor their representatives have made or will be deemed to have made, and that CBC has not relied on, and affirmatively disclaims any right to rely upon, any representation, warranty, covenant or agreement, express or implied, with respect to the VHP Parties or the transactions contemplated by this Agreement, other than the representations, warranties, covenants and agreements of the VHP Parties that are expressly set forth in this Agreement.

(b) CBC hereby represents and warrants as follows with respect to the Offered Interests:

(i) The Offered Interests are being acquired for CBC's own account and not as a nominee or agent for the benefit of any other person, and CBC has no present intention of distributing, reselling or hypothecating the Offered Interests.

(ii) CBC understands that the Offered Interests have not been registered under the Securities Act of 1933, as amended (the "1933 Act"), or under the laws of any state or other jurisdiction, and that VHP Holdings does not contemplate registration of, and is under no obligation to so register, the Offered Interests. CBC understands and agrees that that the transferability of the Offered Interests will be limited by restrictions set forth in the Amended and Restated Operating Agreement, and that the Offered Interests may not be transferred unless among other things, the applicable requirements in the Amended and Restated Operating Agreement are observed and the Offered Interests are either registered under the 1933 Act and/or other applicable securities laws or an exemption from registration applies. CBC agrees that stop order instructions prohibiting transfer of the Offered Interests may be issued and filed by VHP Holdings on VHP Holdings' records as a means of preventing the sale or disposition of the Offered Interests.

(iii) CBC qualifies as an "Accredited Investor" under Regulation D promulgated under the 1933 Act, and is domiciled in the Commonwealth of Pennsylvania.

(iv) CBC acknowledges that no federal or state agency has approved or disapproved the Offered Interests, passed upon or endorsed the merits of the Offered Interests or made any finding or determination as to the fairness of the investment; and

(v) In connection with CBC's investment in the Offered Interests and VHP Holdings, CBC has had the opportunity to seek the advice of CBC's own investment advisers, counsel and/or accountants as to the suitability of such investment to CBC.

(vi) CBC understands that this investment in the Offered Interests is illiquid.

(vii) The only jurisdiction in which an offer to sell the Offered Interests was made to CBC was in Pennsylvania. CBC has no present intention of becoming domiciled in any other state or jurisdiction, and will promptly notify VHP Holdings in writing in the event of a change in domicile, principal place of business or principal office, as the case may be, to any other state or jurisdiction.

(viii) CBC understands that the Offered Interests are being offered and sold in reliance on specific exemptions from the registration requirements of federal and state securities laws and that VHP Holdings is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth herein in order to determine the applicability of such exemptions and the suitability of CBC to acquire the VHP Holdings, and represents and warrants that the information set forth herein is true and correct.

4.4 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of CBC.

4.5 Sufficiency of Funds. CBC has sufficient cash on hand or other sources of immediately available funds to enable it to make payments of the Purchase Price and consummate the transactions contemplated by this Agreement.

4.6 Legal Proceedings. There are no Actions pending or, to CBC's knowledge, threatened against or by CBC or any Affiliate of CBC that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

ARTICLE V PRE-CLOSING CONDITIONS

5.1 Conduct of Business Prior to the Closing. From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by CBC (which consent shall not be unreasonably withheld, conditioned or delayed), VHP Holdings shall, and the VHP Parties shall cause VHP Holdings to, (x) conduct the business of the VHP Entities in the ordinary course of business, consistent with reasonable business practices; and (y) use commercially reasonable efforts to maintain and preserve intact the current organization,

business and franchise of each of the VHP Entities and to preserve the rights, franchises, goodwill and relationships of its customers, lenders, suppliers, providers, insureds, regulators and others having business relationships with any of the VHP Entities, except for actions expressly required or permitted to be taken under this Agreement. Without limiting the foregoing, from the date hereof until the Closing Date, each of the VHP Entities shall, and the VHP Parties shall cause each of the VHP Entities to:

- (a) preserve and maintain all of its Permits;
- (b) pay its debts, Taxes and other obligations when due;
- (c) deliver to CBC as promptly as practicable after preparation thereof, unaudited or audited, as the case may be, (i) SAP Statements filed by or on behalf of VHP after the Effective Date and copies of material correspondence relating to any such SAP Statement; and (ii) any financial statements, reports, plans or budgets prepared for or used by the management of any of the VHP Entities in the conduct, management or operation of their respective businesses;
- (d) deliver to CBC a draft of any regulatory filing at least 15 Business Days in advance of it being filed;
- (e) maintain the properties and assets that it owns, operates or uses in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;
- (f) continue in full force and effect without modification all Operating Insurance Policies, except as required by applicable Law;
- (g) defend and protect its properties and assets from infringement or usurpation;
- (h) perform, in all material respects, all of its obligations under all Contracts relating to or affect its properties, assets or business;
- (i) maintain its books and records in accordance with best practices;
- (j) comply, in all material respects, with all applicable Laws;
- (k) except in the ordinary course of business, not take any of the following actions with respect to any Insurance Contract: reduce rates, fail to implement actuarially-based rate increases, extend existing policy terms, or accelerate renewals;
- (l) except in the ordinary course of business, not take any action which would be reasonably likely to result in (A) the realization of any gross capital loss or losses in an amount of \$50,000 or more, or (B) an adverse impact on its surplus in an amount of \$50,000 or more; and
- (m) not take or permit any action that would cause any of the changes, events or conditions described in Schedule 3.8 to occur, except for (i) separation of Fiaschetti

employment on agreed-upon terms, and (ii) any actions to which CBC has expressly consented in writing in advance of the action being taken.

5.2 Access to Information. From the date hereof until the Closing, the VHP Parties shall, and shall cause each of the VHP Entities to, (i) afford CBC and its Representatives reasonable access to and the right to inspect all of the Real Property, properties, assets, premises, books and records, Contracts and other documents and data related to each VHP Entity; (ii) furnish CBC and its Representatives with such financial, operating and other data and information related to each of the VHP Entities as CBC or any of its Representatives may reasonably request; and (iii) instruct the Representatives of the VHP Parties to cooperate with CBC in its preparation for the Closing, including its investigation of the VHP Entities. Any investigation pursuant to this Section is to be conducted upon reasonable advance notice to VHP Holdings and during a time, at a location and in a manner as reasonably agreed upon by CBC and VHP Holdings. No investigation which has been or will be made by CBC or other information received by CBC will operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the VHP Parties in this Agreement.

5.3 No Solicitation of Other Bids. Prior to termination of this Agreement under Article 8 herein, none of the VHP Parties may, and each of them shall cause each of their respective Affiliates and their respective Representatives not to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. The VHP Parties shall immediately cease and cause to be terminated, and each of them shall cause each of their respective Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, "Acquisition Proposal" shall mean any inquiry, proposal or offer from any Person (other than CBC or any of its Affiliates) concerning (i) a merger, consolidation, liquidation, recapitalization, share exchange or other business combination transaction involving VHP Holdings; (ii) the issuance or acquisition of Membership Interests, shares of capital stock or other equity securities of any of the VHP Entities; (iii) the sale, lease, exchange or other disposition of any significant portion of any of the VHP Entities' properties or assets; or (iv) any other kind of insurance or reinsurance transaction that would effect a disposition of any of the VHP Entities' businesses.

(a) In addition to the other obligations under this Section, VHP Holdings shall promptly (and in any event within three Business Days after receipt thereof by VHP Holdings or its Representatives) advise CBC orally and in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

(b) The VHP Parties agree that the rights and remedies for noncompliance with this Section shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach

shall cause irreparable injury to CBC and that money damages would not provide an adequate remedy to CBC.

5.4 Notice of Certain Events.

(a) From the Effective Date until the Closing, each Party shall promptly notify the other Party in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) in the case of the VHP Parties, has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by the such Party hereunder not being true and correct or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 6.1 and Section 6.2 to be satisfied;(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(iv) any Actions commenced or, to such Party's Knowledge, threatened against, relating to or involving or otherwise affecting such Party that, if pending on the Effective Date, would have been required to have been disclosed pursuant to this Agreement or that relates to the consummation of the transactions contemplated by this Agreement.

(b) A Party's receipt of information pursuant to this Section shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the other Party in this Agreement and shall not be deemed to amend or supplement the Disclosure Schedules.

5.5 Governmental Approvals and Consents.

(a) Each Party shall, as promptly as possible, (i) make, or cause to be made, all filings and submissions required under any Law applicable to such Party or any of its Affiliates to obtain all Governmental Approvals; and (ii) use commercially reasonable efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Authorities that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement and the other Transaction Documents. Each Party shall cooperate fully with the other Parties and their respective Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals. The Parties shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

(b) The Parties shall use commercially reasonable efforts to give all notices to, and obtain all consents from, all third parties that are described in Schedule 3.4(c) and Schedule 4.2.

(c) Without limiting the generality of the Parties' undertakings pursuant to subsections (a) and (b) hereof, each of the Parties shall use all commercially reasonable efforts to:

(i) respond to any inquiries by any Governmental Authority regarding insurance regulatory, antitrust or other matters with respect to the transactions contemplated by this Agreement or any Transaction Document;

(ii) avoid the imposition of any order or the taking of any action that would restrain, alter or enjoin the transactions contemplated by this Agreement or any Transaction Document; and

(iii) in the event any Governmental Order adversely affecting the ability of the Parties to consummate the transactions contemplated by this Agreement or any Transaction Document has been issued, to have such Governmental Order vacated or lifted.

(d) If any consent, approval or authorization necessary to preserve any right or benefit under any Contract to which any of the VHP Entities is a party is not obtained prior to the Closing, VHP Parties shall, subsequent to the Closing, use commercially reasonable efforts to obtain such consent, approval or authorization as promptly thereafter as practicable.

(e) All analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments and proposals made by or on behalf of any Party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between any Party and any Governmental Authority in the ordinary course of business, any disclosure which is not permitted by Law or any disclosure containing confidential information) shall be disclosed to the other Parties hereunder in advance of any filing, submission or attendance, it being the intent that the Parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments and proposals. Each Party shall give notice to each of the other Parties with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other Parties with the opportunity to attend and participate in such meeting, discussion, appearance or contact.

(f) Notwithstanding the foregoing, nothing in this Section shall require, or be construed to require, CBC or any of its Affiliates to agree to (i) sell, hold, divest, discontinue or limit, before or after the Closing, any assets, businesses or interests of CBC, the VHP Entities or any of their respective Affiliates; (ii) any conditions relating to, or changes or restrictions in, the operations of any such assets, businesses or interests which, in either case, could reasonably be expected to result in a Material Adverse Effect or materially and adversely impact the economic or business benefits to CBC of the transactions contemplated by this Agreement; or (iii) any material modification or waiver of the terms and conditions of this Agreement.

(g) Closing Conditions. From the Effective Date until the Closing, each Party shall use commercially reasonable efforts to take all such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article VI.

(h) Public Announcements. From and after the Effective Date, unless otherwise required by applicable Law (based upon the reasonable advice of counsel), no Party shall make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other Parties (which consent shall not be unreasonably withheld or delayed), and the Parties shall cooperate as to the timing and contents of any such announcement.

(i) Further Assurances. Following the Closing, each of the Parties shall, and cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

ARTICLE VI CLOSING CONDITIONS

6.1 Conditions to Obligations of All Parties. The obligations of each Party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) All Governmental Approvals shall have been obtained (including all Government Approvals relating to the issuance of Membership Interests in VHP Holdings to CBC, the purchase by HH of MAF's Membership Interests in VHP Holdings, and all other transactions contemplated under the Transaction Documents that require Governmental Approval).

(b) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

6.2 Conditions to Obligations of CBC. The obligations of CBC to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or CBC's waiver, at or prior to the Closing, of each of the following conditions; provided, however, if CBC's failure to comply with its express obligations under this Agreement results in any of the conditions set forth in this Section not being fulfilled at or prior to the Closing, CBC shall remain obligated to consummate the transactions contemplated by this Agreement; provided, further, if any such condition is not fulfilled as a result of the action(s) or inaction(s) of the VHP Parties, CBC is not obligated to cure the failure of such condition except to the extent CBC's performance of an express obligation of CBC under this Agreement would cure such failure:

(a) The representations and warranties of the VHP Parties contained in Article III, the other Transaction Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all material respects on and as of the Effective Date and on and

as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(b) The VHP Parties shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Transaction Documents to be performed or complied with by it or him prior to or on the Closing Date; provided, that, with respect to agreements, covenants and conditions that are qualified by materiality, the VHP Parties shall have performed such agreements, covenants and conditions, as so qualified, in all respects.

(c) No Action shall have been commenced against any Party which would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any transaction contemplated hereby.

(d) All approvals, assumptions, assignments and waivers that are listed or required to be listed on Schedule 3.4(c) shall have been received.

(e) Name Use Agreement. VHP Holdings, VHP and their affiliates shall have the right to continue using the name Vibra Health Plan, or any similar variant thereof in accordance with the License to Use Name agreement in the form attached hereto as Exhibit C, which, as a condition to Closing, shall be executed and delivered by the parties.

(f) From the Effective Date, there shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect.

(g) The Transaction Documents (other than this Agreement) shall have been executed and delivered by the parties thereto and true and complete copies thereof shall have been delivered to CBC.

(h) CBC shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of VHP Holdings, that each of the conditions set forth in Section 6.2(a) and Section 6.2(b) have been satisfied.

(i) CBC shall have received a certificate, signed by [REDACTED], to the effect that [REDACTED] does not have actual knowledge that any of the representations and warranties of the VHP Parties contained in Sections 3.5 (Financial Statements), 3.6 (Reserves), 3.7 (Undisclosed Liabilities), 3.8 (Absence of Certain Changes, Event and Conditions), 3.9 (Material Contracts), 3.10 (Provider, Broker and Insurance Contracts), 3.11 (Insurance Issued by VHP), 3.12 (Providers), 3.17 (Suppliers), 3.19 Legal Proceedings; Governmental Orders), and 3.20 (Compliance with Laws; Permits) of Article III are not true and correct in all material respects on and as of January 6, 2017.

(j) HH shall have purchased all of MAF's Membership Interests, with the result that MAF is no longer a Member of VHP Holdings or a holder of any Membership Interest in Holdings.

(k) [REDACTED] shall have resigned from employment with each of the VHP Entities and from any position that he may have had as a director, officer, or trustee of any of the VHP Entities or any of their respective benefit plans, and shall have executed and delivered to VHP a written release, in form reasonably satisfactory to CBC, of all claims that he may have had against any of the VHP Entities or CBC other than his right to receive payments under the [REDACTED] dated as of even date hereof, by and among VHP and [REDACTED]

(l) CBC shall have received a certificate of the Secretary (or equivalent officer) of each of the VHP Entities certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors or other governing body of each of the VHP Entities authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.

(m) CBC shall have received a certificate of the Secretary (or equivalent officer) of each of the VHP Entities certifying the names and signatures of the officers of each of the VHP Entities authorized to sign this Agreement, the Transaction Documents and the other documents to be delivered hereunder and thereunder.

(n) VHP Holdings shall have delivered to CBC (x) amended and restated bylaws of VHP and (y) amended and restated operating agreement of Agency, each in a form agreed to by CBC.

(o) VHP Holdings shall have delivered to CBC evidence of the termination of all Contracts set forth on Schedule 3.24.

(p) VHP Holdings shall have delivered to CBC a good standing certificate (or its equivalent) for each of the VHP Entities from the secretary of state or similar Governmental Authority of the jurisdiction under the Laws in which that VHP Entity is organized.

(q) VHP Holdings shall have delivered to CBC such other documents or instruments as CBC reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

6.3 Conditions to Obligations of the VHP Parties. The obligations of the VHP Parties to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or the waiver by the VHP Parties, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of CBC contained in Article IV of this Agreement, the other Transaction Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all material respects on and as of the Effective Date

and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(b) CBC shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Transaction Documents to be performed or complied with by it prior to or on the Closing Date; provided, that, with respect to agreements, covenants and conditions that are qualified by materiality, CBC shall have performed such agreements, covenants and conditions, as so qualified, in all respects.

(c) No Action shall have been commenced against any Party which would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any transaction contemplated hereby.

(d) All approvals, assumptions, assignments and waivers that are listed or required to be listed on Schedule 4.2 shall have been received.

(e) The Transaction Documents (other than this Agreement) shall have been executed and delivered by the parties thereto and true and complete copies thereof shall have been delivered to VHP Holdings.

(f) VHP Holdings shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of CBC, that each of the conditions set forth in Section 6.3(a) and Section 6.3(b) have been satisfied.

(g) VHP Holdings shall have received a certificate of the Secretary (or equivalent officer) of CBC certifying that attached thereto are true and complete copies all resolutions adopted by the board of directors of Buyer authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.

(h) VHP Holdings shall have received a certificate of the Secretary (or equivalent officer) of CBC certifying the names and signatures of the officers of CBC authorized to sign this Agreement, the Transaction Documents and the other documents to be delivered hereunder and thereunder.

(i) CBC shall have delivered to VHP Holdings cash in an amount equal to the Purchase Price (net of any amounts previously advanced by means of the Convertible Debt Advance) by wire transfer in immediately available funds, to an account or accounts designated at least two Business Days prior to the Closing Date by VHP Holdings in a written notice to CBC.

(j) Intentionally Omitted.

(k) Hollinger and Fiaschetti shall be released from their personal guarantees under the Trizetto contract arising from claims made pursuant to such personal guarantees thereunder for such obligations from and after the Closing

(l) CBC shall have delivered to VHP Holdings such other documents or instruments as VHP Holdings reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

ARTICLE VII INDEMNIFICATION

7.1 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the Closing and shall continue in full force and effect until the date that is eighteen (18) months from the Closing Date. All covenants and agreements of the Parties contained herein shall survive the Closing indefinitely or for the period expressly specified therein. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the Non-Breaching Party to the Breaching Party prior to the expiration due of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

7.2 Indemnification by the VHP Indemnitors. Subject to the other terms and conditions of this Article from and after the Closing Date, the VHP Indemnitors shall, jointly and severally, indemnify and defend CBC and its Affiliates (including the VHP Entities) and their Representatives (collectively, the "CBC Indemnitees") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the CBC Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in, or breach of any of, the representations or warranties of the VHP Parties contained in this Agreement or in any certificate or instrument delivered by or on behalf of the VHP Parties pursuant to this Agreement as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly related to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the VHP Parties or the VHP Indemnitors pursuant to this Agreement or any of the other Transaction Documents.

7.3 Indemnification by CBC. Subject to the other terms and conditions of this Article, CBC shall indemnify and defend each of the VHP Parties and their respective Affiliates and their Representatives (collectively, the "VHP Parties Indemnitees") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the VHP Parties Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of CBC contained in this Agreement or in any certificate or instrument delivered by or on behalf of CBC pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by CBC pursuant to this Agreement or any of the other Transaction Documents.

7.4 Indemnification Procedures.

(a) Third Party Claims. If any Indemnified Party receives notices of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a Party or a Representative of the foregoing (a "Third Party Claim") against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party prompt written notice thereof, but in any event not later than 20 calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure or has otherwise been prejudiced or harmed thereby. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail, shall include copies of all written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense. The Indemnifying Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to take reasonable steps to defend or settle such Third Party Claim, the Indemnified Party may, subject to Section 7.4(b), pay, compromise or defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. The Parties shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending Party, management employees of the non-defending Party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party, except as provided in this Section. If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a

financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer with 10 calendar days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 6.4(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) Direct Claims. Any action brought by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "Direct Claim") may be asserted by the Indemnified Party giving the Indemnified Party reasonably prompt written notice thereof, but in any event not later than 30 days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure or has otherwise been prejudiced or harmed. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have 30 days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including access to each VHP Entity's premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such 30 day period, the Indemnifying Party shall be deemed to have admitted liability for such.

7.5 Payments. Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this Article, the Indemnifying Party shall satisfy its obligations within 15 Business Days of such final, non-appealable adjudication by wire transfer of immediately available funds.

7.6 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the Parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

7.7 Limitations on the VHP Indemnitors' Indemnification Obligations. Notwithstanding anything to the contrary herein, the indemnification obligations under this Article VII are subject to the following limitations:

(a) Notwithstanding anything herein to the contrary, in the absence of Hollinger's own fraud or intentional misrepresentation, Hollinger will not have any liability as an indemnifying Party pursuant to Section 7.2(a) unless a reasonable person in Hollinger's position, after due inquiry, would have had knowledge that the representation or warranty in question was inaccurate or involved a material omission;

(b) Under Section 7.2(a), the VHP Indemnitors will not be required to indemnify the CBC Indemnitees in respect of any Loss:

(i) unless and until the amount of Losses incurred in respect of any individual Claim or the aggregate amount of Losses incurred arising out of a series of related Claims arising out of the same or similar facts, events or circumstances exceeds [REDACTED] (the "Mini-Basket"), and then all such Losses will be indemnified including the first [REDACTED] (subject to all other applicable limitations herein);

(ii) unless and until the aggregate amount of all Losses exceeds [REDACTED] (the "Deductible Basket"), and then only to the extent such Losses exceed the Deductible Basket;

(iii) to the extent the VHP Indemnitees' aggregate liability for all Losses would otherwise exceed the lesser of (A) the Purchase Price or (B) [REDACTED] (the "Cap").

7.8 Exclusive Remedy. Except in the case of fraud or intentional misrepresentation or misconduct, the remedies provided by this Article VII will be the sole and exclusive remedies for the recovery of Losses resulting from, relating to or arising out of this Agreement; provided that, notwithstanding anything herein to the contrary, nothing herein will limit or otherwise affect a Party's right or ability to make, pursue, enforce or prosecute a claim for a breach or violation of any other agreement delivered in connection herewith.

ARTICLE VIII TERMINATION

8.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of CBC and VHP Holdings;

(b) by CBC by written notice to VHP Holdings if:

(i) CBC is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by the VHP Parties pursuant to this Agreement that would give rise to the failure of any of the conditions set forth in Article VI and, within 10 days of VHP Holdings's receipt of written notice of such breach from CBC, CBC reasonably determines that such breach, inaccuracy or failure is not curable by the Drop Dead Date; or

(ii) any of the conditions set forth in Section 6.1 or Section 6.2 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the

Drop Dead Date, unless such failure shall be due to the failure of CBC to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing; provided, however, that the failure to obtain Pennsylvania Insurance Department approval is not to be deemed due to the failure of CBC to perform its covenants, so long as the requisite filings are made in a reasonably timely manner after the Effective Date;

(c) by VHP Holdings by written notice to CBC if:

(i) none of the VHP Parties is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by CBC pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VI and, within 10 days of CBC's receipt of written notice of such breach from VHP Holdings, VHP Holdings reasonably determines that such breach, inaccuracy or failure is not curable by the Drop Dead Date; or

(ii) any of the conditions set forth in Section 6.1 or Section 6.3 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Drop Dead Date, unless such failure shall be due to the failure of the VHP Parties to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;

(d) by CBC or VHP Holdings in the event that (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited or (ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable; or

(e) by CBC or VHP Holdings if the Closing has not occurred on or before the Drop Dead Date.

Notwithstanding the foregoing, if a Party (the "Non-Breaching Party") is not then in material breach of any provision of this Agreement, and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by the other party (the "Breaching Party") under this Agreement that would give rise to the failure of any of the conditions specified in Article VI and, within 10 days of the Breaching Party's receipt of written notice of such breach by the Non-Breaching Party, the Breaching Party commences and continues to take reasonable and diligent steps to cure the breach and the breach can be cured by the Drop Dead Date, then the Non-Breaching Party shall not have the right to terminate this Agreement.

8.2 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article, this Agreement shall forthwith become void and there shall be no liability on the part of any Party except:

(a) as set forth in this Article; and

(b) that nothing herein shall relieve any Party from liability for any willful breach of any provision hereof.

ARTICLE IX
MISCELLANEOUS

9.1 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses, whether or not the Closing shall have occurred; provided, however, that CBC shall be responsible for all expenses associated with making any filings with the Pennsylvania Department of Insurance.

9.2 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by electronic transmission (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective Parties at the following addresses (or such other address for a Party as shall be specified in a notice given in accordance with this Section):

If to VHP Holdings:

Vibra Health Plan Holdings, LLC
4000 Crums Mill Road, Suite 201
Harrisburg, Pennsylvania 17112
Attn: President
Telephone: 717-591-5705
E-mail: bhollinger@vibrahealth.com

with a copy to:

Vibra Health Plan
4000 Crums Mill Road, Suite 201
Harrisburg, Pennsylvania 17112
Attn: Timothy Guarneschelli
Telephone: 717-510-6203
E-mail: tguarneschelli@vibrahealthplan.com

Barley Snyder LLP
126 East King Street
Lancaster, Pennsylvania 17602
Attn: Paul G. Mattaini
Christopher J. Churchill
Telephone: 717-399-1519
E-mail: pmattaini@barley.com
cchurchill@barley.com

If to CBC:

Capital Blue Cross
2500 Elmerton Avenue
Harrisburg, Pennsylvania 17110-2132
Attn: Gary D. St. Hilaire, President and Chief Executive Officer
Telephone:
E-mail:

with a copy to:

Dennis J. Brennan, Esq.
Saul Ewing LLP
1500 Market Street
38th Floor
Philadelphia PA 19102-2186
Telephone: (215) 972-7136
E-mail: dbrennan@saul.com

If to HH or Hollinger:

Hollinger Health, LLC
4550 Lena Drive, Suite 225
Mechanicsburg, PA 17055
Attention: President
Telephone: 717-591-5705
E-mail: bhollinger@vibrahealth.com

with a copy to:

Hollinger Health, LLC
4550 Lena Drive, Suite 225
Mechanicsburg, PA 17055
Attention: General Counsel
Telephone: 717-591-5737
E-mail: dyohe@vibrahealth.com

9.3 Governing Law; Consent to Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to the conflict of laws principles thereof. The Parties hereby irrevocably submit to the exclusive jurisdiction of any state or federal court located in Harrisburg, Pennsylvania in any action or proceeding arising out of or relating to this Agreement, and the Parties hereby irrevocably agree that all claims in respect of such action or proceeding shall be heard and determined exclusively in such courts. The Parties hereby waive, to the fullest extent they may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The Parties agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any manner provided by law.

9.4 Counterparts. This Agreement may be executed by facsimile and in one or more counterparts, each of which shall be deemed an original but all of which counterparts collectively shall constitute one instrument. The transmission of a signed counterpart of this Agreement by electronic transmission shall have the same force and effect as delivery of an original signed counterpart of this Agreement, and shall constitute valid and effective delivery for all purposes.

9.5 Assignment. This Agreement may not be assigned by any Party without the prior written consent of the other Parties.

9.6 Amendments. This Agreement may not be amended or modified, and no provisions hereof may be waived, without the written consent of the Parties.

9.7 Invalid Provisions. If any provision of this Agreement is deemed or held to be illegal, invalid or unenforceable, this Agreement shall be considered divisible and inoperative as to such provision to the extent it is deemed to be illegal, invalid or unenforceable, and in all other respects this Agreement shall remain in full force and effect; provided, however, that if any provision of this Agreement is deemed or held to be illegal, invalid or unenforceable there shall be added hereto automatically a provision as similar as possible to such illegal, invalid or unenforceable provision and be legal, valid and enforceable. Further, should any provision contained in this Agreement ever be reformed or rewritten by any judicial body of competent jurisdiction, such provision as so reformed or rewritten shall be binding upon all Parties.

9.8 Titles and Subtitles; Interpretive Issues. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting any term or provision of this Agreement. As used in this Agreement, the term "including" (or any variation thereof) shall be deemed to be followed by the words "without limitation." CBC, on the one hand, and the VHP Parties and Hollinger, on the other, have participated jointly in the drafting and negotiation of this Agreement. In the event any ambiguity or question of interpretation or intent arises, this Agreement shall be construed as if drafted jointly by CBC, on the one hand, and the VHP Parties and Hollinger, on the other, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provisions of this Agreement. Any item disclosed in one Disclosure Schedule shall be deemed to be disclosed on any other Disclosure Schedule only if an appropriate cross-reference is made in such other Disclosure Schedule.


9.9 Entire Agreement. This Agreement and the other schedules and agreements referred to herein, constitute the entire agreement between the Parties and supersede all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof, including without limitation, the letters of intent, dated prior to the date hereof.

9.10 Schedules. All capitalized terms used in the schedules hereto, unless otherwise defined therein have the meaning set forth in this Agreement. The section references referred to in the schedules are to the sections of this Agreement.


[The Remainder of this Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have executed this Membership Interest Purchase Agreement as of the date set forth above.

VIBRA HEALTH PLAN HOLDING, LLC

By: 
Name: Brad E. Hollinger
Office: Chair of the Board

HOLLINGER HEALTH, LLC

By: 
Name: Brad E. Hollinger
Office: President

CAPITAL BLUE CROSS

By: _____
Name:
Office:

Brad E. Hollinger, in his individual capacity (subject to the limitations herein)

IN WITNESS WHEREOF, the Parties hereto have executed this Membership Interest Purchase Agreement as of the date set forth above.


VIBRA HEALTH PLAN HOLDING, LLC

By: _____
Name:
Office:

HOLLINGER HEALTH, LLC

By: _____
Name:
Office:


CAPITAL BLUE CROSS

By: 
Name: _____
Office: Gary D. St. Hilaire
President and CEO


Brad E. Hollinger, in his individual capacity (subject to the limitations herein)

IN WITNESS WHEREOF, the Parties hereto have executed this Membership Interest Purchase Agreement as of the date set forth above.

VIBRA HEALTH PLAN HOLDING, LLC

By: 
Name: Brad E. Hollinger
Office: Chair of the Board

HOLLINGER HEALTH, LLC

By: 
Name: Brad E. Hollinger
Office: President

CAPITAL BLUE CROSS

By: _____
Name:
Office:



Brad E. Hollinger, in his individual capacity (subject to the limitations herein)

Schedule 2.2

Flow of Funds and Use of Proceeds

Sources of Funds

Payments Before Closing:

1. CBC to advance to VHP Holdings up to \$4,600,000 prior to Closing by means of the Convertible Debt Advance. VHP Holdings will advance to VHP the proceeds of these loans from CBC, in exchange for a surplus note.

Payments at Closing:

2. CBC to pay to VHP Holdings an amount equal to (i) [REDACTED] reduced by (ii) the amount previously advanced by CBC under item # 1 above plus accrued but unpaid interest.

Uses of Funds at Closing

Description	Amount
Repayment by VHP Holdings to Brad Hollinger of a portion of the indebtedness to Brad Hollinger (the balance of the indebtedness of VHP Holdings to Brad Hollinger will be deemed to be a capital contribution by HH to VHP Holdings)	[REDACTED]
Contribution by VHP Holdings to capital of VHP	[REDACTED] (reduced by interest accrued between signing and closing on the Convertible Debt Advance)
Deemed Interest Conversion	[REDACTED] (Amount of interest accrued between signing and closing on the Convertible Debt Advance)
Total	[REDACTED]

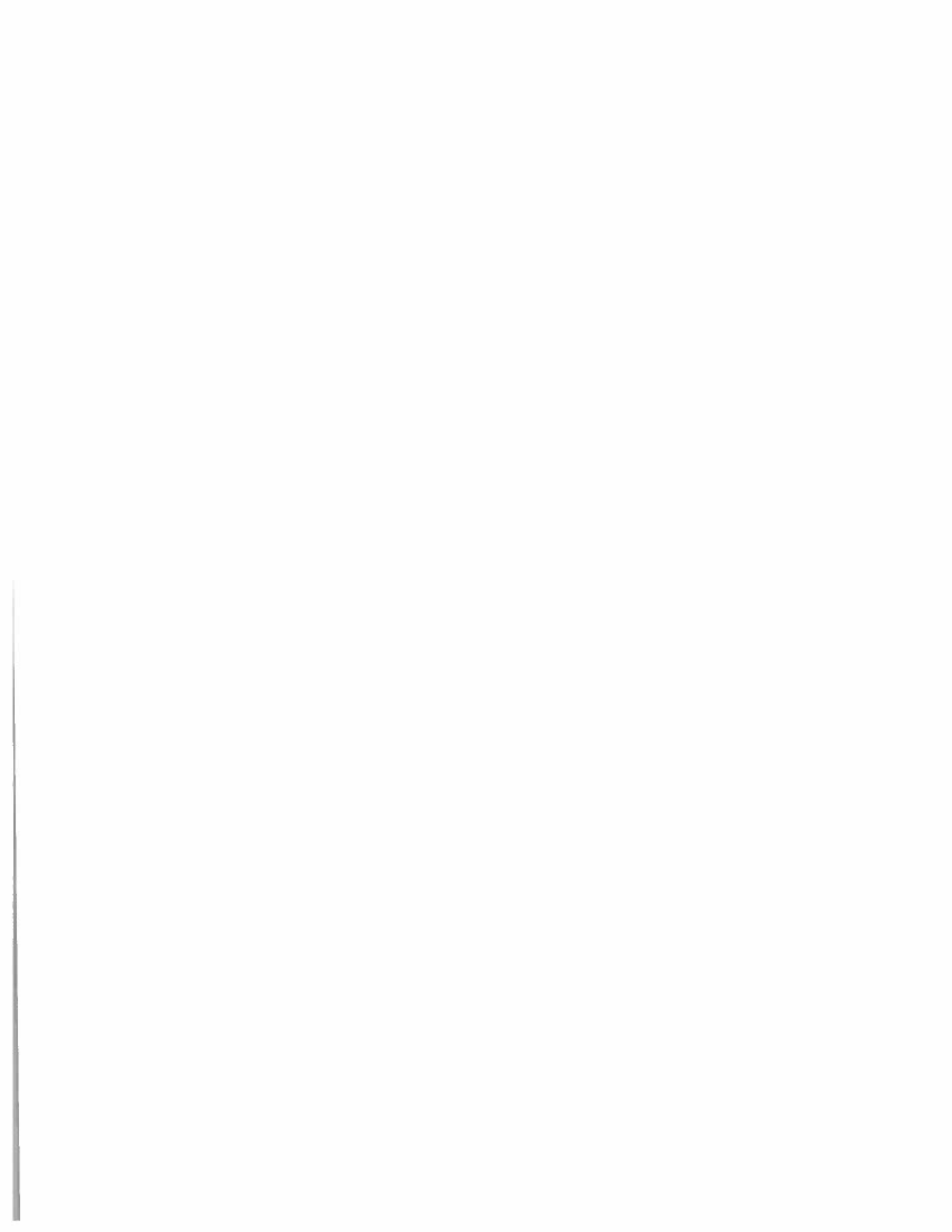
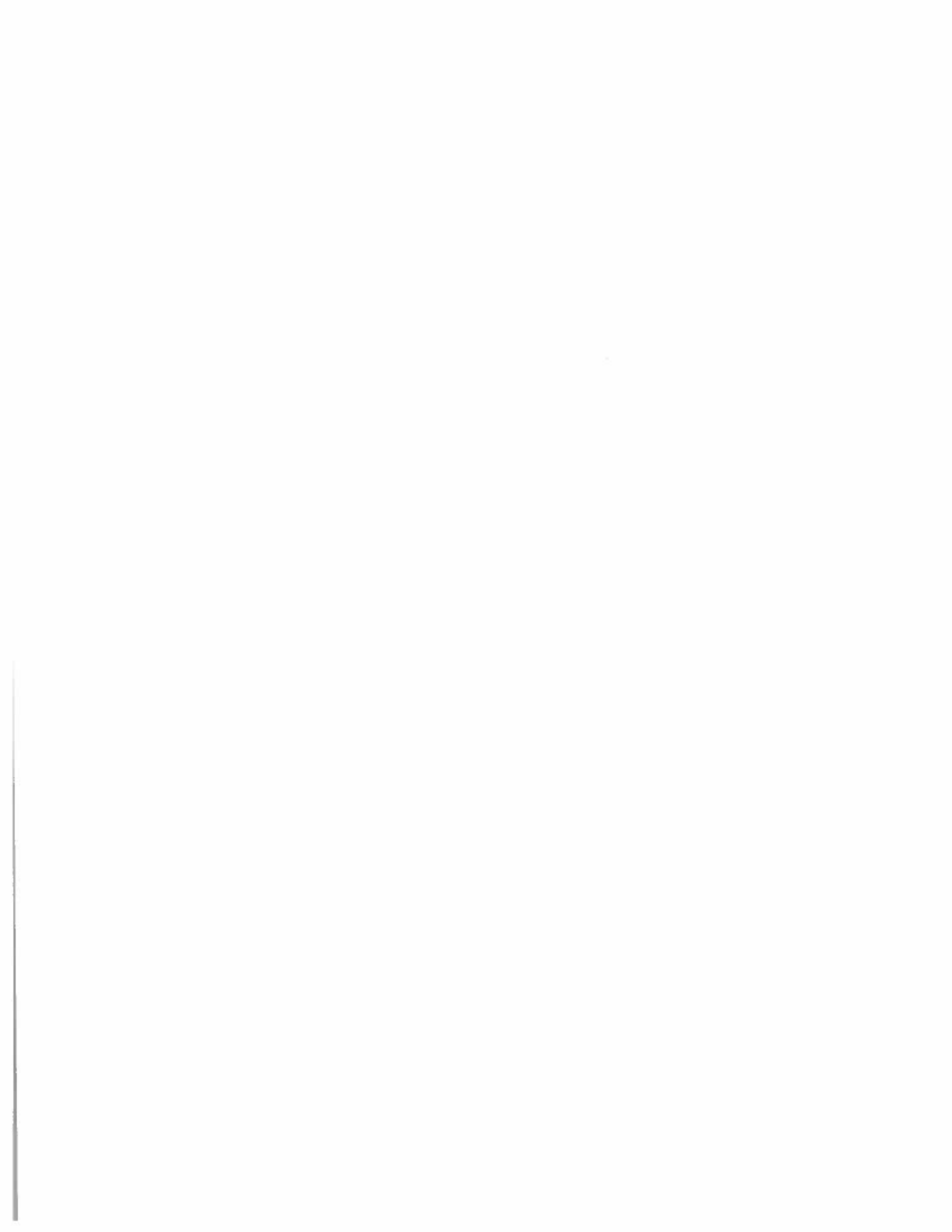


EXHIBIT C
TO THE FORM A STATEMENT REGARDING THE ACQUISITION OF CONTROL
OF OR
MERGER WITH A DOMESTIC INSURER

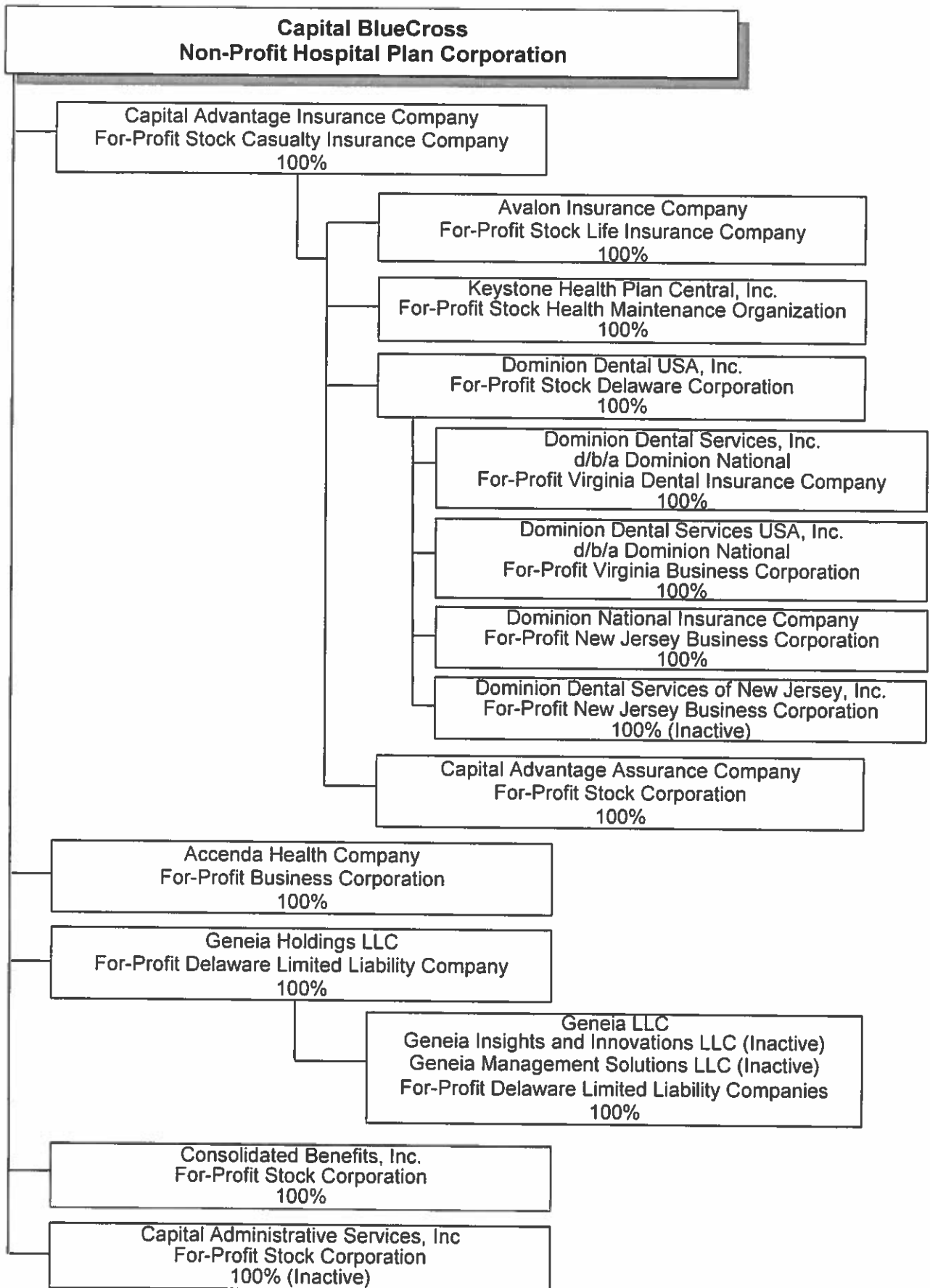
Vibra Health Plan, Inc.
NAIC No. 15793
by
Capital BlueCross
NAIC No. 54720

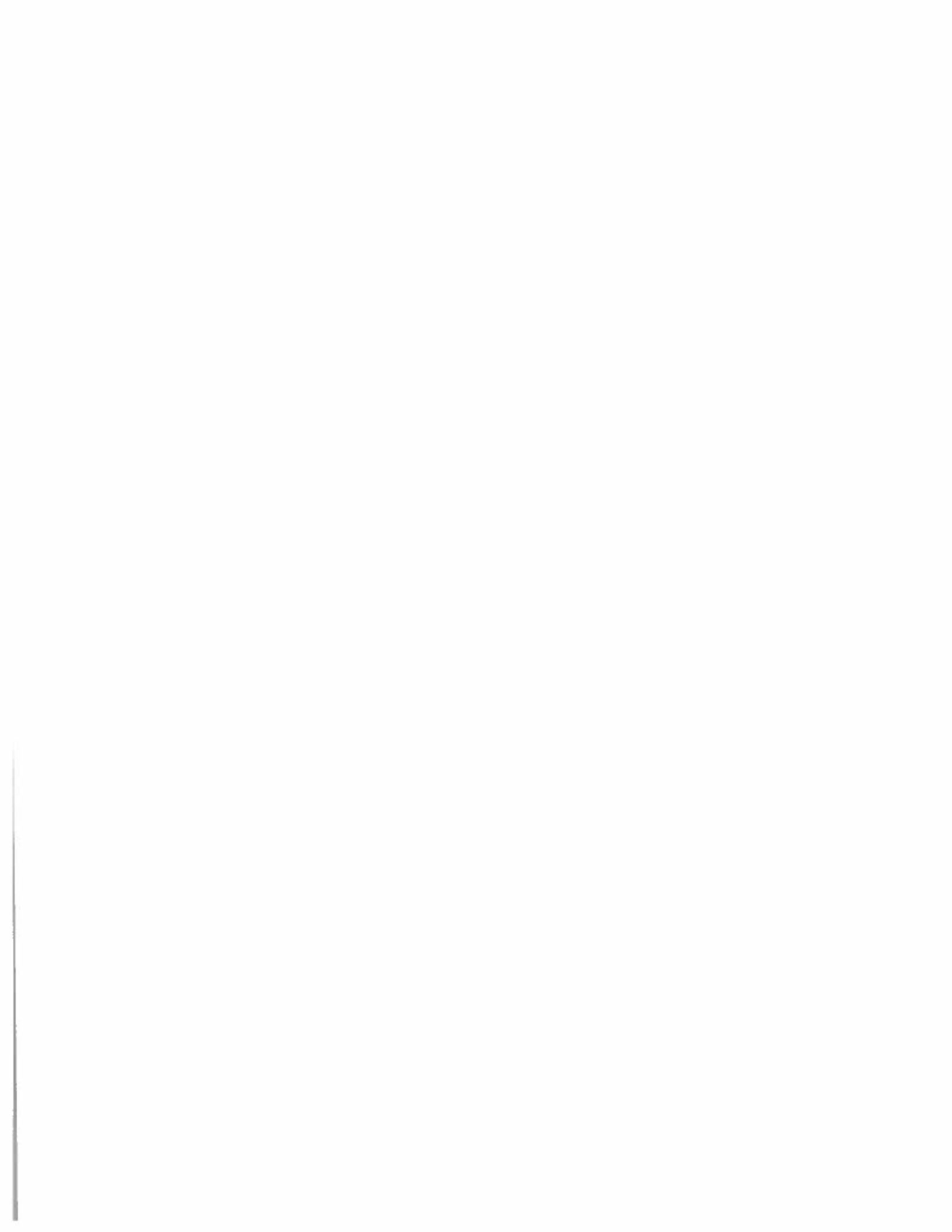
Organization Charts Pre-Acquisition:

1. CBC and its direct and indirect subsidiaries; and
2. VHP and its parents/affiliates



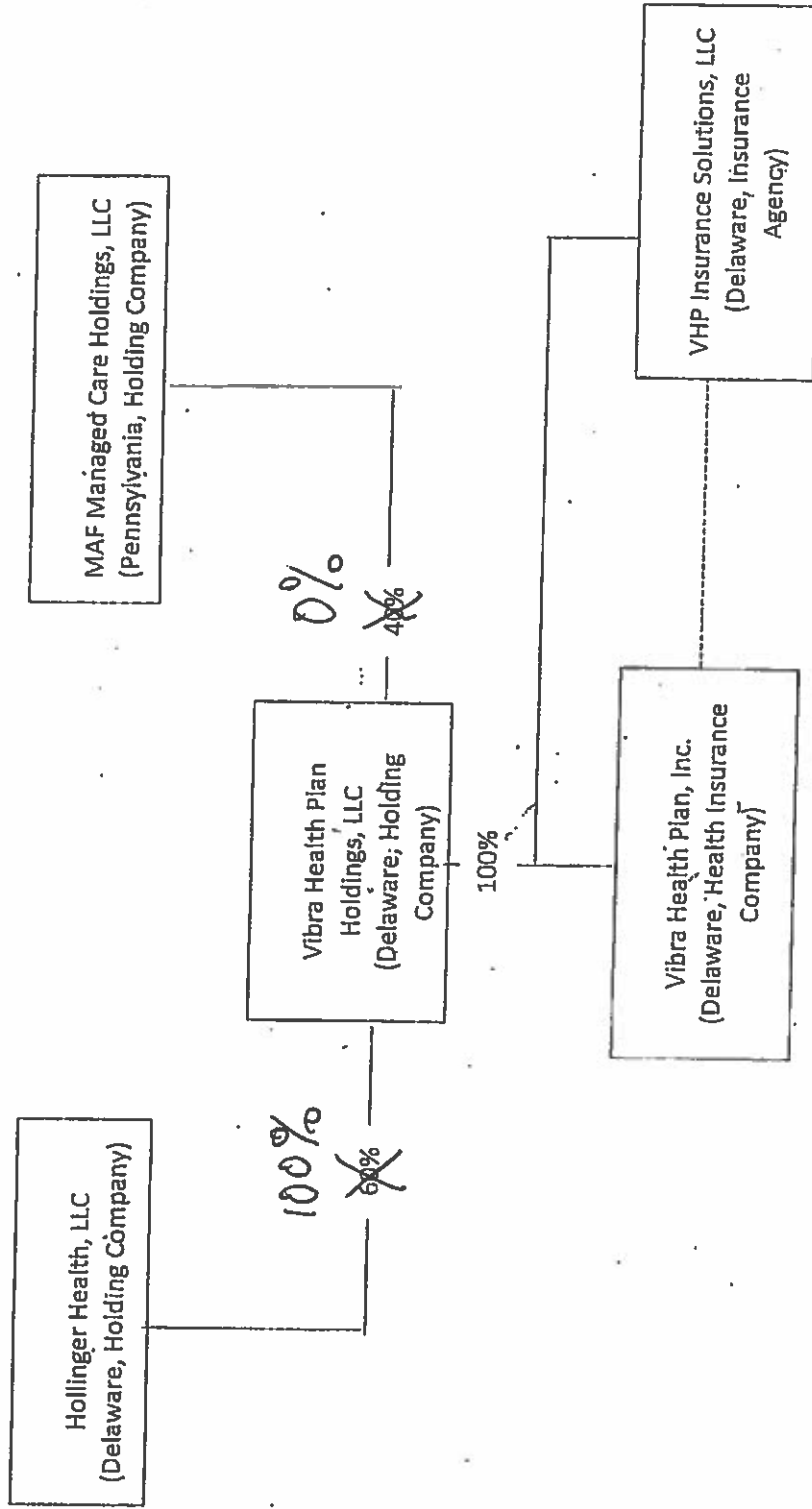
Capital BlueCross Organizational Chart



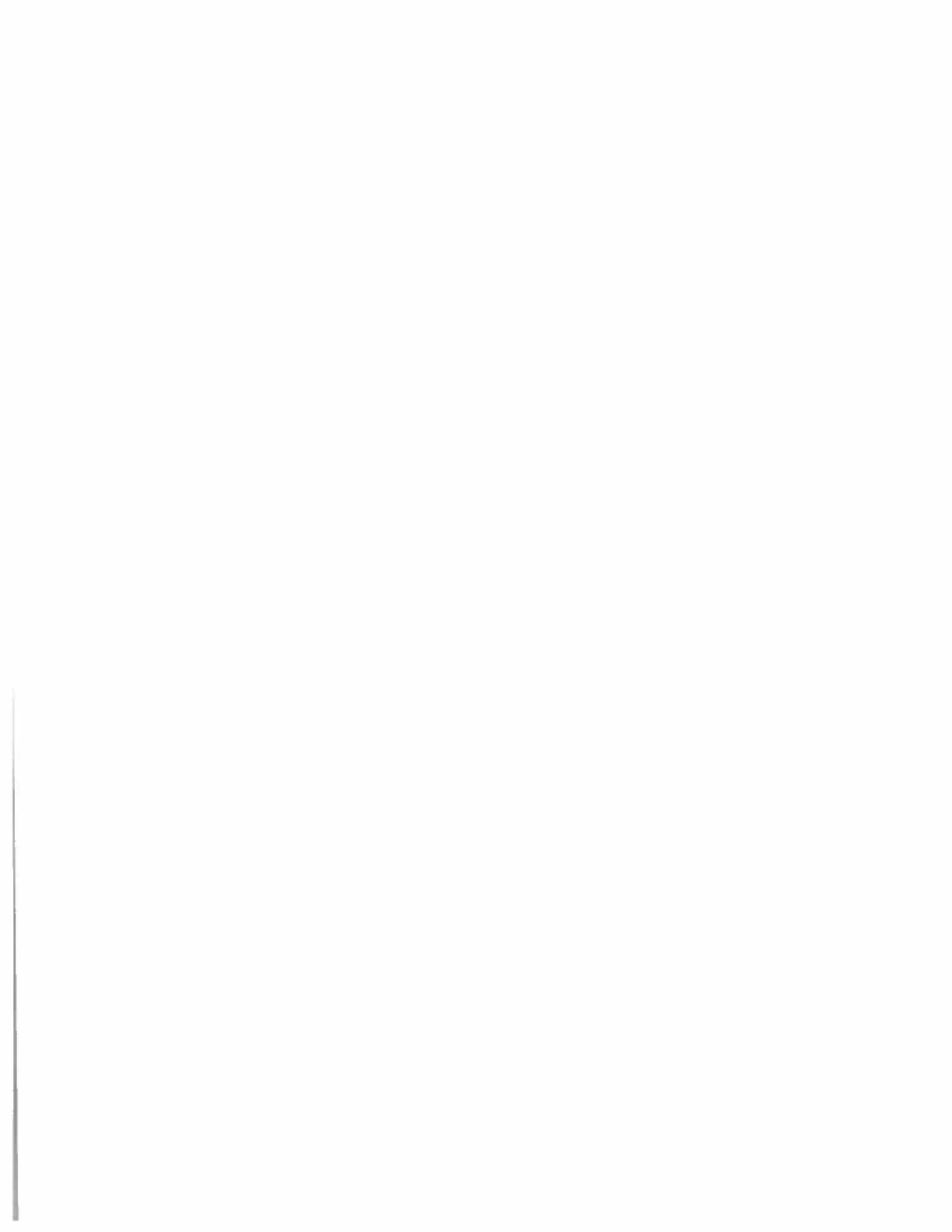


Vibra Health Plan, Inc.
~~Pennsylvania Application~~

Immediately prior to closing of Capital
Blue Cross transaction



Note: Vibra Insurance Solutions, LLC, will provide management of general agent services for Vibra Health Plan.

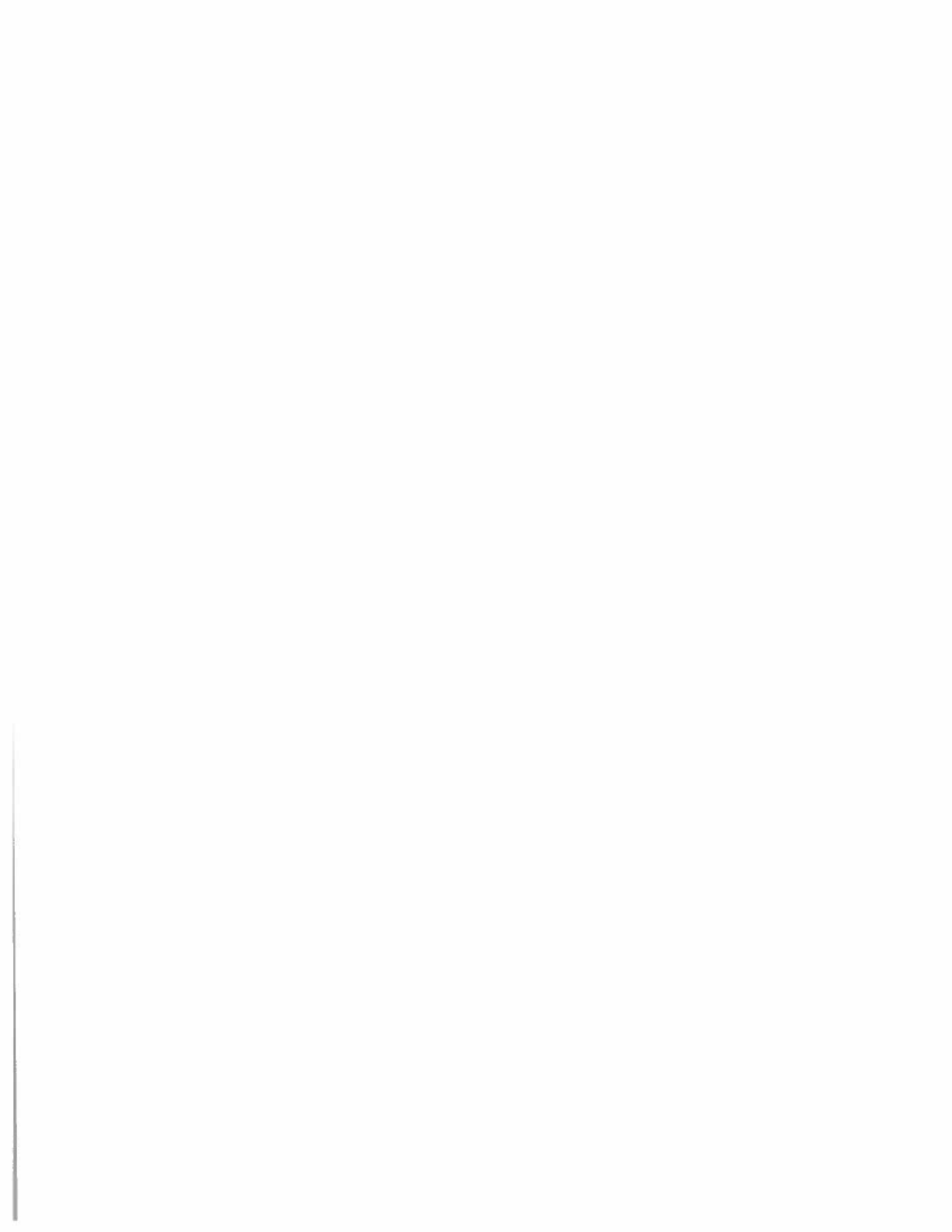


**EXHIBIT C-1
TO THE FORM A STATEMENT REGARDING THE ACQUISITION OF CONTROL
OF OR
MERGER WITH A DOMESTIC INSURER**

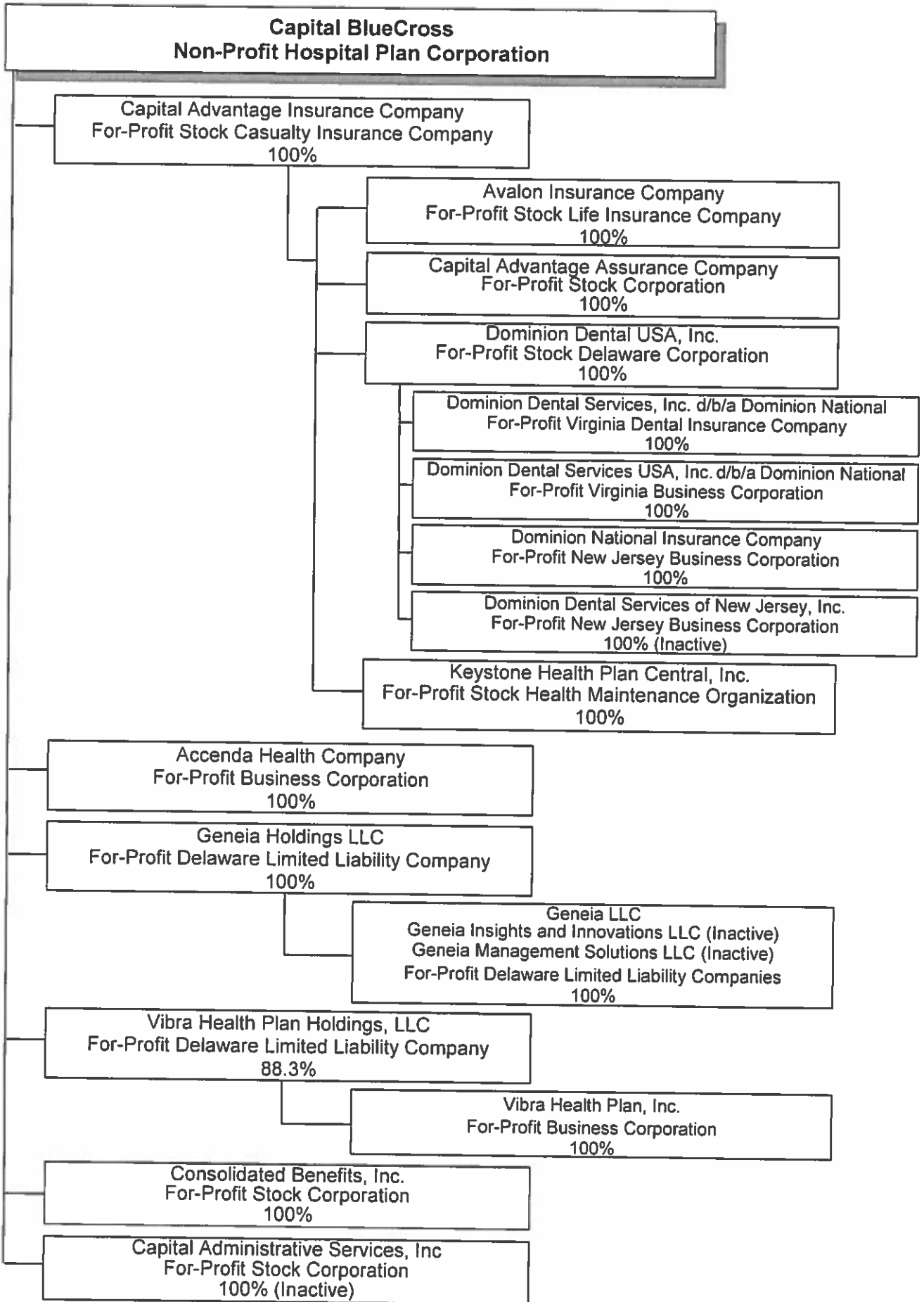
**Vibra Health Plan, Inc.
NAIC No. 15793
by
Capital BlueCross
NAIC No. 54720**

Organization Charts Post-Acquisition:

1. CBC and its direct and indirect subsidiaries



Capital BlueCross Organizational Chart



Unless noted, all entities are domiciled in Pennsylvania.

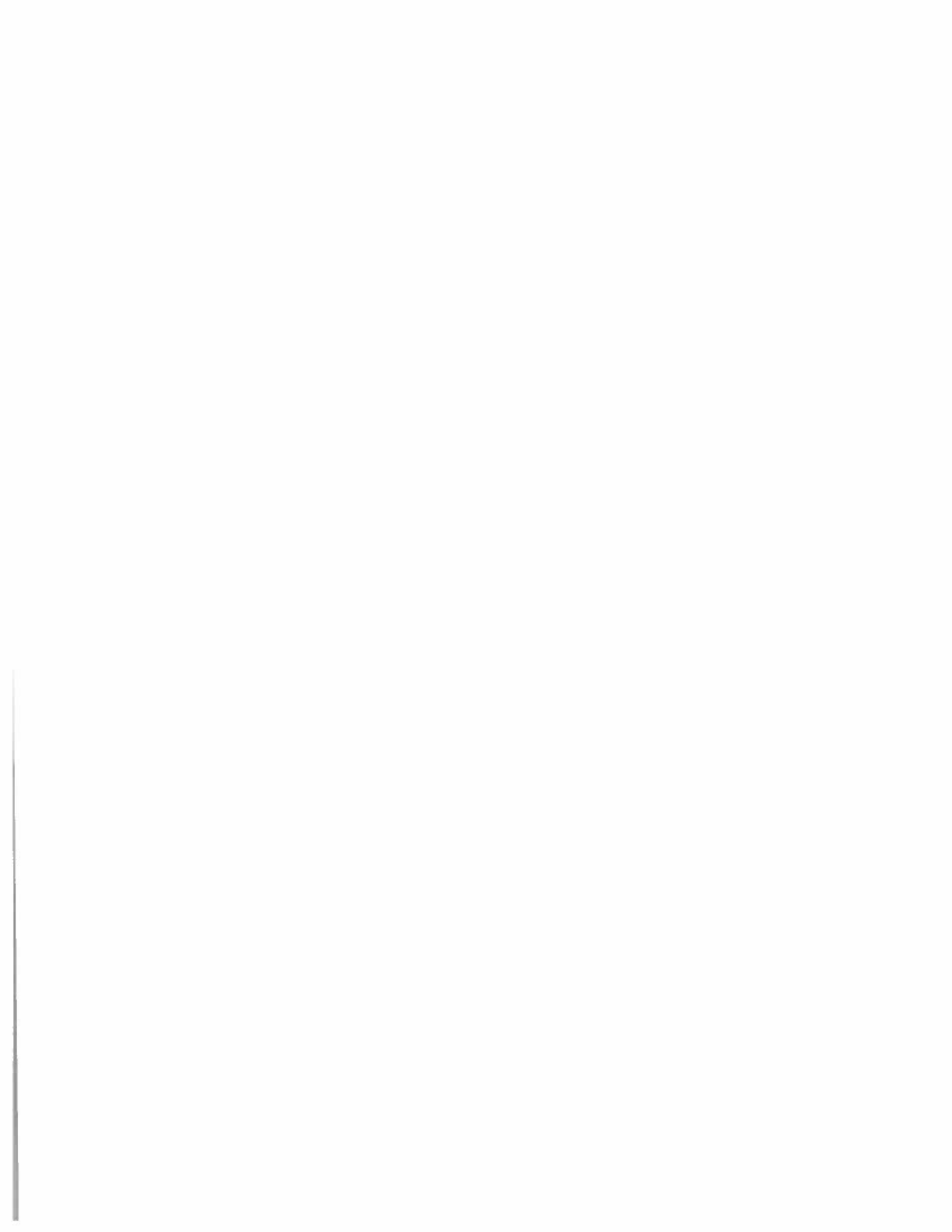


EXHIBIT D
TO THE FORM A STATEMENT REGARDING THE ACQUISITION OF CONTROL
OF OR
MERGER WITH A DOMESTIC INSURER

Vibra Health Plan, Inc.
NAIC No. 15793
by
Capital BlueCross
NAIC No. 54720

Officers and Directors of Capital Blue Cross⁴

Directors

Marcella K. Arline
Robert J. Dolan
George S. Glen, Esquire
Terry L. Harris
James M. Mead
Stuart S. Paxton, Jr.
David N. Shaffer
Kathryn P. Taylor, Chair
Joyce S. Whiteley (f/k/a Freeman)

Elizabeth F. Carson
Ronald J. Drnevich
Robert L. Gronlund
M. Diane Koken
Stephen A. Moore
Velma A. Redmond, Esquire
Gary D. St. Hilaire, President & CEO, CBC
Patricia A. Warehime

Officers of the Board

Kathryn P. Taylor
Chairman of the Board

Stephen A. Moore
Vice Chairman of the Board

Executive Officers

Gary D. St. Hilaire
President and CEO

Sherry E. Baskin
Corporate Secretary

Michael R. Cleary
Senior Vice President, CFO and Treasurer

Rebecca A. Smith
Assistant Corporate Secretary

⁴ All addresses withheld for confidentiality and privacy reasons. All biographical affidavits and information is on file with the Department and all have been updated within the last three (3) years.

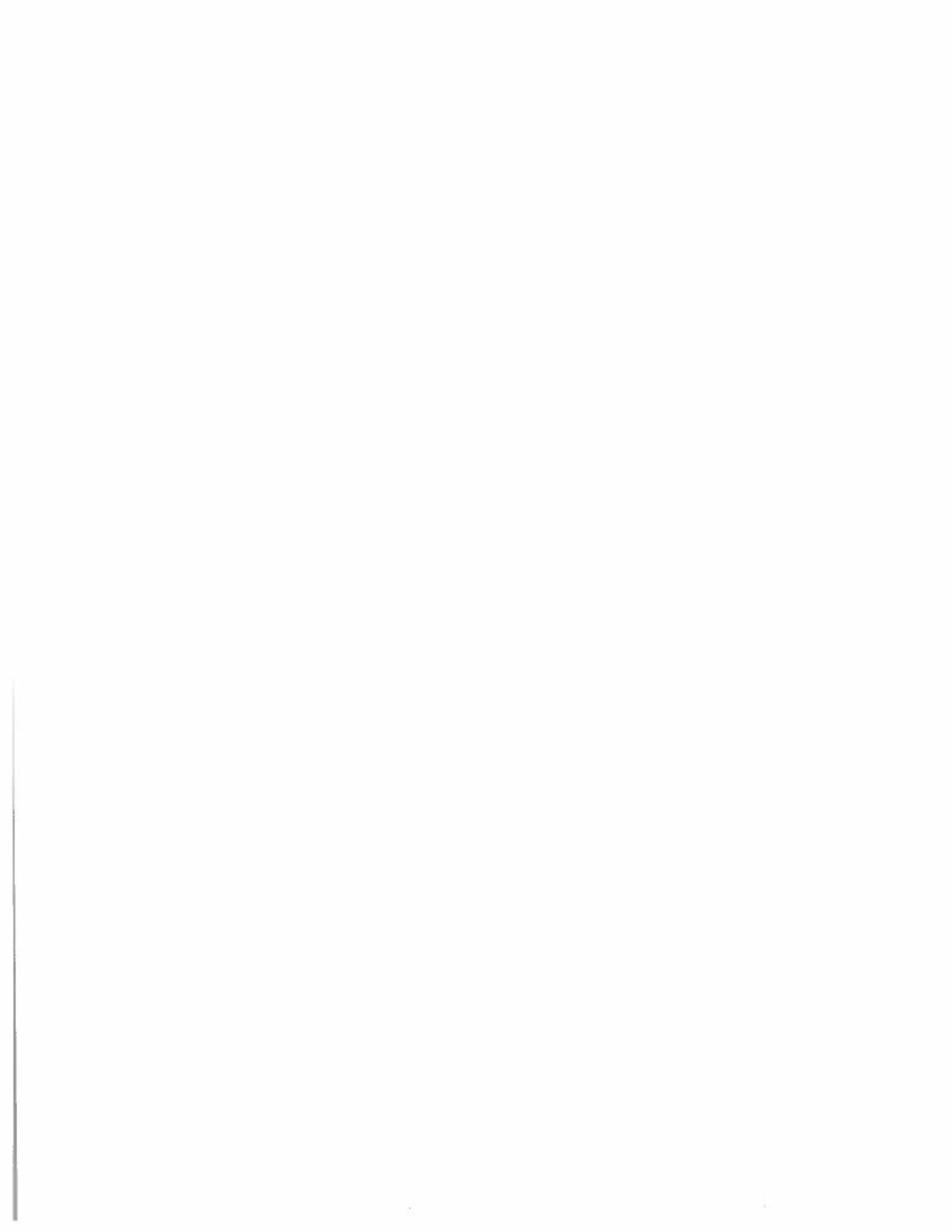


EXHIBIT D
TO THE FORM A STATEMENT REGARDING THE ACQUISITION OF CONTROL
OF OR
MERGER WITH A DOMESTIC INSURER

Vibra Health Plan, Inc.
NAIC No. 15793
by
Capital BlueCross
NAIC No. 54720

Officers and Directors of Capital Blue Cross¹

Directors

Marcella K. Arline
Robert J. Dolan
George S. Glen, Esquire
Terry L. Harris
James M. Mead
Stuart S. Paxton, Jr.
David N. Shaffer
Kathryn P. Taylor, Chair
Joyce S. Whiteley (f/k/a Freeman)

Elizabeth F. Carson
Ronald J. Drnevich
Robert L. Gronlund
M. Diane Koken
Stephen A. Moore
Velma A. Redmond, Esquire
Gary D. St. Hilaire, President & CEO, CBC
Patricia A. Warehime

Officers of the Board

Kathryn P. Taylor
Chairman of the Board

Stephen A. Moore
Vice Chairman of the Board

Executive Officers

Gary D. St. Hilaire
President and CEO

Sherry E. Baskin
Corporate Secretary

Michael R. Cleary
Senior Vice President, CFO and Treasurer

Rebecca A. Smith
Assistant Corporate Secretary

¹ All addresses withheld for confidentiality and privacy reasons. All biographical affidavits and information is on file with the Department and all have been updated within the last three (3) years.



EXHIBIT E
TO THE FORM A STATEMENT REGARDING THE ACQUISITION OF CONTROL
OF OR
MERGER WITH A DOMESTIC INSURER

Vibra Health Plan, Inc.
NAIC No. 15793
by
Capital BlueCross
NAIC No. 54720

Applicant's Business Plan for VHP, including financial projections and other exhibits; submitted under separate cover, as Applicant is requesting confidential treatment with respect to the Business Plan and all of its exhibits.

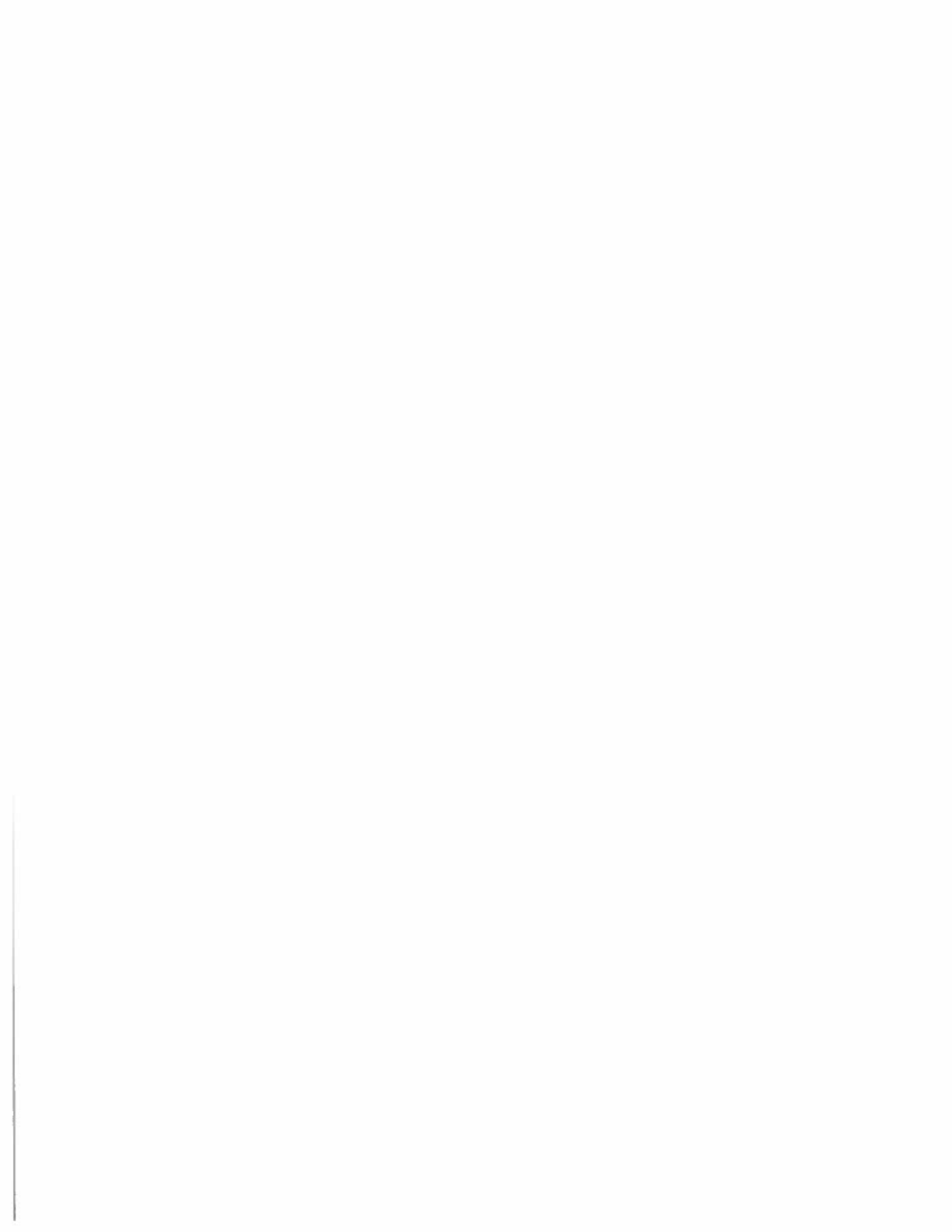
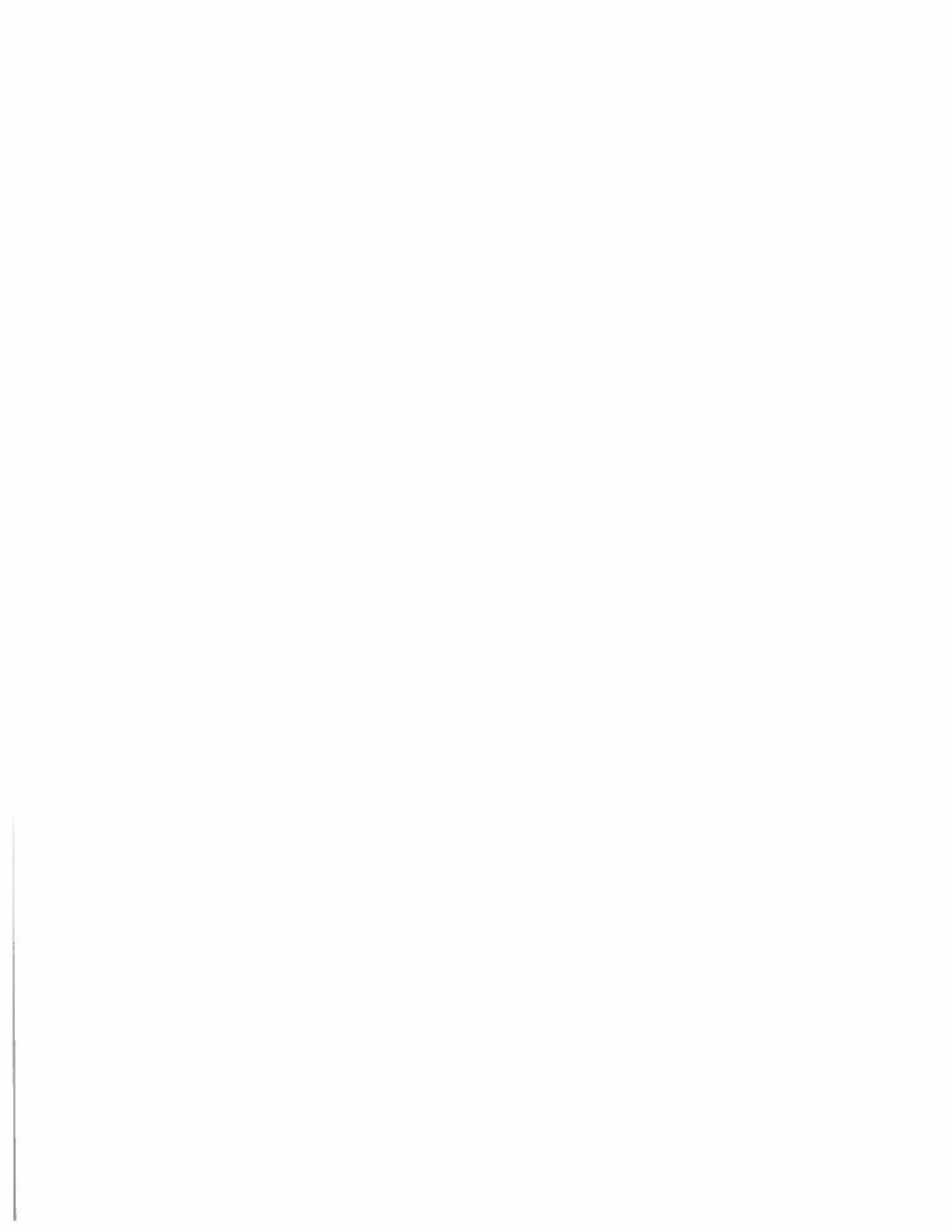


EXHIBIT F
TO THE FORM A STATEMENT REGARDING THE ACQUISITION OF CONTROL
OF OR
MERGER WITH A DOMESTIC INSURER

Vibra Health Plan, Inc.
NAIC No. 15793
by
Capital BlueCross
NAIC No. 54720

Applicant's audited Annual Statutory Statements for the years ended 2010 to 2015, submitted under separate cover, as Applicant is requesting confidential treatment with respect to the Auditors' Reports for each of such periods.

Quarterly Statutory Statements filed in 2016.



**QUARTERLY STATEMENT
OF THE
Capital Blue Cross**

**of
Harrisburg
in the state of
Pennsylvania**

**TO THE
Insurance Department
OF THE STATE OF
Pennsylvania**

**FOR THE QUARTER ENDED
MARCH 31, 2016**

2016

HEALTH

2016



**QUARTERLY STATEMENT
AS OF MARCH 31, 2016
OF THE CONDITION AND AFFAIRS OF THE
Capital Blue Cross**

NAIC Group Code	<u>1230</u> <small>(Current Period)</small>	<u>1230</u> <small>(Prior Period)</small>	NAIC Company Code	<u>54720</u>	Employer's ID Number	<u>23-0455154</u>
Organized under the Laws of	<u>Pennsylvania</u>		State of Domicile or Port of Entry	<u>Pennsylvania</u>		
Country of Domicile	<u>United States of America</u>					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]	Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[] N/A[X]	Hospital, Medical & Dental Service or Indemnity[X] Health Maintenance Organization[]			
Incorporated/Organized	<u>02/15/1938</u>	Commenced Business	<u>03/01/1938</u>			
Statutory Home Office	<u>2500 Elmerston Avenue</u> <small>(Street and Number)</small>		<u>Harrisburg, PA, 17177-9799</u> <small>(City or Town, State, Country and Zip Code)</small>			
Main Administrative Office	<u>2500 Elmerston Avenue</u> <small>(Street and Number)</small>		<u>Harrisburg, PA, 17177-9799</u> <small>(City or Town, State, Country and Zip Code)</small>			
Mail Address	<u>2500 Elmerston Avenue</u> <small>(Street and Number or P.O. Box)</small>		<u>Harrisburg, PA, 17177-9799</u> <small>(City or Town, State, Country and Zip Code)</small>			
Primary Location of Books and Records	<u>Harrisburg, PA, 17177-9799</u> <small>(City or Town, State, Country and Zip Code)</small>		<u>2500 Elmerston Avenue</u> <small>(Street and Number)</small>			
Internet Web Site Address	<u>www.capbluecross.com</u>		<u>(717)541-7000</u> <small>(Area Code) (Telephone Number)</small>			
Statutory Statement Contact	<u>Darlene Lynn Lippert</u> <small>(Name)</small>		<u>(717)541-7249</u> <small>(Area Code) (Telephone Number) (Extension)</small>			
	<u>Darlene.Lippert@capbluecross.com</u> <small>(E-Mail Address)</small>		<u>(717)651-4718</u> <small>(Fax Number)</small>			

OFFICERS

Name	Title
Gary Dean St. Hilaire	President and Chief Executive Officer
Michael Richard Cleary	Senior VP, Treasurer and Chief Financial Officer
Sherry Ellen Baskin	Corporate Secretary
Rebecca Anne Smith	Assistant Corporate Secretary

OTHERS

DIRECTORS OR TRUSTEES

Marcella Kate Arline	Elizabeth Force Carson
Robert James Dolan	Ronald James Drevich
George Stewart Glen	Robert Leander Gronlund
Terry Lee Harris	Mary Diane Koken
William Lehr Jr.	James Matthew Mead
Stephen Atokytus Moore	Stuart Sutphin Paxton Jr.
Velma Arlene Redmond	David Neil Shaffer
Gary Dean St. Hilaire	Kathryn Pelgriff Taylor
Patricia Ann Warehime	Joyce Sheckells Whiteley

State of Pennsylvania
County of Dauphin 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.

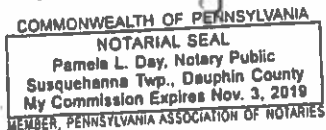
<u>Gary Dean St. Hilaire</u> <small>(Printed Name)</small>	<u>Michael Richard Cleary</u> <small>(Printed Name)</small>	<u>Sherry Ellen Baskin</u> <small>(Printed Name)</small>
1.	2.	3.
President and Chief Executive Officer	Senior VP, Treasurer & Chief Financial Officer	Corporate Secretary
<small>(Title)</small>	<small>(Title)</small>	<small>(Title)</small>

Subscribed and sworn to before me this 16 day of May, 2016

a. Is this an original filing? _____
b. If no, 1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

Yes[X] No[]

(Notary Public Signature)



ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	295,444,529		295,444,529	287,972,968
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	332,333,950	100,000	332,233,950	368,383,032
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 \$ 0 encumbrances)	31,367,131	2,158,067	29,209,064	29,692,141
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ \$1,495,532), cash equivalents (\$ 0) and short-term investments (\$ 14,206,160)	65,701,692		65,701,692	51,752,723
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets	182,052,629	5,883,630	176,168,999	178,262,737
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	906,899,931	8,141,697	898,758,234	916,063,601
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	3,143,998		3,143,998	3,387,153
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,169,673	4,500	1,165,173	833,889
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)	1,793,448		1,793,448	1,521,078
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	256,269		256,269	23,498
18.1 Current federal and foreign income tax recoverable and interest thereon	1,019,723		1,019,723	2,478,644
18.2 Net deferred tax asset	32,110,575	17,284,019	14,826,556	15,466,781
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	16,201,222	12,441,808	3,759,414	2,821,230
21. Furniture and equipment, including health care delivery assets (\$ 0)	799,939	799,939		
22. Net adjustments in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	118,497,032		118,497,032	94,154,162
24. Health care (\$ 5,181,987) and other amounts receivable	37,427,236	768,313	36,658,923	37,263,499
25. Aggregate write-ins for other-than-invested assets	17,227,192	16,658,740	568,452	7,604,861
26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,136,546,238	56,099,016	1,080,447,222	1,081,618,396
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. TOTAL (Lines 26 and 27)	1,136,546,238	56,099,016	1,080,447,222	1,081,618,396
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Expenses	16,635,363	16,635,363		
2502. Miscellaneous Accounts Receivable	97,361	2,200	95,161	7,119,435
2503. Vehicles	21,177	21,177		
2598. Summary of remaining write-ins for Line 25 from overflow page	473,291		473,291	485,426
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	17,227,192	16,658,740	568,452	7,604,861

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$0 reinsurance ceded)	25,597,367		25,597,367	26,003,646
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	1,022,303		1,022,303	1,030,819
4. Aggregate health policy reserves, including the liability of \$0 for medical loss ratio rebata per the Public Health Service Act				2,233
5. Aggregate life policy reserves	31,946		31,946	
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance	4,255,659		4,255,659	5,148,573
9. General expenses due or accrued	54,277,061		54,277,061	63,972,768
10.1 Current federal and foreign income tax payable and interest thereon (including \$0 on realized gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	1,758,784		1,758,784	2,029,828
13. Remittances and items not allocated				
14. Borrowed money (including \$0 current) and interest thereon \$0 (including \$0 current)				
15. Amounts due to parent, subsidiaries and affiliates	129,514,738		129,514,738	73,676,326
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties with (\$0 authorized reinsurers, \$0 unauthorized reinsurers and \$0 certified reinsurers)				
20. Reinsurance in unauthorized and certified (\$0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans				29,176
23. Aggregate write-ins for other liabilities (including \$0 current)	142,534,588		142,534,588	145,018,418
24. Total liabilities (Lines 1 to 23)	358,992,446		358,992,446	316,911,787
25. Aggregate write-ins for special surplus funds	X X X	X X X	1,278,495	5,113,979
26. Common capital stock	X X X	X X X		
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X		
29. Surplus notes	X X X	X X X		
30. Aggregate write-ins for other-than-special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	720,176,281	759,592,630
32. Less treasury stock, at cost:				
32.10 shares common (value included in Line 26 \$0)	X X X	X X X		
32.20 shares preferred (value included in Line 27 \$0)	X X X	X X X		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	721,454,776	764,706,609
34. Total Liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	1,080,447,222	1,081,618,396
DETAILS OF WRITE-INS				
2301. Liability for Pension and Postretirement Benefits	137,935,823		137,935,823	140,547,476
2302. Payments Due Others	4,372,910		4,372,910	4,244,913
2303. Other Liabilities	189,887		189,887	190,067
2398. Summary of remaining write-ins for Line 23 from overflow page	35,968		35,968	35,962
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	142,534,588		142,534,588	145,018,418
2501. ACA Health Insurer Fee	X X X	X X X	1,278,495	5,113,979
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X	1,278,495	5,113,979
3001.	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1	2	3	4
	Uncovered	Total	Total	Total
1. Member Months	X X X	286,043	292,826	1,160,944
2. Net premium income (including \$.00 non-health premium income)	X X X	73,235,520	66,928,157	279,729,049
3. Change in unearned premium reserves and reserves for rate credits	X X X	(29,713)	(35,712)	380
4. Fee-for-service (net of \$.00 medical expenses)	X X X			
5. Risk revenue	X X X			
6. Aggregate write-ins for other health care related revenues	X X X			
7. Aggregate write-ins for other non-health revenues	X X X			
8. Total revenues (Lines 2 to 7)	X X X	73,205,807	66,892,445	279,729,429
Hospital and Medical:				
9. Hospital/medical benefits		58,553,584	53,795,098	225,974,074
10. Other professional services		313,829	262,088	
11. Outside referrals				
12. Emergency room and out-of-area		6,462,821	5,987,349	23,466,470
13. Prescription drugs		906,096	964,657	3,271,235
14. Aggregate write-ins for other hospital and medical				
15. Incentive pool, withhold adjustments and bonus amounts				
16. Subtotal (Lines 9 to 15)		66,236,330	61,009,192	252,711,779
Less:				
17. Net reinsurance recoveries				
18. Total hospital and medical (Lines 16 minus 17)		66,236,330	61,009,192	252,711,779
19. Non-health claims (net)				
20. Claims adjustment expenses, including \$ 1,175,221 cost containment expenses		1,538,866	1,539,216	7,388,865
21. General administrative expenses		8,064,501	9,420,572	24,630,855
22. Increase in reserves for life and accident and health contracts (including \$.00 increase in reserves for life only)				
23. Total underwriting deductions (Lines 18 through 22)		75,839,697	71,968,980	284,731,499
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(2,633,890)	(5,076,535)	(5,002,070)
25. Net investment income earned		3,360,381	4,276,840	20,111,439
26. Net realized capital gains (losses) less capital gains tax of \$.00		790,800	2,380,810	7,273,689
27. Net investment gains or (losses) (Lines 25 plus 26)		4,151,181	6,657,650	27,385,128
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.00) (amount charged off \$.00)]				
29. Aggregate write-ins for other income or expenses		(103,061)	(158,794)	(340,241)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	1,414,230	1,422,321	22,042,817
31. Federal and foreign income taxes incurred	X X X	1,077,558	1,955,747	10,701,656
32. Net income (loss) (Lines 30 minus 31)	X X X	336,672	(533,426)	11,341,161
DETAILS OF WRITE-INS				
0601.	X X X			
0602.	X X X			
0603.	X X X			
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X			
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X			
0701.	X X X			
0702.	X X X			
0703.	X X X			
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X			
0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page				
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)				
2901. Other Expense		(103,061)	(158,794)	(340,241)
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page				
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)		(103,061)	(158,794)	(340,241)

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2	3
		Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT				
33.	Capital and surplus prior reporting year	764,706,609	824,749,733	824,749,733
34.	Net income or (loss) from Line 32	336,672	(533,426)	11,341,161
35.	Change in valuation basis of aggregate policy and claim reserves			
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....855,325	(41,100,680)	(21,375,565)	(106,441,722)
37.	Change in net unrealized foreign exchange capital gain or (loss)			
38.	Change in net deferred income tax	(1,106,180)	(991,944)	(9,258,672)
39.	Change in nonadmitted assets	(1,577,418)	(8,500,631)	21,274,700
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			
46.	Dividends to stockholders			
47.	Aggregate write-ins for gains or (losses) in surplus	195,773	1,877,538	23,041,409
48.	Net change in capital and surplus (Lines 34 to 47)	(43,251,833)	(29,524,028)	(60,043,124)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	721,454,776	795,225,705	764,706,609
DETAILS OF WRITE-INS				
4701.	Change in unrecognized prior service costs and net gains / losses	195,773	1,877,538	23,041,409
4702.				
4703.				
4798.	Summary of remaining write-ins for Line 47 from overflow page			
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	195,773	1,877,538	23,041,409

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	71,742,702	68,411,012	286,406,188
2. Net investment income	3,988,809	4,349,502	21,516,423
3. Miscellaneous income			
4. TOTAL (Lines 1 to 3)	75,731,511	72,760,514	307,922,611
5. Benefit and loss related payments	66,006,852	60,613,674	257,159,969
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	17,136,230	26,605,480	27,564,072
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$..... 0 tax on capital gains (losses)	(381,363)	(147,531)	15,762,485
10. TOTAL (Lines 5 through 9)	82,761,719	87,071,623	300,486,526
11. Net cash from operations (Line 4 minus Line 10)	(7,030,208)	(14,311,109)	7,436,085
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	18,515,854	18,331,729	101,041,895
12.2 Stocks	2,842,489	5,647,426	20,261,869
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets	2,425,630		25,000,000
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds			
12.8 TOTAL investment proceeds (Lines 12.1 to 12.7)	23,783,973	23,979,155	146,303,764
13. Cost of investments acquired (long-term only):			
13.1 Bonds	26,091,849	22,298,670	84,907,049
13.2 Stocks	2,624,012	5,458,959	31,124,137
13.3 Mortgage loans			
13.4 Real estate	5,931	270,812	2,927,832
13.5 Other invested assets	5,034,606	269,124	72,953,128
13.6 Miscellaneous applications			
13.7 TOTAL investments acquired (Lines 13.1 to 13.6)	33,756,398	28,297,565	191,912,146
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)	(9,972,425)	(4,318,410)	(45,608,382)
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			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	30,951,602	41,469,990	32,214,874
17. Net cash from financing and miscellaneous sources (Line 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	30,951,602	41,469,990	32,214,874
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	13,948,969	22,840,471	(5,957,423)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	51,752,723	57,710,146	57,710,146
19.2 End of period (Line 18 plus Line 19.1)	65,701,692	80,550,617	51,752,723
Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:			
20.0001			

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	2		3	4	5	6	7	8	9	10
	Total	Individual	Group	Medicare Supplement							
Total Members at end of											
1. Prior Year	96,162	418		18,938				76,806			
2. First Quarter	95,175	253		18,321				76,601			
3. Second Quarter											
4. Third Quarter											
5. Current Year											
6. Current Year Member Months	286,043	802		55,204				230,037			
Total Member Ambulatory Encounters for Period:											
7. Physician											17,944
8. Non-Physician	106,176	312		18,709				69,211			17,944
9. Total	106,176	312		18,709				69,211			17,944
10. Hospital Patient Days Incurred	15,788	10		6,591				9,187			
11. Number of Inpatient Admissions	3,557	1		1,436				2,120			
12. Health Premiums Written (a)	73,235,520	42,825		6,630,513				65,390,833			1,171,349
13. Life Premiums Direct											
14. Property/Casualty Premiums Written											
15. Health Premiums Earned	73,205,807	43,576		6,500,049				65,390,833			1,171,349
16. Property/Casualty Premiums Earned											
17. Amount Paid for Provision of Health Care Services	66,793,757	61,579		5,404,976				60,416,536			910,266
18. Amount Incurred for Provision of Health Care Services	66,236,330	40,523		5,378,182				59,943,188			874,437

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....0.

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

1 Account	Aging Analysis of Unpaid Claims						7 Total
	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days		
0199999 Individually Listed Claims Unpaid							
0299999 Aggregate Accounts Not Individually Listed - Uncovered							
0399999 Aggregate Accounts Not Individually Listed - Covered	14,352,613	1,102,342	76,505			15,531,460	
0499999 Subtotals	14,352,613	1,102,342	76,505			15,531,460	
0599999 Unreported claims and other claim reserves						10,065,907	
0699999 Total Amounts Withheld							
0799999 Total Claims Unpaid						25,597,367	
0899999 Accrued Medical Incentive Pool And Bonus Amounts							

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		Claims Incurred in Prior Years (Columns 1-3)	Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year
	1	2	3	4		
	On	On	On	On		
	Claims Incurred Prior to January 1 of Current Year	Claims Incurred During the Year	Claims Unpaid Dec 31 of Prior Year	Claims Incurred During the Year		
1. Comprehensive (hospital & medical)	9,355	52,330	31,990	41,347	41,345	94,247
2. Medicare Supplement	3,073,897	2,345,574	(366,433)	3,602,494	2,707,464	3,253,594
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan	24,491,017	36,087,440	(2,947,932)	25,105,723	21,543,085	22,514,722
6. Title XVIII - Medicare						
7. Title XIX - Medicaid						
8. Other health	126,486	929,539	789	129,369	127,275	141,083
9. Health subtotal (Lines 1 to 8)	27,700,755	39,414,883	(3,281,586)	28,878,953	24,419,169	26,003,646
10. Healthcare receivables (a)	321,881		257,366	457,622	579,247	563,840
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	27,378,874	39,414,883	(3,538,952)	28,421,331	23,839,922	25,439,806

(a) Excludes S.....5,235,312 loans or advances to providers not yet expensed.

Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Capital Blue Cross ("Company") are presented on the basis of accounting practices prescribed or permitted by the Pennsylvania Insurance Department.

The Pennsylvania Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Pennsylvania for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Pennsylvania Insurance Law. The Accounting Practices and Procedures Manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Pennsylvania. The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, 1) goodwill arising from the purchase of a subsidiary, controlled or affiliated entity is written off directly to surplus in the year it originates by Pennsylvania domiciled companies. In NAIC SAP, goodwill in amounts not to exceed 10% of an insurer's capital and surplus may be capitalized and all amounts of goodwill are amortized to unrealized gains and losses on investments over periods not to exceed 10 years, and, 2) 100% of all fixed assets are admitted by Pennsylvania domiciled companies. In NAIC SAP, fixed assets are not admitted. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices. The Company had no such permitted practices as of March 31, 2016.

	State of Domicile	2016	2015
<u>Net Income</u>			
(1) The Company's state basis (Page 4, Line 32, Column 2 & 3)	PA	\$ 336,672	\$ 11,341,161
(2) State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP		-	-
(4) NAIC SAP (1-2-3=4)		<u>\$ 336,672</u>	<u>\$ 11,341,161</u>

Surplus

(5) The Company's state basis (Page 3, Line 33, Column 3 & 4)	PA	\$ 721,454,776	\$ 764,706,609
(6) State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP		-	-
(8) NAIC SAP (5-6-7=8)		<u>\$ 721,454,776</u>	<u>\$ 764,706,609</u>

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

No material changes.

C. Accounting Policies

1 - 5 - No material changes.

6. Loan-backed bonds are stated at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from external sources and are based on the current interest rate and economic environment. The prospective adjustment method is used to value all such securities.

7 - 13 - No material changes

D. Going Concern

Not applicable.

2. Accounting Changes and Corrections of Errors

Not applicable.

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable.

5. Investments

A. Mortgage Loans

Not applicable.

Notes to Financial Statement**B. Debt Restructuring**

Not applicable.

C. Reverse Mortgages

Not applicable.

D. Loan-Backed Securities

The fair value of investments that are considered loan-backed and structured securities is \$115,495 as of March 31, 2016. The Company has not taken an other than temporary impairment as of March 31, 2016.

The gross unrealized losses and fair value of the Company's investments in loan-backed and structured securities with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by length of time that individual securities have been in a continuous unrealized loss position at March 31, 2016 are as follows

<u>Description</u>	<u>Amount</u>
a. The aggregate amount of unrealized losses	
1. Less than 12 Months	-
2. 12 Months or Longer	<u>(287)</u>
b. The aggregate related fair value of securities with unrealized losses	
1. Less than 12 Months	-
2. 12 Months or Longer	<u>115,495</u>

All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

In consideration of the specific securities and general economic conditions, the Company does not consider these investments to be other-than-temporarily impaired at March 31, 2016.

E. The Company does not have any Repurchase Agreements and/or Securities Lending Transactions.**F. Real Estate**

Not Applicable.

G. Low-Income Housing Credits

Not Applicable.

H. Restricted assets.

Not Applicable.

I. The Company does not have Working Capital Finance Investments.**J. The Company does not have Offsetting and Netting of Assets and Liabilities****K. Structured Notes**

Not Applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable.

7. Investment Income**A. Basis for Excluding Due and Accrued Investment Income from Statutory Surplus**

No material changes.

B. Amounts Excluded from Statutory Surplus

Not Applicable.

8. Derivative Investments

Not Applicable.

Notes to Financial Statement

9 Income Taxes

No material changes.

10 Information Concerning Parent, Subsidiaries, Affiliates and Other Related Practices

A. Information Concerning Parent Company

No material changes.

B. Description of Transactions

No material changes.

C. Amounts of Transactions

No material changes.

D. Due to and from Parent, Subsidiaries and Affiliates

No material changes.

E. Commitments and Contingencies

No material changes.

F. Management Service Contracts and Cost Sharing Arrangements

No material changes.

G. Relationships with Enterprises under Common Ownership

Not Applicable.

H. Amounts Deducted from Value of an Upstream Intermediate Entity

Not Applicable.

I. Investments in SCA Entities that exceed 10% of Admitted Assets

Not Applicable.

J. Impairment in SCAs

No material changes.

K. Investments in Foreign Insurance Subsidiaries

Not Applicable.

L. Downstream Noninsurance Holding Company

Not Applicable.

M-N SCA Investments

Not Applicable.

11 Debt

A. Capital Note obligations.

Not Applicable.

B. The Company has no Federal Home Loan Bank agreements

Notes to Financial Statement

12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan

<u>Components of Net Periodic Benefit Cost</u>	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Service Cost	\$ 704,870	\$ 2,753,626	\$ 1,055,000	\$ 4,047,698
Interest Cost	2,327,409	8,973,452	1,293,750	4,800,354
Expected Return on Plan Assets	(3,461,250)	(14,501,380)	-	-
Transition Asset or Obligation	-	-	-	7,510,158
Gains and Losses	354,475	1,253,639	-	-
Prior Service Cost or Credit	36,793	146,953	(268,500)	(263,347)
Total Net Periodic Benefit Cost	<u>\$ (37,703)</u>	<u>\$ (1,373,710)</u>	<u>\$ 2,080,250</u>	<u>\$ 16,094,863</u>

B. Investment Policies and Strategies

No material changes.

C. Fair Value of Plan Assets

Not Applicable.

D. Expected Long Term Rate of Return on Assets

Not Applicable.

E. Defined Contribution Plans

Not Applicable.

F. Multiemployer Plan

No material changes.

G. Consolidated / Holding Company Plans

No material changes.

H. Postemployment benefits and compensated absences are accrued in accordance with SSAP No. 11.

No material changes.

I. Medicare Prescription Drug Improvement and Modernization Act of 2003

No material changes.

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

A. Capital Stock

No material changes.

B. Preferred Stock

Not Applicable.

C, D, E. Dividends

Not Applicable.

F. Surplus Restrictions

No material changes.

G. Mutual Surplus Advances

No material changes.

H. Company Stock Held for Special Purposes

Not Applicable.

Notes to Financial Statement

I. Special Surplus Funds

The Company is subject to an annual Health Insurance Providers Fee under section 9010 of the Federal Affordable Care Act ("ACA"). The year-to-date estimated fee was reclassified from unassigned funds to special surplus in accordance with the applicable statutory guidance.

J. Changes in Surplus

No material changes.

K. Surplus Notes

No material changes.

L., M. Quasi-Reorganizations

Not Applicable.

14. Contingencies

A. Contingent Commitments

No material changes.

B. Assessments

Not Applicable.

C. Gain Contingencies

Not Applicable.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

Not Applicable.

E. All Other Contingencies

No material changes.

15. Leases

A. Lessee Operating Lease

No material changes.

B. Lessor Leases

Not Applicable.

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

Not Applicable.

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

A. Transfers of Receivable Reported as Sales

Not Applicable.

B. The Company does not have Transfer and Servicing of Financial Assets

C. The Company does not have wash sales as defined in paragraph 9 of SSAP No. 91R

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

A. ASO Plans

Not Applicable.

B. ASC Plans

No material changes.

Notes to Financial Statement

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

Not Applicable

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

Not Applicable.

20. Fair Value Measurement

A. Fair Value Measurements at March 31, 2016

<u>Assets at Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Short Term Investments				
Exempt money market Fund	\$ 1,001,480			\$ 1,001,480
Class one money market Fund	13,204,679	-	-	13,204,679
Total Cash & Short Term Investments	14,206,159	-	-	14,206,159
Bonds	-	-	-	-
Common stocks	199,114,120	-	-	199,114,120
Total Assets at Fair Value	\$ 213,320,279	\$ -	\$ -	\$ 213,320,279

There were no material transfers between Levels 1 and 2 during the period. There were no material transfers into or out of Level 3.

C. Fair Value and Admitted Value of All Financial Assets

<u>Type of Financial Instrument</u>	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bonds	\$ 305,347,047	\$ 295,444,529	\$ -	\$ 305,347,047	\$ -
Common Stocks	199,114,120	199,114,120	199,114,120	-	-
Real Estate	62,857,127	29,209,064	-	62,857,127	-
Cash and Short-Term Investments	65,701,692	65,701,692	65,701,692	-	-
Other Invested Assets	27,963,288	27,963,288	-	27,963,288	-
Total assets at fair value	\$ 660,983,274	\$ 617,432,693	\$ 264,815,812	\$ 396,167,462	\$ -

The Company's Level 1 securities primarily consist of equities and money market funds. The Company determines the estimated fair value for its Level 1 securities using quoted (unadjusted) prices for identical assets or liabilities in active markets.

The Company's Level 2 securities primarily consist of government-sponsored enterprise securities, state and municipal bonds, certain mortgage-backed securities and corporate debt. The Company determines the estimated fair value for its Level 2 securities using the following methods: quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets in non-active markets (few transactions, limited information, noncurrent prices, high variability over time); inputs other than quoted prices that are observable for the asset/liability (e.g., interest rates, yield curves volatilities, default rates), and inputs that are derived principally from or corroborated by other observable market data.

There were no material transfers between Levels 1 and 2 during the period. There were no material transfers into or out of Level 3.

D. The Company does not estimate the fair values of financial instruments.

21. Other Items

A—G No material changes.

22. Events Subsequent

Not Applicable.

Notes to Financial Statement

23. Reinsurance

Not Applicable.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A - D No material changes

E. Medical Loss Ratio Rebates required pursuant to the Public Health Service Act

- (1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions (YES/NO)? Yes
- (2) Impact of Risk Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

a. Permanent ACA Risk Adjustment Program

Assets

1. Premium adjustments receivable due to ACA Risk Adjustment -

Liabilities

2. Risk adjustment user fees payable for ACA Risk Adjustment -

3. Premium adjustments payable due to ACA Risk Adjustment -

Operations (Revenue & Expense)

4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment -

5. Reported in expenses as ACA risk adjustment user fees (incurred/paid) -

The Company has not estimated any receivables or payables related to the ACA Risk Adjustment Program due to insufficient data to make an estimate.

b. Transitional ACA Reinsurance Program

Assets

1. Amounts recoverable for claims paid due to ACA Reinsurance -

2. Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability) -

3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance -

Liabilities

4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium 994,198

5. Ceded reinsurance premiums payable due to ACA Reinsurance -

6. Liability for amounts held under uninsured plans contributions for ACA Reinsurance -

Operations (Revenue & Expense)

7. Ceded reinsurance premiums due to ACA Reinsurance -

8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments -

9. ACA Reinsurance Contributions - not reported as ceded premium 374,231

c. Temporary ACA Risk Corridors Program

Assets

1. Accrued retrospective premium due from ACA Risk Corridors -

Liabilities

2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors -

Operations (Revenue & Expense)

3. Effect of ACA Risk Corridors on net premium income (paid/received) -

4. Effect of ACA Risk Corridors on change in reserves for rate credits -

The Company has not estimated any receivables or payables related to the ACA Risk Adjustment Program due to insufficient data to make an estimate.

Notes to Financial Statement

3) Rollforward of prior year ACA risk-sharing provisions

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reporting Date		
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances	Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)	
	1	2	3	4	5	6	7	8	9	10	
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a Permanent ACA Risk Adjustment Program											
1 Premium adjustments receivable	-	-	-	-	-	-	-	-	A	-	-
2 Premium adjustments (payable)	-	-	-	-	-	-	-	-	B	-	-
3 Subtotal ACA Permanent Risk Adjustment Program	-	-	-	-	-	-	-	-		-	-
b Transitional ACA Reinsurance Program											
1 Amounts recoverable for claims paid	-	-	-	-	-	-	-	-	C	-	-
2 Amounts recoverable for claims unpaid (credits liability)	-	-	-	-	-	-	-	-	D	-	-
3 Amounts receivable relating to uninsured plans	-	-	-	-	-	-	-	-	E	-	-
4 Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	-	(2,479,869)	-	(1,859,902)	-	(619,967)	-	-	F	-	(619,967)
5 Ceded reinsurance premiums payable	-	-	-	-	-	-	-	-	G	-	-
6 Liability for amounts held under uninsured plans	-	-	-	-	-	-	-	-	H	-	-
7 Subtotal ACA Transitional Reinsurance Program	-	(2,479,869)	-	(1,859,902)	-	(619,967)	-	-		-	(619,967)
c Temporary ACA Risk Corridors Program											
1 Accrued retrospective premium	-	-	-	-	-	-	-	-	I	-	-
2 Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	J	-	-
3 Subtotal ACA Risk Corridors Program	-	-	-	-	-	-	-	-		-	-
d Total for ACA Risk Sharing Provisions	-	(2,479,869)	-	(1,859,902)	-	(619,967)	-	-		-	(619,967)

Explanation of Adjustments

A	
B	
C	
D	
E	
F	
G	

Benefit Year	Beginning Balance		Estimated Receivable/Payable to be filed (or final amounts)		Amounts impaired or not accrued (not withstanding collectibility concerns)		Amounts Received		Ending Balance		Asset Balance - Gross of non-admit AR
	AR	AP	AR	AP	AR	AP	AR	AP	AR	AP	
2014	-	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-	-

Notes to Financial Statement

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves for incurred claims attributed to insured events of prior years have decreased by \$1,584,477 as a result of re-estimation of unpaid claims. The re-estimation is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding actual claims experience.

26. Intercompany Pooling Arrangements

Not Applicable.

27. Structured Settlements

Not Applicable.

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

No material changes.

B. Risk Sharing Receivables

Not Applicable.

29. Participating Policies

Not Applicable.

30. Premium Deficiency Reserves

No material changes.

31. Anticipated Salvage and Subrogation

No material changes.

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[] N/A[X]
- 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[] No[X]
 3.3 If the response to 3.2 is yes, provide a brief description of those changes: _____
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
 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? Yes[] No[] N/A[X]
 If yes, attach an explanation. _____
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011
 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. 12/31/2011
 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). 07/13/2013
 6.4 By what department or departments?
 Pennsylvania Insurance Department
 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[X] No[] N/A[]
 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[] N/A[]
- 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
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

- 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? 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.
 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[X] No[]
 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____ 0

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: \$ _____ 0
 13. Amount of real estate and mortgages held in short-term investments: \$ _____ 0

GENERAL INTERROGATORIES (Continued)

INVESTMENT

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?
 14.2 If yes, please complete the following:

Yes[X] No[]

	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	168,790,354	129,899,104
14.24 Short-Term Investments		
14.25 Mortgages Loans on Real Estate		
14.26 All Other	125,000,000	125,000,000
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	293,790,354	254,899,104
14.28 Total Investment in Parent Included in Lines 14.21 to 14.26 above		

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?
 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
 If no, attach a description with this statement.

Yes[] No[X]
Yes[] No[] N/A[X]

16. For the reporting entity's security lending program, state the amount of the following as of the 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

\$ 0
\$ 0
\$ 0

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 Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?
 17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

Yes[X] No[]

1 Name of Custodian(s)	2 Custodian Address
BNYMellon	One Mellon Ctr. 500 Grant St. Pittsburgh, PA 15258

- 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)

- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?
 17.4 If yes, give full and complete information relating thereto:

Yes[] No[X]

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

- 17.5 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	2 Name(s)	3 Address
71072 37579 17358	Standish Mellon Palisade Capital M & T Securities	One Financial Center Boston, MA 02111 One Bridge Plaza Fort Lee, NJ 07024 285 Delaware Ave., Suite 2000, Buffalo, NY 14202

- 18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?
 18.2 If no, list exceptions

Yes[X] No[]

GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages:

- 1.1 A&H loss percent
- 1.2 A&H cost containment percent
- 1.3 A&H expense percent excluding cost containment expenses

92.000%
2.000%
12.000%

- 2.1 Do you act as a custodian for health savings accounts?
- 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 saving accounts?
- 2.4 If yes, please provide the balance of the funds administered as of the reporting date.

Yes No 0
\$ Yes No 0

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 Reinsurer	8 Certified Reinsurer Rating (1 through 6)	9 Effective Date of Certified Reinsurer Rating
			NONE					

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

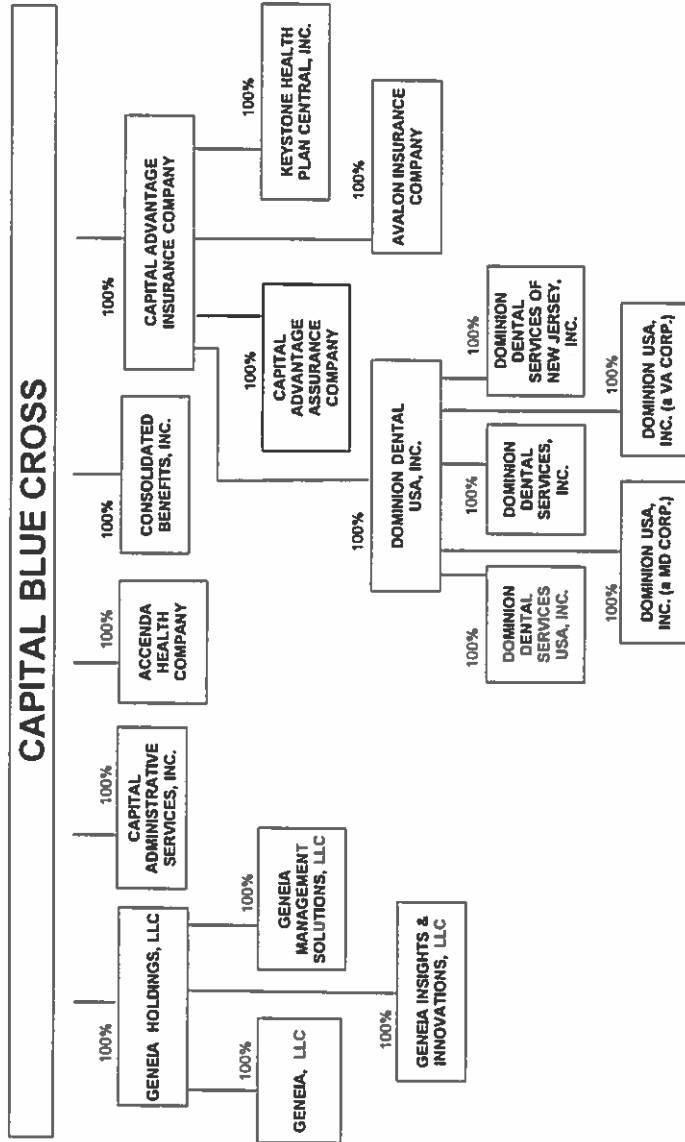
Current Year to Date - Allocated by States and Territories

	State, Etc.	1 Active Status	Direct Business Only						9 Deposit-Type Contracts
			2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/ Casualty Premiums	
1.	Alabama (AL)	N							
2.	Alaska (AK)	N							
3.	Arizona (AZ)	N							
4.	Arkansas (AR)	N							
5.	California (CA)	N							
6.	Colorado (CO)	N							
7.	Connecticut (CT)	N							
8.	Delaware (DE)	N							
9.	District of Columbia (DC)	N							
10.	Florida (FL)	N							
11.	Georgia (GA)	N							
12.	Hawaii (HI)	N							
13.	Idaho (ID)	N							
14.	Illinois (IL)	N							
15.	Indiana (IN)	N							
16.	Iowa (IA)	N							
17.	Kansas (KS)	N							
18.	Kentucky (KY)	N							
19.	Louisiana (LA)	N							
20.	Maine (ME)	N							
21.	Maryland (MD)	N							
22.	Massachusetts (MA)	N							
23.	Michigan (MI)	N							
24.	Minnesota (MN)	N							
25.	Mississippi (MS)	N							
26.	Missouri (MO)	N							
27.	Montana (MT)	N							
28.	Nebraska (NE)	N							
29.	Nevada (NV)	N							
30.	New Hampshire (NH)	N							
31.	New Jersey (NJ)	N							
32.	New Mexico (NM)	N							
33.	New York (NY)	N							
34.	North Carolina (NC)	N							
35.	North Dakota (ND)	N							
36.	Ohio (OH)	N							
37.	Oklahoma (OK)	N							
38.	Oregon (OR)	N							
39.	Pennsylvania (PA)	L	7,844,687			65,390,833		73,235,520	
40.	Rhode Island (RI)	N							
41.	South Carolina (SC)	N							
42.	South Dakota (SD)	N							
43.	Tennessee (TN)	N							
44.	Texas (TX)	N							
45.	Utah (UT)	N							
46.	Vermont (VT)	N							
47.	Virginia (VA)	N							
48.	Washington (WA)	N							
49.	West Virginia (WV)	N							
50.	Wisconsin (WI)	N							
51.	Wyoming (WY)	N							
52.	American Samoa (AS)	N							
53.	Guam (GU)	N							
54.	Puerto Rico (PR)	N							
55.	U.S. Virgin Islands (VI)	N							
56.	Northern Mariana Islands (MP)	N							
57.	Canada (CAN)	N							
58.	Aggregate other alien (OT)	X X X							
59.	Subtotal	X X X	7,844,687			65,390,833		73,235,520	
60.	Reporting entity contributions for Employee Benefit Plans	X X X							
61.	Total (Direct Business)	(a)	7,844,687			65,390,833		73,235,520	
DETAILS OF WRITE-INS									
58001.		X X X							
58002.		X X X							
58003.		X X X							
58998.	Summary of remaining write-ins for Line 58 from overflow page	X X X							
58999.	TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X							

(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.

(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



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

	<u>FEDERAL EMPLOYERS IDENTIFICATION NUMBER</u>	<u>NAIC COMPANY CODES</u>	<u>STATE OF DOMICILE</u>
Accenda Health Company, Inc.	47-5534901	N/A	PA
Avakon Insurance Company, Inc.	76-0801692	12358	PA
Capital Blue Cross, Inc.	23-0455154	54720	PA
Consolidated Benefits, Inc.	23-2398941	N/A	PA
Capital Administrative Services, Inc.	25-1576904	N/A	PA
Capital Advantage Assurance Company, Inc.	45-5492167	14411	PA
Capital Advantage Insurance Company, Inc.	23-2195219	41203	PA
Keystone Health Plan Central, Inc.	23-2398945	95199	PA
Dominion USA, Inc. (a MD Corp.)	52-2006071	52040	MD
Dominion USA, Inc. (a VA Corp.)	52-2016912	95713	VA
Dominion Dental USA, Inc.	54-1922626	N/A	DE
Dominion Dental Services USA, Inc.	54-1991050	N/A	VA
Dominion Dental Services, Inc.	54-1808292	95657	VA
Dominion Dental Services of New Jersey, Inc.	54-1980569	N/A	NJ
Geneia Holdings, LLC	45-5497527	N/A	DE
Geneia, LLC	90-0860445	N/A	DE
Geneia Management Solutions, LLC	32-0419506	N/A	DE
Geneia Insights & Innovations, LLC	30-0801489	N/A	DE

SCHEDULE Y
PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	ID Number	FEDERAL RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	Ownership Percentage	Ultimate Controlling Entity(ies) / Person(s)	
1230	Capital Blue Cross	12358	76-0801682				Avlon Insurance Company	PA	UIP	Capital Advantage Insurance Company	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	95198	23-2399845				Keystone Health Plan Central, Inc.	PA	UIP	Capital Advantage Insurance Company	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	14411	45-5492167				Capital Advantage Assurance Company	PA	UIP	Capital Advantage Insurance Company	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	54-1922626				Dominion Dental USA, Inc.	DE	UIP	Capital Advantage Insurance Company	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	54-1991050				Dominion Dental Services USA, Inc.	VA	UIP	Dominion Dental USA, Inc.	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	95657	54-1808292				Dominion Dental Services, Inc.	VA	UIP	Dominion Dental USA, Inc.	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	54-1980569				Dominion Dental Services, Inc.	VA	UIP	Dominion Dental USA, Inc.	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	52-2006071				Dominion Dental Services of New Jersey, Inc.	NJ	UIP	Dominion Dental USA, Inc.	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	52-2016912				Dominion USA, Inc. (a MD Corp.)	MD	UIP	Dominion Dental USA, Inc.	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	41203	23-2195219				Dominion USA, Inc. (a VA Corp.)	VA	UIP	Dominion Dental USA, Inc.	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	25-1578904				Capital Advantage Insurance Company	PA	UDP	Capital Blue Cross	Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	47-5534901				Capital Administrative Services, Inc.	PA	UDP	Capital Blue Cross	Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	23-2398941				Ascenda Health Company, Inc.	PA	UDP	Capital Blue Cross	Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	45-5497527				Consolidated Benefits, Inc.	PA	UDP	Capital Blue Cross	Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	90-0860445				Geneia Holdings LLC	DE	UDP	Capital Blue Cross	Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	32-0419506				Geneia LLC	DE	UDP	Geneia Holdings, LLC	Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	30-08011489				Geneia Management Solutions LLC	DE	UDP	Geneia Holdings, LLC	Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	54720	23-0455154				Geneia Insights and Innovations LLC	DE	UDP	Geneia Holdings, LLC	Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross						Capital Blue Cross	PA	UDP	Geneia Holdings, LLC	Management	100.0	Capital Blue Cross	

Explanation

Aslerisk
0000001

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

RESPONSE

No

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

Explanations:

Bar Codes:



OVERFLOW PAGE FOR WRITE-INS

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1197. Summary of remaining write-ins for Line 11 (Lines 1104 through 1196)				
2504. Advance Deposits	420,841		420,841	432,976
2505. Deferred Pending Tax Receivable	52,450		52,450	52,450
2597. Summary of remaining write-ins for Line 25 (Lines 2504 through 2596)	473,291		473,291	485,426

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2304. Abandoned Property	35,968		35,968	35,962
2397. Summary of remaining write-ins for Line 23 (Lines 2304 through 2396)	35,968		35,968	35,962
2597. Summary of remaining write-ins for Line 25 (Lines 2504 through 2596)	X X X	X X X		
3097. Summary of remaining write-ins for Line 30 (Lines 3004 through 3096)	X X X	X X X		

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	31,866,638	30,781,025
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition	5,931	2,927,832
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other-than-temporary impairment recognized		
8. Deduct current year's depreciation	505,438	1,842,219
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)	31,367,131	31,866,638
10. Deduct total nonadmitted amounts	2,158,067	2,174,497
11. Statement value at end of current period (Line 9 minus Line 10)	29,209,064	29,692,141

SCHEDULE B - VERIFICATION

Mortgage Loans

	1	2
	Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest point		
9. Total foreign exchange change in book value/recorded investment		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	183,222,487	162,127,080
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition	5,034,606	72,953,128
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	(3,778,834)	(26,857,721)
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals	2,425,630	25,000,000
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)	182,052,629	183,222,487
12. Deduct total nonadmitted amounts	5,883,630	4,959,750
13. Statement value at end of current period (Line 11 minus Line 12)	176,168,999	178,262,737

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	656,456,000	728,982,849
2. Cost of bonds and stocks acquired	28,715,861	116,031,186
3. Accrual of discount	37,515	397,124
4. Unrealized valuation increase (decrease)	(36,438,646)	(73,553,021)
5. Total gain (loss) on disposals	788,880	7,929,439
6. Deduct consideration for bonds and stocks disposed of	21,358,343	121,303,764
7. Deduct amortization of premium	422,788	1,369,265
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		658,548
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	627,778,479	656,456,000
11. Deduct total nonadmitted amounts	100,000	100,000
12. Statement value at end of current period (Line 10 minus Line 11)	627,678,479	656,356,000

SCHEDULE D - PART 1B
Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

	1	2	3	4	5	6	7	8
NAIC Designation	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a)	173,903,105	41,148,957	32,941,499	(289,224)	181,821,339			173,903,105
2. NAIC 2 (a)	125,665,327	5,902,673	8,206,385	(1,404,485)	121,955,130			125,665,327
3. NAIC 3 (a)	4,924,323		2,634,873	3,104,770	5,394,220			4,924,323
4. NAIC 4 (a)	1,470,242			(990,242)	480,000			1,470,242
5. NAIC 5 (a)								
6. NAIC 6 (a)								
7. Total Bonds	305,962,997	47,051,629	43,784,757	420,819	309,650,689			305,962,997
PREFERRED STOCK								
8. NAIC 1								
9. NAIC 2								
10. NAIC 3								
11. NAIC 4								
12. NAIC 5								
13. NAIC 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	305,962,997	47,051,629	43,784,757	420,819	309,650,689			305,962,997

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....; NAIC 2 \$.....; NAIC 3 \$.....; NAIC 4 \$.....; NAIC 5 \$.....; NAIC 6 \$.....;0

SCHEDULE DA - PART 1**Short - Term Investments**

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999 Totals	14,206,160	X X X	14,206,160	4,959	

SCHEDULE DA - Verification**Short-Term Investments**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	17,990,029	42,886,106
2. Cost of short-term investments acquired	22,592,456	6,011,942
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	(56)	
6. Deduct consideration received on disposals	26,373,208	30,900,618
7. Deduct amortization of premium	3,061	7,401
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	14,206,160	17,990,029
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	14,206,160	17,990,029

SI04 Schedule DB - Part A Verification NONE

SI04 Schedule DB - Part B Verification NONE

SI05 Schedule DB Part C Section 1 NONE

SI06 Schedule DB Part C Section 2 NONE

SI07 Schedule DB - Verification NONE

SI08 Schedule E - Verification (Cash Equivalents) NONE

SCHEDULE A - PART 2

Showing all Real Estate Acquired and Additions Made During the Current Quarter

1	2 Location			4	5	6	7	8	9
	1	2	3						
Description of Property	City	State	Date Acquired	Name of Vendor	Actual Cost at Time of Acquisition	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Additional Investment Made After Acquisition	
Acquired by Purchase Capital Blue Cross	Harrisburg	PA	03/31/2016	Various				5,931	
0199999 Subtotal - Acquired by Purchase								5,931	
0399999 Totals								5,931	

SCHEDULE A - PART 3

Showing All Real Estate Disposed During the Quarter, Including Payments During the Final Year on "Sales Under Contract"

1	2 Location			4	5	6	7	8	9	10	11	12	13	14	15	17	18	19	20					
	1	2	3																					
Description of Property	City	State	Disposal Date	Name of Purchaser	Actual Cost	Expended for Additions, Permanent Improvements and Changes in Encumbrances	Book/Adjusted Carrying Value Less Encumbrances Prior Year	Current Year's Depreciation	Current Year's Other Than Temporary Impairment Recognized	Current Year's Change in Encumbrances	Total Change in BIA C.V. (11 - 9 - 10)	Total Foreign Exchange Change in BIA C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Amounts Received During Year	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Gross Income Earned Less Interest Incurred on Encumbrances	Taxes, Repairs and Expenses Incurred					
									NONE															
0399999 Totals																								

SCHEDULE B - PART 2
Showing All Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Quarter

1	2	3	4	5	6	7	8	9
Loan Number	City	State	Loan Type	Date Acquired	Rate of Interest	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Value of Land and Buildings
NONE								
3399999 Total Mortgages (sum of Lines 0899999, 1699999, 2499999 and 3299999)								

SCHEDULE B - PART 3
Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Loan Number	City	State	Loan Type	Date Acquired	Disposal Date	Book Value/Recorded Investment Excluding Accrued Interest Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Amortization)/ Accrual	Current Year's Other: (Temporary Impairment) (Recognized)	Capitalized Deferred Interest and Other	Total Change in Book Value (8-14) (12-11)	Total Foreign Exchange Change in Book Value	Book Value/Recorded Investment Excluding Accrued Interest on Disposal	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	
NONE																	

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets Acquired and Additions Made During the Current Quarter

1 CUSIP Identification	2 Name or Description	3 Location		5 Name of Vendor or General Partner	6 NAIC Designation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made After Acquisition	11 Amount of Encumbrances/Additional Investment	12 Commitment for	13 Percentage of Ownership
		City	State									
Joint Venture - Common Stock - Unaffiliated	BlueCross BlueShield Venture Pms. III L.P. Chicago	IL	Chicago	BlueCross BlueShield Venture, Inc.		03/18/2016	1	34,606				XX X
1599999 Subtotal - Joint Venture - Common Stock - Unaffiliated								34,606				XX X
Joint Venture - Common Stock - Affiliated	Genesys Holdings, Inc. Wilmington	DE	Wilmington	Internal Transfer		06/25/2012	1	10,000,000	5,000,000			100.000
1699999 Subtotal - Joint Venture - Common Stock - Affiliated								10,000,000	5,000,000			XX X
4599999 Total - Unaffiliated								34,606				XX X
4599999 Total - Affiliated								10,000,000	5,000,000			XX X
4599999 TOTALS								10,034,606	5,000,000			XX X

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets Disposed, Transferred or Repaid During the Current Quarter

1 CUSIP Identification	2 Name or Description	3 Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/Adjusted Value Less Encumbrances, Prior Year	9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation or Amortization) Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B.I.A.C.V.	14 Total Foreign Exchange Change in B.I.A.C.V.	15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income		
		City	State																		
Joint Venture - Common Stock - Unaffiliated	BlueCross BlueShield Venture Pms L.P. Chicago	IL	Chicago	Realized Profits	01/01/2011	03/16/2016														2,408,519	
1599999 Subtotal - Joint Venture - Common Stock - Unaffiliated																					2,408,519
4199999 Total - Unaffiliated																					2,408,519
4599999 Total - Affiliated																					2,425,030
4599999 TOTALS																					2,425,030

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	MAIC Designation or Market Indicator (e)
Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
272659PS6	EAST HAMPTON CONN		01/13/2016	PERSHING LLC	X X X	655,688	650,000	1,329	IFE
24959599 Subtotal	Bonds - U.S. Political Subdivisions of States, Territories and Possessions				X X X	655,688	650,000	1,329	X X X
Bonds - U.S. Special Revenue, Special Assessment									
271371XC5	EAST CAROLINA UNIV N C UNIV REV		01/13/2016	PERSHING LLC	X X X	513,780	500,000		IFE
341271AA2	FLORIDA ST BRD ADMIN FIN CORP REV		02/23/2016	FT FINANCIAL SECURITIES INC.	X X X	800,000	800,000		IFE
4424354X8	HOUSTON TEX UTIL SYS REV		02/03/2016	FT FINANCIAL SECURITIES INC.	X X X	521,745	495,000	3,336	IFE
842477TV3	SOUTHERN CALIF PUB PWR AUTH TRANSMISSION		02/12/2016	CITIGROUP GLOBAL MARKETS INC.	X X X	127,253	125,000	331	IFE
91412GQB4	UNIVERSITY CALIF REVS		02/03/2016	FTN FINANCIAL SECURITIES	X X X	506,620	500,000	2,300	IFE
3199999 Subtotal	Bonds - U.S. Special Revenue, Special Assessment				X X X	2,469,397	2,470,000	5,967	X X X
Bonds - Industrial and Miscellaneous (Unaffiliated)									
00206RDC3	AT&T INC		03/21/2016	NON-BROKER TRADE, BOSTON	X X X	630,700	600,000	12,608	2FE
03783JBS8	APPLE INC		02/16/2016	JP MORGAN SECURITIES INC.	X X X	934,336	935,000		IFE
05531FAQ6	BB&T CORP		03/29/2016	BARCLAYS CAPITAL INC, NEW YORK	X X X	1,423,408	1,400,000	5,250	IFE
06051GFU8	BANK OF AMERICA CORP		02/29/2016	MERRILL LYNCH PIERCE FENNER	X X X	550,000	550,000		2FE
06738EANS	BARCLAYS PLC		01/05/2016	BARCLAYS CAPITAL INC, NEW YORK	X X X	597,072	600,000		2FE
084664BL4	BERKSHIRE HATHAWAY FINANCE CORP		03/29/2016	WELLS FARGO ADVISORS LLC	X X X	535,543	425,000	5,159	IFE
172567KB6	CITIGROUP INC		01/04/2016	{CHARLOTTE, NC}	X X X	1,312,661	1,320,000	6,899	2FE
20030NBE0	COMCAST CORP		02/09/2016	{CREDIT SUISSE, NEW YORK}	X X X	541,252	520,000	1,814	IFE
20030NBS9	COMCAST CORP		02/16/2016	BARCLAYS CAPITAL INC, NEW YORK	X X X	558,947	560,000		IFE
26207YAD3	ABS - DBART-16A-A3	R	01/21/2016	JP MORGAN SECURITIES INC.	X X X	1,379,893	1,380,000		IFE
29364DAU4	ENTERGY ARKANSAS INC		01/05/2016	Goldman Sachs	X X X	348,049	350,000		IFE
30231GAP7	EXXON MOBIL CORP		03/01/2016	Goldman Sachs	X X X	801,440	800,000	38	IFE
34530UAA9	ABS - FCAOT-16REV1-A		02/23/2016	MERRILL LYNCH PIERCE FENNER	X X X	734,800	735,000		IFE
345397V77	FORD MOTOR CREDIT CO LLC		01/12/2016	WELLS FARGO ADVISORS LLC	X X X	789,218	750,000	6,250	2FE
36250UAD6	ABS - GMFALT-161-A3		02/18/2016	{CHARLOTTE, NC}	X X X	1,074,968	1,075,000		IFE
36962G3P7	GENERAL ELECTRIC CAPITAL CORP		02/17/2016	JP MORGAN SECURITIES INC.	X X X	803,894	650,000	4,031	IFE
375558BD4	GILEAD SCIENCES INC		03/29/2016	BARCLAYS CAPITAL INC, NEW YORK	X X X	403,121	365,000	1,445	IFE
39141GGO1	GOLDMAN SACHS GROUP INC		01/04/2016	US BANCORP INVESTMENTS INC.	X X X	1,331,880	1,200,000	28,000	IFE
454889AC9	INDIANA MICHIGAN POWER CO		02/29/2016	CREDIT SUISSE, NEW YORK	X X X	418,559	420,000		2FE
459200JE2	INTERNATIONAL BUSINESS MACHINES CORP		02/16/2016	{CREDIT SUISSE, NEW YORK}	X X X	784,678	785,000		IFE
456254OJ2	JPMORGAN CHASE & CO		02/25/2016	JP MORGAN SECURITIES INC.	X X X	679,450	680,000		IFE
594918B05	MICROSOFT CORP		02/08/2016	RBC CAPITAL MARKETS	X X X	414,229	440,000	8,204	IFE
639468AD2	NBC UNIVERSAL INC		01/04/2016	US BANCORP INVESTMENTS INC.	X X X	794,795	710,000	6,805	IFE
65122SAR6	NEWELL RUBBERMAID INC		03/18/2016	Goldman Sachs	X X X	289,455	270,000		2FE
67103RAE7	ORACLE CORP		03/01/2016	US BANCORP	X X X	811,397	240,000		2FE
68389XB1F	OREBILLY AUTOMOTIVE INC		02/05/2016	Citigroup (SSB)	X X X	1,214,172	1,200,000	8,473	IFE
713448DC9	PEPSICO INC		02/18/2016	BARCLAYS CAPITAL INC, NEW YORK	X X X	819,172	820,000	9,245	2FE
80281YAD7	SANTANDER UK GROUP HOLDINGS PLC	R	01/05/2016	RBC CAPITAL MARKETS	X X X	268,240	270,000		IFE
863667AN1	STRYKER CORP		03/03/2016	JP MORGAN SECURITIES INC.	X X X	964,864	965,000		IFE
89236TCJ7	TOYOTA MOTOR CREDIT CORP	R	02/16/2016	Citigroup (SSB)	X X X	527,468	515,000	5,044	IFE
931142D03	WAL-MART STORES INC		01/17/2016	Goldman Sachs	X X X	27,966,764	22,400,000	105,265	X X X
3099999 Subtotal	Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	26,091,849	25,470,000	116,561	X X X
8399997 Subtotal	Bonds - Part 3				X X X	X X X	X X X	X X X	X X X
8399998 Subtotal	Summary Item from Part 5 for Bonds (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X

STATEMENT AS OF March 31, 2016 OF THE Capital Blue Cross

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (e)
8399999 Subtotal - Bonds					X X X	X X X	25,470,000	116,561	X X X
8999998 Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)					X X X	X X X			X X X
Common Stocks - Industrial and Miscellaneous (Unaffiliated)									
012423109	ALBANY MOLECULAR RESEARCH ORD		03/02/2016	VARIOUS	2,600,000	39,986	X X X		L
030711100	AMERSAFE ORD		02/26/2016	VARIOUS	3,500,000	175,709	X X X		L
057665200	BALCHEM ORD		03/08/2016	KING (CL) & ASSOCIATES	700,000	42,620	X X X		L
067606109	BARNES GROUP ORD		03/31/2016	VARIOUS	3,200,000	109,004	X X X		L
122017106	BURLINGTON STORES ORD		02/17/2016	VARIOUS	5,600,000	267,360	X X X		L
144577103	CARRIZO OIL AND GAS ORD		01/19/2016	RAYMOND JAMES & ASSOCIATES	1,200,000	24,547	X X X		L
21871D103	CORELOGIC ORD		03/31/2016	VARIOUS	2,630,000	90,513	X X X		L
21925Y103	CORNERSTONE ONDEMAND ORD		02/18/2016	VARIOUS	3,360,000	84,109	X X X		L
222795106	COUSINS PROPERTIES REIT		02/11/2016	Paper Jeffrey Co.	4,200,000	33,175	X X X		L
28265S106	ENDOLOGX ORD		02/26/2016	SUNTRUST CAPITAL MARKETS, INC.	1,700,000	14,442	X X X		L
360271100	FULTON FINANCIAL ORD		01/22/2016	VARIOUS	900,000	11,066	X X X		L
36237H101	GIII APPAREL GROUP ORD		03/22/2016	KING (CL) & ASSOCIATES	3,000,000	138,359	X X X		L
39890S109	GROUP 1 AUTOMOTIVE ORD		02/12/2016	VARIOUS	1,000,000	49,737	X X X		L
40425101	HMS HOLDINGS ORD		03/04/2016	VARIOUS	1,400,000	19,821	X X X		L
453298109	INC RESEARCH HOLDINGS CL A ORD		03/29/2016	VARIOUS	7,700,000	318,370	X X X		L
537008104	LITTELFUSE ORD		01/14/2016	VARIOUS	500,000	49,017	X X X		L
585028106	MEDVAX ORD		03/07/2016	COWEN AND COMPANY, LLC	3,100,000	32,010	X X X		L
727493108	PLANTRONICS ORD		01/21/2016	VARIOUS	800,000	132,673	X X X		L
742962103	PRIVATEBANCORP ORD		02/11/2016	SANDLER O'NEILL & PARTNERS, LP	2,800,000	25,959	X X X		L
74955L101	RJ LOGGING REIT		02/16/2016	VARIOUS	900,000	36,105	X X X		L
754730109	RAYMOND JAMES ORD		02/11/2016	KEEFE BRUYETTE & WOODS INC	1,100,000	20,889	X X X		L
756054109	REALPAGE ORD		02/23/2016	VARIOUS	4,400,000	109,094	X X X		L
759916109	REPLIGEN ORD		03/28/2016	VARIOUS	2,800,000	40,443	X X X		L
76122Q105	RESOURCES CONNECTION ORD		01/07/2016	VARIOUS	2,100,000	104,899	X X X		L
78467J100	SS AND C TECHNOLOGIES HOLDINGS ORD		02/12/2016	VARIOUS	800,000	73,588	X X X		L
816850101	SVB FINANCIAL GROUP ORD		02/18/2016	VARIOUS	2,600,000	55,091	X X X		L
81725T100	SENIENT TECH ORD		03/04/2016	OPPENHEIMER & CO. INC.	400,000	22,464	X X X		L
84721S100	SPARTANASH ORD		01/15/2016	RAYMOND JAMES & ASSOCIATES	1,700,000	63,852	X X X		L
87817A107	TEAM HEALTH HOLDINGS ORD		02/25/2016	Stephens Inc.	600,000	47,218	X X X		L
879360105	TELEDYNE TECH ORD		02/23/2016	MORGAN STANLEY CO	1,700,000	600,000	X X X		L
92342Y109	VERIFONE SYSTEMS ORD		02/18/2016	VARIOUS	7,700,000	172,871	X X X		L
952355204	WEST ORD		03/16/2016	WELLS FARGO ADVISORS LLC (CHARLOTTE, NC)	1,400,000	30,905	X X X		L
980745103	WOODWARD ORD		01/08/2016	Stephens Inc.	1,200,000	56,276	X X X		L
989207105	ZEBRA TECHNOLOGIES CL A ORD		01/07/2016	RAYMOND JAMES & ASSOCIATES	900,000	53,910	X X X		L
9099999 Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated)					X X X	2,623,275	X X X		X X X
Common Stocks - Money Market Mutual Funds									
000000000	Metro Business Premier Money Market			Direct	737,490	737	X X X		Y
9399999 Subtotal - Common Stocks - Money Market Mutual Funds			03/31/2016		X X X	737	X X X		X X X
9799997 Subtotal - Common Stocks - Part 3					X X X	2,624,012	X X X		X X X
9799998 Summary Item from Part 5 for Common Stocks (N/A to Quarterly)					X X X	X X X	X X X		X X X
9799999 Subtotal - Common Stocks					X X X	2,624,012	X X X		X X X
9999999 Subtotal - Preferred and Common Stocks					X X X	2,624,012	X X X		X X X
9999999 Total - Bonds, Preferred and Common Stocks					X X X	28,715,861	X X X	116,561	X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues 0

SCHEDULE D - PART 4
Show All Long-Term Bonds and Stocks Sold, Redeemed or Otherwise Disposed of
During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Disposition	Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B.I.A.C.V. (11 - 12 - 13)	Total Foreign Exchange Change in B.I.A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
9106698C1	MEXICO (UNITED MEXICAN STATES) GOVERNMENT	R	02/29/2018	PERSHING LLC	XXX	1,466,770	1,474,000	1,461,006	1,461,006	(659)	(659)		(659)		1,460,470	6,300	6,300	23,982	23,982	10/02/2023	2FE
130339973	CALEFORNIA STATE BONDS - U.S. States, Territories and Possessions	R	02/01/2018	Maturity	XXX	350,000	350,000	350,034	350,034	(34)	(34)		(34)		350,000			1,838	1,838	02/01/2018	1FE
1199999 Subst	U.S. States, Territories and Possessions	R			XXX	350,000	350,000	350,034	350,034	(34)	(34)		(34)		350,000			1,838	1,838	02/01/2018	1FE
04182E1	ARLINGTON TEX IMPRT SCH DIST	R	02/19/2018	Gas Group Inc Purchasing	XXX	448,219	445,000	445,000	445,000						445,000	1,919	1,919	2,319	2,319	02/15/2017	1FE
2499999 Subst	U.S. Political Subdivisions of States, Territories and Possessions	R			XXX	448,219	445,000	445,000	445,000						445,000	1,919	1,919	2,319	2,319	02/15/2017	1FE
11120V4B9	WELLS FARGO BOND	R	03/29/2018	Wells Fargo	XXX	1,334,237	1,330,000	1,330,000	1,330,000						1,330,000	4,237	4,237	9,894	9,894	XXX	XXX
9106698C1	MASSACHUSETTS ST PORT AUTH SPL	R	01/06/2018	Maturity	XXX	1,000,000	1,000,000	1,056,000	1,000,000						1,000,000			27,500	27,500	01/01/2018	Z
3199999 Subst	U.S. Special Revenue - Special Assessment	R			XXX	1,000,000	1,000,000	1,056,000	1,000,000						1,000,000			27,500	27,500	01/01/2018	Z
0004048	ABN AMRO BANK N V B R C P H O L	R	03/09/2018	PERSHING LLC	XXX	511,870	500,000	518,350	518,350	(3,079)	(3,079)		(3,079)		510,311	1,549	1,549	14,106	14,106	02/02/2017	1FE
0012083	ABN AMRO BANK N V B R C P H O L	R	03/09/2018	BALFOUR BEATTY W & CO INC	XXX	844,750	775,000	794,375	794,375	57,817	(2,500)		55,117		849,882	(4,142)	(4,142)	40,168	40,168	07/01/2021	2FE
02787F55	ABBVIE INC	R	01/17/2018	JEFFERIES - CO BOND	XXX	532,304	535,000	533,846	534,009		12		12		534,020	(1,716)	(1,716)	3,004	3,004	11/09/2022	2FE
01172R4B	BANGLAYS BANK PLC	R	03/01/2018	MOY BROKER TRADE	XXX	528,738	465,000	538,871	538,871	(3,772)	(3,772)		(3,772)		529,648	(1,111)	(1,111)	9,543	9,543	05/22/2019	1FE
10513K4A2	BBA1 CORPORATION	R	03/01/2018	MORGAN STANLEY CO	XXX	465,000	465,000	531,875	531,875	101	101		101		531,875	(6,529)	(6,529)	13,119	13,119	08/01/2023	2FE
11120V4B9	BRAUNER OPERATORS PARTNERSHIP	R	03/29/2018	PERSHING LLC	XXX	1,431,337	1,405,000	1,399,002	1,399,002	2,163	2,163		2,163		1,421,265	30,473	30,473	43,028	43,028	09/15/2018	1FE
12543D4A4	COMMUNITY HEALTH SYSTEMS INC	R	02/17/2018	Norman	XXX	183,725	175,000	173,701	173,701		31		31		173,732	(10,607)	(10,607)	3,917	3,917	08/15/2022	2FE
15182A1A	ABS - CFL-112-A	R	03/07/2018	DEUTSCHE BK SECS INC.	XXX	800,000	800,000	800,000	800,000	(804)	(804)		(804)		818,872	(11,872)	(11,872)	27,875	27,875	08/01/2021	2FE
25458R8L8	DIRECTV HOLDINGS LLC	R	02/17/2018	DRYDEN WOODS	XXX	70,346	70,346	70,366	70,366						70,346			191	191	04/07/2024	1FE
26884A41	EPF OPERATING LP	R	02/01/2018	MOY BROKER TRADE	XXX	639,300	600,000	597,332	597,332		91		91		597,423	41,877	41,877	13,808	13,808	04/01/2021	2FE
26305B6E3	ET Prime Mutual Gas Company	R	02/21/2018	BOSTON	XXX	627,774	671,000	619,890	619,890	2,860	2,860		2,860		622,750	70,024	70,024	30,202	30,202	06/15/2017	2FE
29358QAA1	ENSCO PLC	R	02/18/2018	James Financial	XXX	465,000	465,000	75,315	75,315		2		2		75,315	2,343	2,343	2,188	2,188	11/15/2026	2FE
30013QAE7	ABS - CHF ALT 142 A3	R	02/22/2018	J.P. MORGAN SECURITIES INC	XXX	352,339	665,000	660,963	660,963	(7)	(7)		(7)		650,372	(254,034)	(254,034)	11,993	11,993	03/15/2021	2FE
44841B444	HITCHCOCK WAMPORA FINANCE (B)	R	01/20/2018	MORGAN STANLEY CO	XXX	530,851	475,000	472,256	472,256		36		36		614,960	(183)	(183)	1,464	1,464	01/22/2018	1FE
44841PA3	HITCHCOCK WAMPORA INTERNATIONAL LTD	R	01/20/2018	MORGAN STANLEY CO	XXX	298,488	250,000	249,871	249,871		17		17		249,838	40,850	40,850	5,613	5,613	04/09/2019	1FE
4545508F7	NUBER MORGAN ENERGY PARTNERS	R	03/01/2018	RBC CAPITAL MARKETS	XXX	140,994	150,000	149,648	149,648		21		21		149,648	(3,994)	(3,994)	6,546	6,546	08/05/2040	2FE
50275H9B	LP FIDUCIARY INC	R	02/08/2018	Maturity	XXX	1,050,000	1,050,000	1,148,317	1,050,000	(2,618)	(2,618)		(2,618)		1,050,000			21,856	21,856	08/05/2040	2FE
50155QAC2	MESSAN CORP	R	02/18/2018	WELLS FARGO ADVISORS	XXX	400,000	400,000	396,644	399,927		73		73		400,000			6,500	6,500	03/01/2018	2FE
63048QAD7	MBC UNIVERSAL INC	R	02/26/2018	WELLS FARGO ADVISORS LLC (CHARLOTTE, NC)	XXX	795,903	710,000	704,795	704,795		33		33		702,578	3,325	3,325	11,871	11,871	04/09/2020	2FE
70415AL3	POST APARTMENT HOMES LP	R	02/26/2018	WELLS FARGO ADVISORS LLC (CHARLOTTE, NC)	XXX	519,267	520,000	519,851	519,851		6		6		519,877	(630)	(630)	4,438	4,438	12/01/2020	2FE
780099C5	ROYAL BANK OF SCOTLAND GROUP PLC	R	03/02/2018	PERSHING LLC	XXX	418,771	395,000	394,764	394,764		15		15		394,779	21,482	21,482	7,325	7,325	12/15/2022	2FE
7917408J9	SAH DIE GO GAS & ELECTRIC CO	R	01/11/2018	DEUTSCHE BK SECS INC.	XXX	284,320	275,000	274,965	274,965		2		2		274,981	60,378	60,378	1,613	1,613	08/01/2028	1FE
8108510P4	SEMPRA ENERGY	R	02/19/2018	WARIOUS	XXX	247,898	250,000	247,898	247,898		19		19		248,002	28,282	28,282	5,301	5,301	03/15/2028	2FE
81081N4W9	SEMPRA ENERGY	R	01/27/2018	DEUTSCHE BK SECS INC.	XXX	483,434	475,000	474,651	474,651		10		10		474,663	(11,229)	(11,229)	4,291	4,291	03/15/2020	2FE

**SCHEDULE D - PART 4
Show All Long-Term Bonds and Stocks Sold, Redeemed or Otherwise Disposed of
During the Current Quarter**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Form	Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (e)
130094107	APPLIED INDUSTRIAL TECHNOLOGIES	R	03/07/2016	DAVIDSON (DA) CO INC	2,800,000	195,111	XXX	75,098	133,372	(38,274)			(38,274)	(147,476)	75,098	XXX	30,012	30,012	XXX	XXX	L
9999999	Subtotal - Industrial and Miscellaneous (Unaffiliated)	R			31,885,000	755,134	XXX	628,401	758,829	(147,476)			(147,476)	XXX	628,401	XXX	147,033	147,033	XXX	XXX	L
000031010	Blackboard	R	02/25/2016	SALIS STREET BROKERAGE	1,900,000	114,824	XXX	44,274	124,134	(80,410)			(80,410)	XXX	44,274	XXX	69,559	69,559	XXX	XXX	L
111784108	BRUKER	R	02/25/2016	VARIOUS	2,000,000	57,298	XXX	39,315	175,207	(134,777)			(134,777)	XXX	39,315	XXX	17,993	17,993	XXX	XXX	L
224101106	CSG SYSTEMS INTERNATIONAL	R	03/01/2016	VARIOUS	5,800,000	253,022	XXX	173,207	284,664	(111,462)			(111,462)	XXX	173,207	XXX	77,815	77,815	XXX	XXX	L
228891109	STORE BRANDS	R	03/27/2016	VARIOUS	1,000,000	143,880	XXX	49,207	128,830	(77,629)			(77,629)	XXX	49,207	XXX	100,653	100,653	XXX	XXX	L
200341103	EVER-HOLDINGS	R	03/17/2016	VARIOUS	1,100,000	59,559	XXX	63,729	64,000	(2,271)			(2,271)	XXX	63,729	XXX	(4,172)	(4,172)	XXX	XXX	L
395259104	GREEFPALM	R	01/20/2016	VARIOUS	64,345,000	140,644	XXX	37,043	253,055	86,370			86,370	XXX	324,087	XXX	(184,039)	(184,039)	XXX	XXX	L
458211109	BERGABAHR	R	01/20/2016	VARIOUS	8,175,000	166,103	XXX	81,077	102,000	(20,923)			(20,923)	XXX	81,077	XXX	5,028	5,028	XXX	XXX	L
451101105	LACORP	R	03/25/2016	VARIOUS	1,500,000	103,298	XXX	40,114	102,000	(61,887)			(61,887)	XXX	40,114	XXX	68,180	68,180	XXX	XXX	L
301882106	LICOR	R	02/25/2016	KIDYBANC CAPITAL	2,200,000	61,265	XXX	17,222	68,149	(65,278)			(65,278)	XXX	17,222	XXX	43,463	43,463	XXX	XXX	L
885154109	PACKAGING CORP OF AMERICA	R	01/15/2016	MARKETS INC	2,200,000	91,461	XXX	130,110	130,110	(37,249)			(37,249)	XXX	51,461	XXX	80,063	80,063	XXX	XXX	L
78471100	SS AND C TECHNOLOGIES HOLDINGS	R	03/17/2016	VARIOUS	3,000,000	184,712	XXX	58,186	209,810	(148,624)			(148,624)	XXX	58,186	XXX	129,086	129,086	XXX	XXX	L
882611109	TELAS ROADHOUSE	R	01/07/2016	VARIOUS	5,300,000	214,854	XXX	133,361	185,541	(52,209)			(52,209)	XXX	133,361	XXX	81,574	81,574	XXX	XXX	L
617054100	KOON	R	03/23/2016	MARKETS INC	3,400,000	245,127	XXX	71,171	284,100	(183,059)			(183,059)	XXX	71,171	XXX	173,952	173,952	XXX	XXX	L
8099999	Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated)	R			XXX	2,842,489	XXX	2,150,705	3,018,938	(866,232)			(866,232)	XXX	2,150,705	XXX	723,089	723,089	XXX	XXX	L
8099999	Subtotal - Common Stocks - Preferred and Common Stocks	R			XXX	2,842,489	XXX	2,150,705	3,018,938	(866,232)			(866,232)	XXX	2,150,705	XXX	723,089	723,089	XXX	XXX	L
8099999	Subtotal - Preferred and Common Stocks	R			XXX	2,842,489	XXX	2,150,705	3,018,938	(866,232)			(866,232)	XXX	2,150,705	XXX	723,089	723,089	XXX	XXX	L
8099999	Total - Preferred and Common Stocks	R			XXX	21,356,343	XXX	20,598,953	29,804,132	(788,139)			(788,139)	XXX	20,800,711	XXX	748,818	748,818	XXX	XXX	L

(b) For all common stock bearing the NAIC market indicator "U" provide the number of such issues 0

E06 Schedule DB Part A Section 1 NONE

E07 Schedule DB Part B Section 1 NONE

E08 Schedule DB Part D Section 1 NONE

E09 Schedule DB Part D Section 2 - Collateral Pledged By Reporting Entity NONE

E09 Schedule DB Part D Section 2 - Collateral Pledged To Reporting Entity NONE

E10 Schedule DL - Part 1 - Securities Lending Collateral Assets NONE

E11 Schedule DL - Part 2 - Securities Lending Collateral Assets NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository		2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
						6 First Month	7 Second Month	8 Third Month	
						open depositories			
M&T Bank	Harrisburg, Pennsylvania					31,965,682	97,940,143	46,257,159	X X X
BNY Mellon	Pittsburgh, Pennsylvania					601,159	4,124,476	4,381,995	X X X
Members 1st Federal Credit Union	Mechanicsburg, Pennsylvania					4,010	4,010	4,452	X X X
PNC Bank	Pittsburgh, Pennsylvania					814,613	1,134,238	851,126	X X X
0199998 Deposits in 0 depositories that do not exceed the allowable limit in any one depository (see Instructions) - open depositories		X X X	X X X						X X X
0199999 Totals - Open Depositories		X X X	X X X			33,385,464	103,202,867	51,494,732	X X X
0299998 Deposits in 0 depositories that do not exceed the allowable limit in any one depository (see Instructions) - suspended depositories		X X X	X X X						X X X
0299999 Totals - Suspended Depositories		X X X	X X X						X X X
0399999 Total Cash On Deposit		X X X	X X X			33,385,464	103,202,867	51,494,732	X X X
0499999 Cash in Company's Office		X X X	X X X	X X X	X X X	800	800	800	X X X
0599999 Total Cash		X X X	X X X			33,386,264	103,203,667	51,495,532	X X X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter							
1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year
NONE							
8659999 Total - Cash Equivalents							



MEDICARE PART D COVERAGE SUPPLEMENT (Net of Reinsurance)

NAIC Group Code: 1230

NAIC Company Code: 54720

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected		X X X		X X X	
2. Earned Premiums		X X X		X X X	X X X
3. Claims Paid		X X X		X X X	
4. Claims Incurred		X X X		X X X	X X X
5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a)	NONE		X X X		
6. Aggregate Policy Reserves - change				X X X	X X X
7. Expenses Paid				X X X	
8. Expenses Incurred		X X X		X X X	X X X
9. Underwriting Gain or Loss		X X X		X X X	X X X
10. Cash Flow Results	X X X	X X X	X X X	X X X	

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$ 0 due from CMS or \$ 0 due to CMS

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**QUARTERLY STATEMENT
OF THE
Capital Blue Cross**

**of
Harrisburg
in the state of
Pennsylvania**

**TO THE
Insurance Department
OF THE STATE OF
Pennsylvania**

**FOR THE QUARTER ENDED
JUNE 30, 2016**

2016

2016



QUARTERLY STATEMENT
AS OF JUNE 30, 2016
OF THE CONDITION AND AFFAIRS OF THE
Capital Blue Cross

NAIC Group Code 1230, 1230 (Current/Prior Period)
NAIC Company Code 54720
Employer's ID Number 23-0455154
Organized under the Laws of Pennsylvania
State of Domicile or Port of Entry Pennsylvania
Country of Domicile United States of America
Licensed as business type: Life, Accident & Health, Dental Service Corporation, Other
Property/Casualty, Vision Service Corporation, Is HMO Federally Qualified?
Hospital, Medical & Dental Service or Indemnity, Health Maintenance Organization
Incorporated/Organized 02/15/1938
Commenced Business 03/01/1938
Statutory Home Office 2500 Elmerton Avenue, Harrisburg, PA, 17177-9799
Main Administrative Office 2500 Elmerton Avenue, Harrisburg, PA, 17177-9799
Mail Address 2500 Elmerton Avenue, Harrisburg, PA, 17177-9799
Primary Location of Books and Records 2500 Elmerton Avenue, Harrisburg, PA, 17177-9799
Internet Web Site Address www.capbluecross.com
Statutory Statement Contact Darlene Lynn Lippert, Darlene.Lippert@capbluecross.com

OFFICERS

Table with 2 columns: Name, Title. Officers include Gary Dean St. Hilaire (President and Chief Executive Officer), Michael Richard Cleary (Senior VP, Treasurer and Chief Financial Officer), Sherry Ellen Baskin (Corporate Secretary), and Rebecca Anne Smith (Assistant Corporate Secretary).

OTHERS

DIRECTORS OR TRUSTEES

- List of names: Marcela Kate Arline, Robert James Dolan, George Stewart Glen, Terry Lee Harris, James Matthew Mead, Stuart Sutphin Paxton Jr., David Neil Shaffer, Kathryn Pelgrin Taylor, Joyce Sheckels Whiteley, Elizabeth Force Carson, Ronald James Dmevich, Robert Leander Gronlund, Mary Diane Koken, Stephen Aloysius Moore, Velma Arlene Redmond, Gary Dean St. Hilaire, Patricia Ann Warehime.

State of Pennsylvania
County of Dauphin 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.

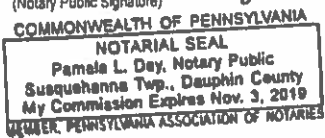
Signatures and printed names of Gary Dean St. Hilaire, Michael Richard Cleary, and Sherry Ellen Baskin with their respective titles.

Subscribed and sworn to before me this 15 day of Aug, 2016

- a. Is this an original filing?
b. If no, 1. State the amendment number, 2. Date filed, 3. Number of pages attached

Yes[X] No[]

Notary Public Signature of Pamela L. Day



ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols 1 - 2)	
1. Bonds	302,794,388		302,794,388	287,972,968
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	332,490,885	100,000	332,390,885	368,383,032
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 \$ 0 encumbrances)	30,873,590	2,143,187	28,730,403	29,692,141
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 26,983,342), cash equivalents (\$ 0) and short-term investments (\$ 5,821,866)	32,805,208		32,805,208	51,752,723
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets	186,358,337	7,340,637	179,017,700	178,262,737
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	885,322,408	9,583,824	875,738,584	916,063,601
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	3,337,243		3,337,243	3,387,153
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	906,996	9,000	897,996	833,889
15.2 Deferred premiums, agents' balances and instalments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)	724,741		724,741	1,521,078
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	250,966		250,966	23,498
18.1 Current federal and foreign income tax recoverable and interest thereon	8,434,850		8,434,850	2,478,644
18.2 Net deferred tax asset	32,338,040	17,726,851	14,611,189	15,466,781
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	15,086,756	11,665,014	3,421,742	2,821,230
21. Furniture and equipment, including health care delivery assets (\$ 0)	779,151	779,151		
22. Net adjustments in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	153,397,695		153,397,695	94,154,162
24. Health care (\$ 4,592,927) and other amounts receivable	35,785,414	838,194	34,947,220	37,263,499
25. Aggregate write-ins for other-than-invested assets	16,473,226	15,892,581	580,645	7,604,861
26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,152,837,486	56,494,615	1,096,342,871	1,081,618,396
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. TOTAL (Lines 26 and 27)	1,152,837,486	56,494,615	1,096,342,871	1,081,618,396
DETAILS OF WRITE-INS				
1101				
1102				
1103				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Expenses	15,871,726	15,871,726		
2502. Miscellaneous Accounts Receivable	76,490	1,395	75,095	7,119,435
2503. Vehicles	19,460	19,460		
2598. Summary of remaining write-ins for Line 25 from overflow page	505,550		505,550	485,426
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	16,473,226	15,892,581	580,645	7,604,861

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	24,076,297		24,076,297	26,003,646
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	988,924		988,924	1,030,819
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebata per the Public Health Service Act	19,482		19,482	2,233
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance	5,482,095		5,482,095	5,148,573
9. General expenses due or accrued	64,459,383		64,459,383	63,972,768
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	775,020		775,020	2,029,820
13. Remittances and items not allocated				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates	134,141,523		134,141,523	73,676,326
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20. Reinsurance in unauthorized and certified (\$.....0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans				29,176
23. Aggregate write-ins for other liabilities (including \$.....0 current)	143,794,650		143,794,650	145,018,418
24. Total liabilities (Lines 1 to 23)	373,737,374		373,737,374	316,911,787
25. Aggregate write-ins for special surplus funds	X X X	X X X	2,556,990	5,113,979
26. Common capital stock	X X X	X X X		
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X		
29. Surplus notes	X X X	X X X		
30. Aggregate write-ins for other-than-special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	720,048,507	759,592,630
32. Less treasury stock, at cost:				
32.10 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.20 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	722,605,497	764,706,609
34. Total Liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	1,096,342,871	1,081,618,396
DETAILS OF WRITE-INS				
2301. Liability for Pension and Postretirement Benefits	139,096,656		139,096,656	140,547,476
2302. Payments Due Others	4,479,998		4,479,998	4,244,913
2303. Other Liabilities	189,725		189,725	190,067
2398. Summary of remaining write-ins for Line 23 from overflow page	28,271		28,271	35,962
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	143,794,650		143,794,650	145,018,418
2501. ACA Health Insurer Fee	X X X	X X X	2,556,990	5,113,979
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X	2,556,990	5,113,979
3001.	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1	2	3	4
	Uncovered	Total	Total	Total
1. Member Months	X X X	570,064	583,244	1,160,944
2. Net premium income (including \$..... 0 non-health premium income)	X X X	145,091,981	133,867,402	279,729,049
3. Change in unearned premium reserves and reserves for rate credits	X X X	(17,249)	(20,058)	380
4. Fee-for-service (net of \$..... 0 medical expenses)	X X X			
5. Risk revenue	X X X			
6. Aggregate write-ins for other health care related revenues	X X X			
7. Aggregate write-ins for other non-health revenues	X X X			
8. Total revenues (Lines 2 to 7)	X X X	145,074,732	133,847,344	279,729,429
Hospital and Medical:				
9. Hospital/medical benefits		115,876,919	108,106,956	225,974,074
10. Other professional services		578,923	507,979	
11. Outside referrals				
12. Emergency room and out-of-area		12,724,718	11,634,092	23,466,470
13. Prescription drugs		1,751,603	1,858,176	3,271,235
14. Aggregate write-ins for other hospital and medical				
15. Incentive pool, withhold adjustments and bonus amounts				
16. Subtotal (Lines 9 to 15)		130,932,163	122,107,205	252,711,779
Less:				
17. Net reinsurance recoveries				
18. Total hospital and medical (Lines 16 minus 17)		130,932,163	122,107,205	252,711,779
19. Non-health claims (net)				
20. Claims adjustment expenses, including \$..... 2,176,214 cost containment expenses		2,751,305	3,295,715	7,388,865
21. General administrative expenses		11,024,821	14,573,611	24,630,855
22. Increase in reserves for life and accident and health contracts (including \$..... 0 increase in reserves for life only)				
23. Total underwriting deductions (Lines 18 through 22)		144,708,289	139,976,531	284,731,499
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	366,443	(6,129,187)	(5,002,070)
25. Net investment income earned		6,617,379	8,342,476	20,111,439
26. Net realized capital gains (losses) less capital gains tax of \$..... 0		1,923,440	4,920,182	7,273,689
27. Net investment gains or (losses) (Lines 25 plus 26)		8,540,819	13,262,658	27,385,128
28. Net gain or (loss) from agents' or premium balances charged off ((amount recovered \$..... 0) (amount charged off \$..... 0))				
29. Aggregate write-ins for other income or expenses		(390,769)	(220,993)	(340,241)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	8,516,493	6,912,478	22,042,817
31. Federal and foreign income taxes incurred	X X X	4,659,045	6,609,897	10,701,656
32. Net income (loss) (Lines 30 minus 31)	X X X	3,857,448	302,581	11,341,161
DETAILS OF WRITE-INS				
0601.	X X X			
0602.	X X X			
0603.	X X X			
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X			
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X			
0701.	X X X			
0702.	X X X			
0703.	X X X			
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X			
0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page				
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)				
2901. Other Expense		(390,769)	(220,993)	(340,241)
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page				
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)		(390,769)	(220,993)	(340,241)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	764,706,609	824,749,733	824,749,733
34. Net income or (loss) from Line 32	3,857,448	302,581	11,341,161
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 1,260,657	(43,901,190)	(22,172,340)	(106,441,722)
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax	(473,383)	3,938,230	(9,258,672)
39. Change in nonadmitted assets	(1,973,016)	(20,584,240)	21,274,700
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			
46. Dividends to stockholders			
47. Aggregate write-ins for gains or (losses) in surplus	389,029	3,755,079	23,041,409
48. Net change in capital and surplus (Lines 34 to 47)	(42,101,112)	(34,760,690)	(60,043,124)
49. Capital and surplus end of reporting period (Line 33 plus 48)	722,605,497	789,989,043	764,706,609
DETAILS OF WRITE-INS			
4701. Change in unrecognized prior service costs and net gains / losses	389,029	3,755,079	23,041,409
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page			
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	389,029	3,755,079	23,041,409

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	146,156,983	135,419,941	286,406,188
2.	Net investment income	7,481,059	8,939,528	21,516,423
3.	Miscellaneous income			
4.	TOTAL (Lines 1 to 3)	153,638,042	144,359,469	307,922,611
5.	Benefit and loss related payments	130,581,933	122,113,785	257,159,969
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7.	Commissions, expenses paid and aggregate write-ins for deductions	8,701,216	16,366,122	27,564,072
8.	Dividends paid to policyholders			
9.	Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	10,615,251	9,254,444	15,762,485
10.	TOTAL (Lines 5 through 9)	149,898,400	147,734,351	300,486,526
11.	Net cash from operations (Line 4 minus Line 10)	3,739,642	(3,374,882)	7,436,085
Cash from Investments				
12.	Proceeds from investments sold, matured or repaid:			
12.1	Bonds	35,092,221	41,646,133	101,041,895
12.2	Stocks	4,192,176	9,729,410	20,261,869
12.3	Mortgage loans			
12.4	Real estate			
12.5	Other invested assets	2,483,021		25,000,000
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments			
12.7	Miscellaneous proceeds			
12.8	TOTAL investment proceeds (Lines 12.1 to 12.7)	41,767,418	51,375,543	146,303,764
13.	Cost of investments acquired (long-term only):			
13.1	Bonds	50,044,166	50,437,541	84,907,049
13.2	Stocks	4,141,625	10,048,754	31,124,137
13.3	Mortgage loans			
13.4	Real estate	16,087	799,065	2,927,832
13.5	Other invested assets	11,039,919	16,510,510	72,953,128
13.6	Miscellaneous applications			
13.7	TOTAL investments acquired (Lines 13.1 to 13.6)	65,241,797	77,795,870	191,912,146
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)	(23,474,379)	(26,420,327)	(45,608,382)
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			
16.5	Dividends to stockholders			
16.6	Other cash provided (applied)	787,222	25,960,461	32,214,874
17.	Net cash from financing and miscellaneous sources (Line 16.1 through 16.6 minus Line 16.5 plus Line 16.6)	787,222	25,960,461	32,214,874
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS				
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(18,947,515)	(3,834,748)	(5,957,423)
19.	Cash, cash equivalents and short-term investments:			
19.1	Beginning of year	51,752,723	57,710,146	57,710,146
19.2	End of period (Line 18 plus Line 19.1)	32,805,208	53,875,398	51,752,723
Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:				
20.0001				

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1		2		3		4	5	6	7	8	9	10
	Total	Individual	Comprehensive (Hospital & Medical)	Group	Medicare Supplement	Vision Only							
Total Members at end of													
1. Prior Year	96,162	418			18,938					76,806			
2. First Quarter	95,175	253			18,321					76,601			
3. Second Quarter	94,735	299			17,797					76,639			
4. Third Quarter													
5. Current Year													
6. Current Year Member Months	570,064	1,593			108,532					459,939			
Total Member Ambulatory Encounters for Period:													
7. Physician													37,276
8. Non-Physician	216,918	1,472			38,597					139,573			
9. Total	216,918	1,472			38,597					139,573			37,276
10. Hospital Patient Days Incurred	31,445	37			13,444					17,964			
11. Number of Inpatient Admissions	7,196	8			2,902					4,286			
12. Health Premiums Written (a)	145,091,981	90,080			12,995,784					129,638,766			2,367,351
13. Life Premiums Direct													
14. Property/Casualty Premiums Written													
15. Health Premiums Earned	145,074,732	89,723			12,978,892					129,638,766			2,367,351
16. Property/Casualty Premiums Earned													
17. Amount Paid for Provision of Health Care Services	132,818,688	232,992			10,990,243					119,867,121			1,768,332
18. Amount Incurred for Provision of Health Care Services	130,932,163	210,440			10,510,409					118,459,859			1,751,455

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....0.

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

Aging Analysis of Unpaid Claims						
1	2	3	4	5	6	7
Account	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 days	Over 120 Days	Total
0199999 Individually Listed Claims Unpaid						
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	12,677,063	68,873	13,144	528		12,759,608
0499999 Subtotals	12,677,063	68,873	13,144	528		12,759,608
0599999 Unreported claims and other claim reserves						11,316,689
0699999 Total Amounts Withheld						11,316,689
0799999 Total Claims Unpaid						24,076,297
0899999 Accrued Medical Incentive Pool And Bonus Amounts						

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		Claims Incurred in Prior Years (Columns 1-3)	Estimated Claim Reserve and Claim Liability Dec 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 Dec 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)	13,797	219,477	14,367	57,536	28,164	94,247
2. Medicare Supplement	3,359,663	7,620,505	(582,899)	3,409,362	2,776,764	3,253,594
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan	26,457,918	93,570,707	(6,626,290)	27,712,633	19,831,628	22,514,722
6. Title XVIII - Medicare						
7. Title XIX - Medicaid						
8. Other health	126,721	1,988,560		91,588	126,721	141,083
9. Health subtotal (Lines 1 to 8)	29,958,099	103,399,249	(7,194,822)	31,271,119	22,763,277	26,003,646
10. Healthcare receivables (a)	463,539	75,121	80,702	442,314	544,241	563,840
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	29,494,560	103,324,128	(7,275,524)	30,828,805	22,219,036	25,439,806

(a) Excludes \$.....4,908; 105 loans or advances to providers not yet expensed.

Notes to Financial Statement

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The financial statements of Capital Blue Cross ("Company") are presented on the basis of accounting practices prescribed or permitted by the Pennsylvania Insurance Department.

The Pennsylvania Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Pennsylvania for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Pennsylvania Insurance Law. The Accounting Practices and Procedures Manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Pennsylvania. The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, 1) goodwill arising from the purchase of a subsidiary, controlled or affiliated entity is written off directly to surplus in the year it originates by Pennsylvania domiciled companies. In NAIC SAP, goodwill in amounts not to exceed 10% of an insurer's capital and surplus may be capitalized and all amounts of goodwill are amortized to unrealized gains and losses on investments over periods not to exceed 10 years, and, 2) 100% of all fixed assets are admitted by Pennsylvania domiciled companies. In NAIC SAP, fixed assets are not admitted. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices. The Company had no such permitted practices as of June 30, 2016.

	State of Domicile	2016	2015
<u>Net Income</u>			
(1) The Company's state basis (Page 4, Line 32, Column 2 & 3)	PA	\$ 3,857,448	\$ 11,341,161
(2) State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP		-	-
(4) NAIC SAP (1-2-3=4)		<u>\$ 3,857,448</u>	<u>\$ 11,341,161</u>

Surplus

(5) The Company's state basis (Page 3, Line 33, Column 3 & 4)	PA	\$ 722,605,497	\$ 764,706,609
(6) State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP		-	-
(8) NAIC SAP (5-6-7=8)		<u>\$ 722,605,497</u>	<u>\$ 764,706,609</u>

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

No material changes.

C. Accounting Policies

1 - 5 - No material changes.

6. Loan-backed bonds are stated at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from external sources and are based on the current interest rate and economic environment. The prospective adjustment method is used to value all such securities.

7 - 13 - No material changes

D. Going Concern

Not applicable.

2. Accounting Changes and Corrections of Errors

Not applicable.

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable.

5. Investments

A. Mortgage Loans

Not applicable

Notes to Financial Statement

B. Debt Restructuring

Not applicable.

C. Reverse Mortgages

Not applicable.

D. Loan-Backed Securities

The fair value of investments that are considered loan-backed and structured securities is \$45,740 as of June 30, 2016. The Company has not taken an other than temporary impairment as of June 30, 2016.

The gross unrealized losses and fair value of the Company's investments in loan-backed and structured securities with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by length of time that individual securities have been in a continuous unrealized loss position at June 30, 2016 are as follows:

<u>Description</u>	<u>Amount</u>
a. The aggregate amount of unrealized losses	
1. Less than 12 Months	-
2. 12 Months or Longer	<u>(32)</u>
b. The aggregate related fair value of securities with unrealized losses	
1. Less than 12 Months	-
2. 12 Months or Longer	<u>45,740</u>

All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains)

In consideration of the specific securities and general economic conditions, the Company does not consider these investments to be other-than-temporarily impaired at June 30, 2016.

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

F. Real Estate

Not Applicable.

G. Low-Income Housing Credits

Not Applicable.

H. Restricted assets.

Not Applicable.

I. The Company does not have Working Capital Finance Investments.

J. The Company does not have Offsetting and Netting of Assets and Liabilities

K. Structured Notes

Not Applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable.

7. Investment Income

A. Basis for Excluding Due and Accrued Investment Income from Statutory Surplus

No material changes.

B. Amounts Excluded from Statutory Surplus

Not Applicable.

8. Derivative Investments

Not Applicable.

Notes to Financial Statement

9. Income Taxes
 - No material changes.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Practices
 - A. Information Concerning Parent Company
 - No material changes.
 - B. Description of Transactions
 - No material changes.
 - C. Amounts of Transactions
 - No material changes.
 - D. Due to and from Parent, Subsidiaries and Affiliates
 - No material changes.
 - E. Commitments and Contingencies
 - No material changes.
 - F. Management Service Contracts and Cost Sharing Arrangements
 - No material changes.
 - G. Relationships with Enterprises under Common Ownership
 - Not Applicable.
 - H. Amounts Deducted from Value of an Upstream Intermediate Entity
 - Not Applicable.
 - I. Investments in SCA Entities that exceed 10% of Admitted Assets
 - Not Applicable.
 - J. Impairment in SCAs
 - No material changes.
 - K. Investments in Foreign Insurance Subsidiaries
 - Not Applicable.
 - L. Downstream Noninsurance Holding Company
 - Not Applicable.
 - M-N. SCA Investments
 - Not Applicable.

11. Debt
 - A. Capital Note obligations.
 - Not Applicable.
 - B. The Company has no Federal Home Loan Bank agreements

Notes to Financial Statement

12 Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan

<u>Components of Net Periodic Benefit Cost</u>	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Service Cost	\$ 1,109,739	\$ 2,753,626	\$ 2,110,000	\$ 4,047,698
Interest Cost	4,654,818	8,973,452	2,587,500	4,800,354
Expected Return on Plan Assets	(6,922,500)	(14,501,380)	-	-
Transition Asset or Obligation	-	-	-	7,510,158
Gains and Losses	708,950	1,253,639	-	-
Prior Service Cost or Credit	73,586	146,953	(537,000)	(263,347)
Total Net Periodic Benefit Cost	<u>\$ (75,407)</u>	<u>\$ (1,373,710)</u>	<u>\$ 4,160,500</u>	<u>\$ 16,094,863</u>

B. Investment Policies and Strategies

No material changes.

C. Fair Value of Plan Assets

Not Applicable.

D. Expected Long Term Rate of Return on Assets

Not Applicable.

E. Defined Contribution Plans

Not Applicable.

F. Multiemployer Plan

No material changes.

G. Consolidated / Holding Company Plans

No material changes.

H. Postemployment benefits and compensated absences are accrued in accordance with SSAP No., 11.

No material changes.

I. Medicare Prescription Drug Improvement and Modernization Act of 2003

No material changes.

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

A. Capital Stock

No material changes.

B. Preferred Stock

Not Applicable.

C, D, E. Dividends

Not Applicable.

F. Surplus Restrictions

No material changes.

G. Mutual Surplus Advances

No material changes.

H. Company Stock Held for Special Purposes

Not Applicable.

Notes to Financial Statement

I. Special Surplus Funds

The Company is subject to an annual Health Insurance Providers Fee under section 9010 of the Federal Affordable Care Act ("ACA"). The year-to-date estimated fee was reclassified from unassigned funds to special surplus in accordance with the applicable statutory guidance.

J. Changes in Surplus

No material changes.

K. Surplus Notes

No material changes.

L., M. Quasi-Reorganizations

Not Applicable.

14. Contingencies

A. Contingent Commitments

No material changes.

B. Assessments

Not Applicable.

C. Gain Contingencies

Not Applicable.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

Not Applicable.

E. All Other Contingencies

No material changes.

15. Leases

A. Lessee Operating Lease

No material changes.

B. Lessor Leases

Not Applicable.

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

Not Applicable.

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

A. Transfers of Receivable Reported as Sales

Not Applicable.

B. The Company does not have Transfer and Servicing of Financial Assets.

C. The Company does not have wash sales as defined in paragraph 9 of SSAP No. 91R

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

A. ASO Plans

Not Applicable.

B. ASC Plans

No material changes.

Notes to Financial Statement

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

Not Applicable.

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

Not Applicable.

20. Fair Value Measurement

A. Fair Value Measurements at June 30, 2016

<u>Assets at Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Short Term Investments:				
Exempt money market Fund	\$ -			\$ -
Class one money market Fund	5,821,866	-	-	5,821,866
Total Short Term Investments	5,821,866	-	-	5,821,866
Bonds	-	-	-	-
Common stocks	203,761,301	-	-	203,761,301
Total Assets at Fair Value	\$ 209,583,167	\$ -	\$ -	\$ 209,583,167

There were no material transfers between Levels 1 and 2 during the period. There were no material transfers into or out of Level 3.

C. Fair Value and Admitted Value of All Financial Assets

<u>Type of Financial Instrument</u>	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bonds	\$ 320,114,173	\$ 302,794,388	\$ -	\$ 320,114,173	\$ -
Common Stocks	203,761,301	203,761,301	203,761,301	-	-
Real Estate	62,806,335	28,730,402	-	62,806,335	-
Cash and Short-Term Investments	32,805,208	32,805,208	32,805,208	-	-
Other Invested Assets	29,950,821	29,950,821	-	29,950,821	-
Total assets at fair value	\$ 649,437,838	\$ 598,042,120	\$ 236,566,509	\$ 412,871,329	\$ -

The Company's Level 1 securities primarily consist of equities and money market funds. The Company determines the estimated fair value for its Level 1 securities using quoted (unadjusted) prices for identical assets or liabilities in active markets.

The Company's Level 2 securities primarily consist of government-sponsored enterprise securities, state and municipal bonds, certain mortgage-backed securities and corporate debt. The Company determines the estimated fair value for its Level 2 securities using the following methods: quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets in non-active markets (few transactions, limited information, noncurrent prices, high variability over time); inputs other than quoted prices that are observable for the asset/liability (e.g., interest rates, yield curves volatilities, default rates); and inputs that are derived principally from or corroborated by other observable market data.

There were no material transfers between Levels 1 and 2 during the period. There were no material transfers into or out of Level 3.

D. The Company does not estimate the fair values of financial instruments.

21. Other Items

A—G No material changes.

22. Events Subsequent

Not Applicable.

Notes to Financial Statement

23. Reinsurance

Not Applicable.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A - D No material changes

E. Medical Loss Ratio Rebates required pursuant to the Public Health Service Act

- (1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions (YES/NO)? Yes
- (2) Impact of Risk Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year
- a. Permanent ACA Risk Adjustment Program
- Assets
1. Premium adjustments receivable due to ACA Risk Adjustment -
- Liabilities
2. Risk adjustment user fees payable for ACA Risk Adjustment -
3. Premium adjustments payable due to ACA Risk Adjustment -
- Operations (Revenue & Expense)
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment -
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid) -

The Company has not estimated any receivables or payables related to the ACA Risk Adjustment Program due to insufficient data to make an estimate.

b. Transitional ACA Reinsurance Program

- Assets
1. Amounts recoverable for claims paid due to ACA Reinsurance -
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability) -
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance -
- Liabilities
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium 1,367,581
5. Ceded reinsurance premiums payable due to ACA Reinsurance -
6. Liability for amounts held under uninsured plans contributions for ACA Reinsurance -
- Operations (Revenue & Expense)
7. Ceded reinsurance premiums due to ACA Reinsurance -
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments -
9. ACA Reinsurance Contributions - not reported as ceded premium 747,614

c. Temporary ACA Risk Corridors Program

- Assets
1. Accrued retrospective premium due from ACA Risk Corridors -
- Liabilities
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors -
- Operations (Revenue & Expense)
3. Effect of ACA Risk Corridors on net premium income (paid/received) -
4. Effect of ACA Risk Corridors on change in reserves for rate credits -

The Company has not estimated any receivables or payables related to the ACA Risk Adjustment Program due to insufficient data to make an estimate.

Notes to Financial Statement

3) Rollforward of prior year ACA risk-sharing provisions

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a Permanent ACA Risk Adjustment Program											
1 Premium adjustments receivable	-	-	-	-	-	-	-	-	A	-	-
2 Premium adjustments (payable)	-	-	-	-	-	-	-	-	B	-	-
3 Subtotal ACA Permanent Risk Adjustment Program	-	-	-	-	-	-	-	-		-	-
b Transitional ACA Reinsurance Program											
1 Amounts recoverable for claims paid	-	-	-	-	-	-	-	-		-	-
2 Amounts recoverable for claims unpaid (contra liability)	-	-	-	-	-	-	-	-	C	-	-
3 Amounts receivable relating to uninsured plans	-	-	-	-	-	-	-	-	D	-	-
4 Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	-	(2,479,869)	-	(1,859,902)	-	(619,967)	-	-	E	-	-
5 Ceded reinsurance premiums payable	-	-	-	-	-	-	-	-	F	-	(619,967)
6 Liability for amounts held under uninsured plans	-	-	-	-	-	-	-	-	G	-	-
7 Subtotal ACA Transitional Reinsurance Program	-	(2,479,869)	-	(1,859,902)	-	(619,967)	-	-	H	-	(619,967)
c Temporary ACA Risk Corridors Program											
1 Accrued retrospective premium	-	-	-	-	-	-	-	-	I	-	-
2 Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	J	-	-
3 Subtotal ACA Risk Corridors Program	-	-	-	-	-	-	-	-		-	-
d Total for ACA Risk Sharing Provisions	-	(2,479,869)	-	(1,859,902)	-	(619,967)	-	-		-	(619,967)

Explanation of Adjustments

A
B
C
D
E
F
G
H
I
J

Benefit Year	Beginning Balance		Estimated Receivable/Payable to be filed (or final amounts)		Amounts impaired or not accrued (not withstanding collectibility concerns)		Amounts Received		Ending Balance		Asset Balance - Gross of non-admit
	AR	AP	AR	AP	AR	AP	AR	AP	AR	AP	AR
2014	-	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-	-

Notes to Financial Statement

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31 of the prior year were \$25,439,806. Year-to-date, \$29,494,560 has been paid for incurred claims attributable to insured events of prior years. Claims incurred and claim adjustment expenses attributed to insured events of prior years have decreased by \$3,220,770 and \$96,623, respectively, year-to-date. Reserves remaining for prior years are \$2,414,394 as a result of re-estimation of unpaid claims. The re-estimation is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding the actual claims experience.

26. Intercompany Pooling Arrangements

Not Applicable.

27. Structured Settlements

Not Applicable.

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

No material changes.

B. Risk Sharing Receivables

Not Applicable.

29. Participating Policies

Not Applicable.

30. Premium Deficiency Reserves

No material changes.

31. Anticipated Salvage and Subrogation

No material changes.

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
 1.2 If yes, has the report been filed with the domiciliary state? Yes No N/A
- 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
 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 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 No
 3.3 If the response to 3.2 is yes, provide a brief description of those changes: _____
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
 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? Yes No N/A
 If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011
 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. 12/31/2011
 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). 07/13/2013
- 6.4 By what department or departments?
 Pennsylvania Insurance Department
- 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
 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 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
 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
 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
 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
		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

- 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 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
 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
 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
 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____ 0

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
 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. \$ _____ 0
13. Amount of real estate and mortgages held in short-term investments: \$ _____ 0

GENERAL INTERROGATORIES (Continued)

INVESTMENT

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?
 14.2 If yes, please complete the following:

Yes[X] No[]

	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	168,790,354	125,396,921
14.24 Short-Term Investments		
14.25 Mortgages Loans on Real Estate		
14.26 All Other	125,000,000	125,000,000
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	293,790,354	250,396,921
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above		

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?
 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
 If no, attach a description with this statement.

Yes[] No[X]
Yes[] No[] N/A[X]

16. For the reporting entity's security lending program, state the amount of the following as of the 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

\$ 0
 \$ 0
 \$ 0

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 Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?
 17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

Yes[X] No[]

1 Name of Custodian(s)	2 Custodian Address
BNYMellon	One Mellon Ctr. 500 Grant St. Pittsburgh, PA 15258

- 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)

- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?
 17.4 If yes, give full and complete information relating thereto:

Yes[] No[X]

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

- 17.5 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	2 Name(s)	3 Address
71072 37579 17358	Standish Mellon Palisade Capital M & T Securities	One Financial Center Boston, MA 02111 One Bridge Plaza Fort Lee, NJ 07024 285 Delaware Ave., Suite 2000, Buffalo, NY 14202

- 18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?
 18.2 If no, list exceptions:

Yes[X] No[]

GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages:		
1.1 A&H loss percent	92.000%	
1.2 A&H cost containment percent	2.000%	
1.3 A&H expense percent excluding cost containment expenses	8.000%	
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.	\$	0
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.	\$	0

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 Domestic Jurisdiction	6 Type of Reinsurance Ceded	7 Type of Reinsurer	8 Certified Reinsurer Rating (1 through 6)	9 Effective Date of Certified Reinsurer Rating
			NONE					

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

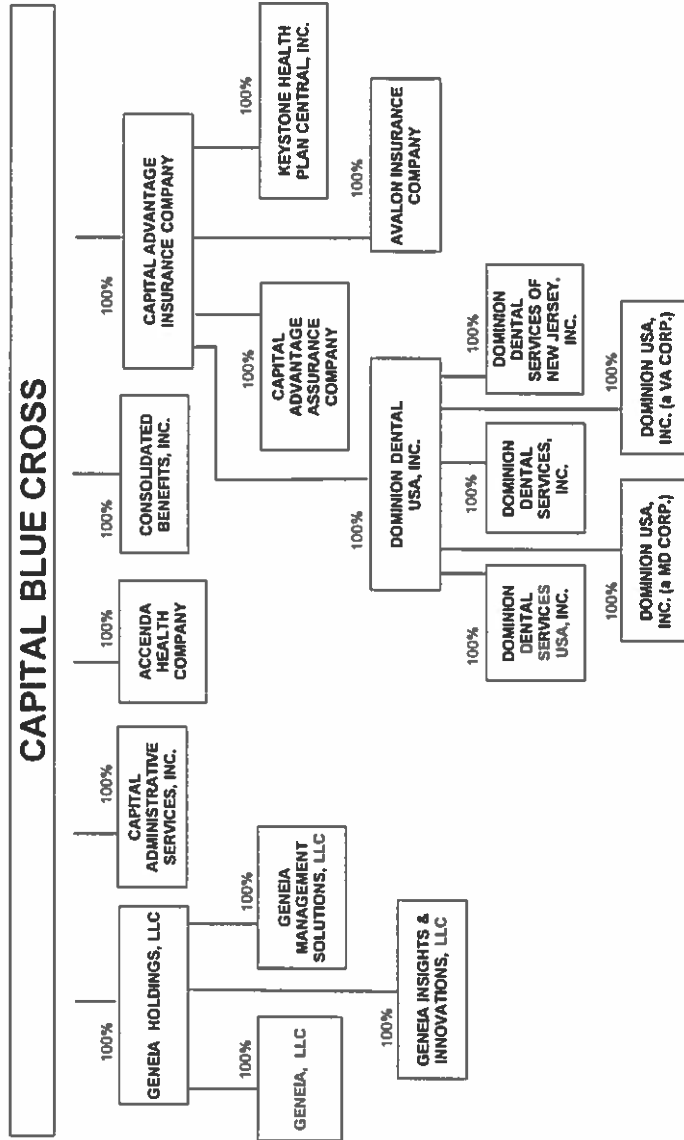
Current Year to Date - Allocated by States and Territories

	State, Etc.	1 Active Status	Direct Business Only						8 Total Columns 2 Through 7	9 Deposit Type Contracts
			2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/ Casualty Premiums		
1	Alabama (AL)	N								
2	Alaska (AK)	N								
3	Arizona (AZ)	N								
4	Arkansas (AR)	N								
5	California (CA)	N								
6	Colorado (CO)	N								
7	Connecticut (CT)	N								
8	Delaware (DE)	N								
9	District of Columbia (DC)	N								
10	Florida (FL)	N								
11	Georgia (GA)	N								
12	Hawaii (HI)	N								
13	Idaho (ID)	N								
14	Illinois (IL)	N								
15	Indiana (IN)	N								
16	Iowa (IA)	N								
17	Kansas (KS)	N								
18	Kentucky (KY)	N								
19	Louisiana (LA)	N								
20	Maine (ME)	N								
21	Maryland (MD)	N								
22	Massachusetts (MA)	N								
23	Michigan (MI)	N								
24	Minnesota (MN)	N								
25	Mississippi (MS)	N								
26	Missouri (MO)	N								
27	Montana (MT)	N								
28	Nebraska (NE)	N								
29	Nevada (NV)	N								
30	New Hampshire (NH)	N								
31	New Jersey (NJ)	N								
32	New Mexico (NM)	N								
33	New York (NY)	N								
34	North Carolina (NC)	N								
35	North Dakota (ND)	N								
36	Ohio (OH)	N								
37	Oklahoma (OK)	N								
38	Oregon (OR)	N								
39	Pennsylvania (PA)	L	15,453,215			129,638,766		145,091,981		
40	Rhode Island (RI)	N								
41	South Carolina (SC)	N								
42	South Dakota (SD)	N								
43	Tennessee (TN)	N								
44	Texas (TX)	N								
45	Utah (UT)	N								
46	Vermont (VT)	N								
47	Virginia (VA)	N								
48	Washington (WA)	N								
49	West Virginia (WV)	N								
50	Wisconsin (WI)	N								
51	Wyoming (WY)	N								
52	American Samoa (AS)	N								
53	Guam (GU)	N								
54	Puerto Rico (PR)	N								
55	U.S. Virgin Islands (VI)	N								
56	Northern Mariana Islands (MP)	N								
57	Canada (CAN)	N								
58	Aggregate other alien (OT)	X X X								
59	Subtotal	X X X	15,453,215			129,638,766		145,091,981		
60	Reporting entity contributions for Employee Benefit Plans	X X X								
61	Total (Direct Business)	(a) 1	15,453,215			129,638,766		145,091,981		
DETAILS OF WRITE-INS										
58991.		X X X								
58992.		X X X								
58993.		X X X								
58998.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999.	TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X								

(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.

(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



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

	FEDERAL EMPLOYERS IDENTIFICATION NUMBER	NAIC COMPANY CODES	STATE OF DOMICILE
Accenda Health Company, Inc.	47-5534901	N/A	PA
Avalon Insurance Company, Inc.	76-0801682	12358	PA
Capital Blue Cross, Inc.	23-0455154	54720	PA
Consolidated Benefits, Inc.	23-2398941	N/A	PA
Capital Administrative Services, Inc.	25-1578904	N/A	PA
Capital Advantage Assurance Company, Inc.	45-5492167	14411	PA
Capital Advantage Insurance Company, Inc.	23-2195219	41203	PA
Keystone Health Plan Central, Inc.	23-2398845	95199	PA
Dominion USA, Inc. (a MD Corp.)	52-2006071	52040	MD
Dominion USA, Inc. (a VA Corp.)	52-2016912	95713	VA
Dominion Dental USA, Inc.	54-1922626	N/A	DE
Dominion Dental Services USA, Inc.	54-1991050	N/A	VA
Dominion Dental Services, Inc.	54-1808292	95657	VA
Dominion Dental Services of New Jersey, Inc.	54-1980569	N/A	NJ
Geneia Holdings, LLC	45-5497527	N/A	DE
Geneia, LLC	90-0860445	N/A	DE
Geneia Management Solutions, LLC	32-0419506	N/A	DE
Geneia Insights & Innovations, LLC	30-0801489	N/A	DE

SCHEDULE Y
PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Comp Code	ID Number	FEDERAL RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies) / Person(s)	
1230	Capital Blue Cross	12358	76-0801682				Avalon Insurance Company	PA	UIP	Capital Advantage Insurance Company	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	95198	23-2399845				Keystone Health Plan Central, Inc.	PA	UIP	Capital Advantage Insurance Company	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	14411	45-5492167				Capital Advantage Assurance Company	PA	UIP	Capital Advantage Insurance Company	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	54-1922626				Dominion Dental USA, Inc.	DE	UIP	Capital Advantage Insurance Company	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	54-1991050				Dominion Dental Services USA, Inc.	VA	UIP	Dominion Dental USA, Inc.	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	95657	54-1868292				Dominion Dental Services, Inc.	VA	UIP	Dominion Dental USA, Inc.	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	54-1980569				Dominion Dental Services of New Jersey, Inc.	NJ	UIP	Dominion Dental USA, Inc.	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	52-2066071				Dominion USA, Inc. (a MD Corp.)	MD	UIP	Dominion Dental USA, Inc.	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	52-2016912				Dominion USA, Inc. (a VA Corp.)	VA	UIP	Dominion Dental USA, Inc.	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	41203	23-2195219				Capital Advantage Insurance Company	PA	UDP	Capital Blue Cross	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	25-1578904				Capital Administrative Services, Inc.	PA	UDP	Capital Blue Cross	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	47-5534901				Accenda Health Company, Inc.	PA	UDP	Capital Blue Cross	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	23-2398941				Consolidated Benefits, Inc.	PA	UDP	Capital Blue Cross	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	45-5497527				Geneia Holdings LLC	DE	UDP	Capital Blue Cross	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	90-0860445				Geneia LLC	DE	UDP	Geneia Holdings, LLC	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	32-0419506				Geneia Management Solutions LLC	DE	UDP	Geneia Holdings, LLC	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	30-08011489				Geneia Insights and Innovations LLC	DE	UDP	Geneia Holdings, LLC	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	54720	23-0455154				Capital Blue Cross	PA	UDP	Geneia Holdings, LLC	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	

Explanation

Asterisk
0000001

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

RESPONSE

No

Explanations:

Bar Codes:



OVERFLOW PAGE FOR WRITE-INS

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1197. Summary of remaining write-ins for Line 11 (Lines 1104 through 1196)				
2504. Advance Deposits	453,100		453,100	432,976
2505. Deferred Pending Tax Receivable	52,450		52,450	52,450
2597. Summary of remaining write-ins for Line 25 (Lines 2504 through 2596)	505,550		505,550	485,426

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2304. Abandoned Property	28,271		28,271	35,962
2397. Summary of remaining write-ins for Line 23 (Lines 2304 through 2396)	28,271		28,271	35,962
2597. Summary of remaining write-ins for Line 25 (Lines 2504 through 2596)	X X X	X X X		
3097. Summary of remaining write-ins for Line 30 (Lines 3004 through 3096)	X X X	X X X		

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	31,866,638	30,781,025
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition	16,087	2,927,832
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other-than-temporary impairment recognized		
8. Deduct current year's depreciation	1,009,135	1,842,219
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)	30,873,590	31,866,638
10. Deduct total nonadmitted amounts	2,143,187	2,174,497
11. Statement value at end of current period (Line 9 minus Line 10)	28,730,403	29,692,141

SCHEDULE B - VERIFICATION

Mortgage Loans

	1	2
	Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest paid		
9. Total foreign exchange change in book value/recorded investment		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	183,222,487	162,127,080
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition	11,039,919	72,953,128
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	(5,421,048)	(26,857,721)
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals	2,483,021	25,000,000
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)	186,358,337	183,222,487
12. Deduct total nonadmitted amounts	7,340,637	4,959,750
13. Statement value at end of current period (Line 11 minus Line 12)	179,017,700	178,262,737

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	656,456,000	728,982,849
2. Cost of bonds and stocks acquired	54,185,791	116,031,186
3. Accrual of discount	59,129	397,124
4. Unrealized valuation increase (decrease)	(37,173,226)	(73,553,021)
5. Total gain (loss) on disposals	1,914,931	7,929,439
6. Deduct consideration for bonds and stocks disposed of	39,284,397	121,303,764
7. Deduct amortization of premium	872,955	1,369,265
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		658,548
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	635,285,273	656,456,000
11. Deduct total nonadmitted amounts	100,000	100,000
12. Statement value at end of current period (Line 10 minus Line 11)	635,185,273	656,356,000

SCHEDULE D - PART 1B
Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

	1	2	3	4	5	6	7	8
NAIC Designation	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a)	181,821,339	25,538,833	28,995,325	(2,256,667)	181,821,339	176,108,180		173,903,105
2. NAIC 2 (a)	121,955,130	11,229,726	8,384,090	1,841,666	121,955,130	126,642,452		125,665,327
3. NAIC 3 (a)	5,394,220			(8,598)	5,394,220	5,385,622		4,924,323
4. NAIC 4 (a)	480,000				480,000	480,000		1,470,242
5. NAIC 5 (a)								
6. NAIC 6 (a)								
7. Total Bonds	309,650,689	36,768,559	37,379,415	(423,579)	309,650,689	308,616,254		305,962,997
PREFERRED STOCK								
8. NAIC 1								
9. NAIC 2								
10. NAIC 3								
11. NAIC 4								
12. NAIC 5								
13. NAIC 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	309,650,689	36,768,559	37,379,415	(423,579)	309,650,689	308,616,254		305,962,997

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....500,000; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

SCHEDULE DA - PART 1**Short - Term Investments**

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999 Totals	5,821,866	X X X	5,821,866	36,261	

SCHEDULE DA - Verification**Short-Term Investments**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	17,990,029	42,886,106
2. Cost of short-term investments acquired		6,011,942
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	(56)	
6. Deduct consideration received on disposals	12,163,566	30,900,618
7. Deduct amortization of premium	4,541	7,401
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	5,821,866	17,990,029
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	5,821,866	17,990,029

SI04 Schedule DB - Part A Verification NONE

SI04 Schedule DB - Part B Verification NONE

SI05 Schedule DB Part C Section 1 NONE

SI06 Schedule DB Part C Section 2 NONE

SI07 Schedule DB - Verification NONE

SI08 Schedule E - Verification (Cash Equivalents) NONE

E01 Schedule A Part 2 **NONE**

E01 Schedule A Part 3 **NONE**

E02 Schedule B Part 2 **NONE**

E02 Schedule B Part 3 **NONE**

SCHEDULE BA - PART 2
Showing Other Long-Term Invested Assets Acquired and Additions Made During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13
CUSIP Identification	Name or Description	City	State	Name of Vendor or General Partner	NAIC Designation	Date Originally Acquired	Type and Strategy	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Encumbrances/Additional Investment	Commitment for Investment	Percentage of Ownership
	Joint Venture - Common Stock - Unaffiliated											
	BlueCross BlueShield Venture Pms I L.P.	Chicago	IL	BlueCross BlueShield Venture Inc.		01/01/2011	1	7,802,554	68,726		902,624	13.660
	BlueCross BlueShield Venture Pms II L.P.	Chicago	IL	BlueCross BlueShield Venture Inc.		03/31/2011	1	1,795,083	642,435		3,920,592	5.250
	BlueCross BlueShield Venture Pms III L.P.	Chicago	IL	BlueCross BlueShield Venture Inc.		03/18/2016	1	34,606	294,602		3,670,792	1.730
	1599999 Subtotal - Joint Venture - Common Stock - Unaffiliated							9,636,243	1,005,763		8,494,008	X X X
	Joint Venture - Common Stock - Affiliated											
	Gensia Holdings, Inc.	Wilmington	DE	Internal Transfer		06/25/2012	1	10,000,000	5,000,000			100.000
	1699999 Subtotal - Joint Venture - Common Stock - Affiliated							10,000,000	5,000,000			X X X
	4499999 Total - Unaffiliated							9,636,243	1,005,763		8,494,008	X X X
	4599999 Total - Affiliated							10,000,000	5,000,000			X X X
	4699999 TOTALS							19,636,243	6,005,763		8,494,008	X X X

SCHEDULE BA - PART 3
Showing Other Long-Term Invested Assets Disposed, Transferred or Repaid During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
CUSIP Identification	Name or Description	City	State	Name of Purchaser or Nature of Disposal	Date Originally Acquired	Disposal Date	Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation or (Amortization)/ Accrion	Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in B.A.C.V. (# + 10 - 11 + 12)	Foreign Exchange Change in B.A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Investment Income	
	Joint Venture - Common Stock - Unaffiliated																		
	BlueCross BlueShield Venture Pms I L.P.	Chicago	IL	Reelco Profs	01/01/2011	06/27/2018													57,301
	1599999 Subtotal - Joint Venture - Common Stock - Unaffiliated																		57,301
	4499999 Total - Unaffiliated																		57,301
	4599999 Total - Affiliated																		
	4699999 TOTALS																		57,301

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAC Designation or Market Indicator (a)
Bonds - All Other Governments									
910860BC1	MEXICO (UNITED MEXICAN STATES) (GOVERNE	R	05/12/2016	Goldman Sachs	X X X	579,425	550,000	2,750	2FE
Subtotal - Bonds - All Other Governments									
1099999					X X X	579,425	550,000	2,750	X X X
Bonds - U.S. States, Territories and Possessions									
419192K2	HAWAII ST		04/01/2016	MERRILL LYNCH PIERCE FENNER	X X X	970,000	970,000		1FE
57419JAZ8	MARYLAND ST		06/21/2016	PERSHING LLC	X X X	455,972	430,000	287	1FE
Subtotal - Bonds - U.S. States, Territories and Possessions									
1795999					X X X	1,425,972	1,400,000	287	X X X
Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
9377517R0	WASHINGTON CNTY MD		05/17/2016	PERSHING LLC	X X X	362,700	360,000	64	1FE
940157E71	WASHINGTON SUBN SAN DIST MD		06/06/2016	PERSHING LLC	X X X	569,793	525,000	569	1FE
Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
2499999					X X X	932,493	885,000	633	X X X
Bonds - U.S. Special Revenue, Special Assessment									
04184RC1	ARLINGTON TEX WTR & WASTEWATER SVS REV		06/27/2016	PERSHING LLC	X X X	570,321	535,000	89	1FE
249176AS7	DENVER COLO CITY & CNTY WASTEWATER MGMT		06/06/2016	PERSHING LLC	X X X	624,399	580,000	1,837	1FE
3135G0K36	FEDERAL NATIONAL MORTGAGE ASSOCIATION		04/22/2016	Citigroup (SSB)	X X X	1,313,764	1,325,000		
470307AN1	JAMES CITY CNTY VA ECONOMIC DEV AUTH PUB		05/17/2016	PERSHING LLC	X X X	599,250	600,000		1FE
69455AE8A	ORANGE CNTY FLA WTR & WASTEWTR REV		05/17/2016	PERSHING LLC	X X X	492,130	500,000		1FE
91412CF59	UNIVERSITY CALIF REVS		04/08/2016	Wells Fargo	X X X	825,000	825,000		1FE
Subtotal - Bonds - U.S. Special Revenue, Special Assessment									
3199999					X X X	4,424,864	4,365,000	1,926	X X X
Bonds - Industrial and Miscellaneous (Unaffiliated)									
00440CAW7	ACE INA HOLDINGS INC	R	04/05/2016	MERRILL LYNCH PIERCE FENNER	X X X	277,215	250,000	4,682	1FE
00817YAWB	AETNA INC		06/02/2016	UBS SECURITIES LLC	X X X	1,120,793	1,125,000		1FE
03027XAK6	AMERICAN TOWER CORP		05/10/2016	RBC CAPITAL MARKETS	X X X	509,871	515,000		2FE
031162CEB	AMGEN INC		06/14/2016	NON-BROKER TRADE, BOSTON	X X X	1,286,625	1,286,625		2FE
04351L486	ASCENSION HEALTH ALLIANCE		04/28/2016	VARIOUS	X X X	956,945	940,000		1FE
125986B02	CMS ENERGY CORP		05/02/2016	RBC CAPITAL MARKETS	X X X	418,412	420,000		2FE
172967J79	CITIGROUP INC		06/24/2016	Citigroup (SSB)	X X X	729,106	700,000	1,626	2FE
172957K00	CITIGROUP INC		05/26/2016	JP Morgan Chase	X X X	1,401,287	1,390,000	3,807	2FE
172957K39	COVENTRY HEALTH CARE INC		06/02/2016	Citigroup (SSB)	X X X	824,571	825,000		2FE
22286ZAJ3	DIAMOND 1 FINANCE CORP		04/20/2016	BARCLAYS CAPITAL INC, NEW YORK	X X X	566,036	500,000	9,840	2FE
25727KAA1	DUKE ENERGY OHIO INC		05/17/2016	JP MORGAN SECURITIES INC.	X X X	534,866	535,000		2FE
26442EAB0	EXELON GENERATION CO LLC		06/20/2016	Citigroup (SSB)	X X X	670,282	675,000		1FE
30161MAF0	MACY'S RETAIL HOLDINGS INC		05/06/2016	VARIOUS	X X X	702,948	640,000	2,889	2FE
55616XAF4	MAYLAN NY		04/18/2016	DEUTSCHE BK SECS INC, NY (HWSCUS33)	X X X	842,498	820,000	6,430	2FE
62854AAC8	NEW YORK LIFE GLOBAL FUNDING	R	05/31/2016	Goldman Sachs	X X X	674,217	675,000		2FE
64952WCE1	NEWELL RUBBERMAID INC		04/05/2016	BARCLAYS CAPITAL INC, NEW YORK	X X X	793,831	795,000		1FE
651229AY2	OWENS CORNING		04/05/2016	Stifel Nicolaus & Co.	X X X	273,968	250,000	306	2FE
690742AB7	PACIFIC LIFE CORP		04/21/2016	WELLS FARGO ADVISORS LLC	X X X	292,613	250,000	7,049	2FE
694476AD4	PUBLIC SERVICE CO OF COLORADO		04/22/2016	(CHARLOTTE, NC)	X X X	316,178	300,000	3,716	2FE
744448C1M1	REPUBLIC SERVICES INC		06/06/2016	JP MORGAN SECURITIES INC	X X X	781,784	790,000		1FE
760759AR1	SOUTHERN CO		06/20/2016	MERRILL LYNCH PIERCE FENNER	X X X	808,259	810,000		2FE
842587C97	TARGET CORP		05/19/2016	Citigroup (SSB)	X X X	468,299	470,000		2FE
87612EBF2	WELLS FARGO & CO		04/07/2016	CREDIT SUISSE, NEW YORK	X X X	680,677	675,000	68	1FE
949746RW3	WELLS FARGO & CO		04/15/2016	(CSFBUS33XXX)	X X X	657,736	660,000		1FE
Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)									
3899999					X X X	16,589,563	16,296,625	42,412	X X X

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
8399997 Subtotal - Bonds - Part 3					X X X	23,952,317	23,496,625	48,007	X X X
8399998 Summary Item from Part 5 for Bonds (N/A to Quarterly)					X X X	X X X	X X X	X X X	X X X
8399999 Subtotal - Bonds					X X X	23,952,317	23,496,625	48,007	X X X
8999998 Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)					X X X	X X X	X X X	X X X	X X X
8999999 Subtotal - Bonds					X X X	X X X	X X X	X X X	X X X
Common Stocks - Industrial and Miscellaneous (Unaffiliated)									
002535300 AARONS ORD			06/15/2016	VARIOUS	16,399,000	416,874	X X X		L
03071H100 AMERISAFE ORD			05/17/2016	VARIOUS	2,500,000	140,110	X X X		L
057665200 BALCHEM ORD			05/20/2016	VARIOUS	6,000,000	34,588	X X X		L
067808109 BARNES GROUP ORD			05/19/2016	VARIOUS	1,800,000	58,053	X X X		L
116794108 BRUNER ORD			06/29/2016	KEYBANC CAPITAL MARKETS INC	2,000,000	44,763	X X X		L
222796106 COUSINS PROPERTIES REIT			06/03/2016	VARIOUS	11,800,000	127,864	X X X		L
281404203 EDUCATION REALTY TRUST ORD			05/20/2016	SANDLER ONEILL & PARTNERS, LP	1,500,000	62,712	X X X		L
36227H101 G III APPAREL GROUP ORD			06/01/2016	VARIOUS	3,088,000	126,529	X X X		L
398905109 GROUP 1 AUTOMOTIVE ORD			04/19/2016	KING (CL) & ASSOCIATES	500,000	29,215	X X X		L
45329R109 INC RESEARCH HOLDINGS CL A ORD			04/19/2016	VARIOUS	1,600,000	70,393	X X X		L
48273U102 K12 ORD			03/31/2016	VARIOUS	2,600,000	25,743	X X X		L
56502B106 MEDNAX ORD			04/07/2016	VARIOUS	500,000	35,252	X X X		L
62914B100 NIC ORD			04/28/2016	NEEDHAM & COMPANY	1,200,000	22,667	X X X		L
681936100 OMEGA HEALTHCARE REIT			05/13/2016	VARIOUS	1,500,000	48,924	X X X		L
69370C100 PTC ORD			06/03/2016	NEEDHAM & COMPANY	800,000	29,334	X X X		L
727493108 PLANTRONICS ORD			04/29/2016	1,300,000	55,023	X X X		L	
754730109 RAYMOND JAMES ORD			05/09/2016	1,000,000	49,493	X X X		L	
847715109 SPARTANASH ORD			04/08/2016	1,100,000	43,427	X X X		L	
923421109 VERIFONE SYSTEMS ORD			05/26/2016	1,590,000	47,545	X X X		L	
968223206 JOHN WILEY SONS CL A ORD			05/25/2016	1,800,000	48,383	X X X		L	
968223206 JOHN WILEY SONS CL A ORD			06/14/2016	1,000,000	48,383	X X X		L	
9099999 Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated)					X X X	1,516,713	X X X		X X X
Common Stocks - Money Market Mutual Funds									
000000000 Meto Business Premier Money Market			06/23/2016	Direct	899,560	900	X X X		V
9399999 Subtotal - Common Stocks - Money Market Mutual Funds					X X X	900	X X X		X X X
9799998 Summary Item from Part 5 for Common Stocks (N/A to Quarterly)					X X X	1,517,613	X X X		X X X
9799999 Subtotal - Common Stocks					X X X	X X X	X X X	X X X	X X X
9999999 Subtotal - Bonds, Preferred and Common Stocks					X X X	1,517,613	X X X		X X X
9999999 Total - Bonds, Preferred and Common Stocks					X X X	25,469,930	X X X	48,007	X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

SCHEDULE D - PART 4
Show All Long-Term Bonds and Stocks Sold, Redeemed or Otherwise Disposed of
During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22		
																						CUSIP Identification	Description
129999	Subst. Bonds - All Other Governments	R	05/12/2016	PERSHING LLC	XXX	1,010,000	1,000,000	962,000	982,844		175		175		983,119		28,881	28,881	32,864	32,864	XXX	XXX	
546458A1	LOUISIANA ST. CITIZENS PPTY FNS	R	06/01/2016	Redemption	XXX	1,000,000	1,000,000	1,071,300	1,019,688		(18,948)		(18,948)	1,000,000					25,000	25,000	06/01/2018	IFE	
319999	Subst. Bonds - U.S. Special Revenue, Special Assessment	R	06/15/2016	Maturity	XXX	2,000,000	2,000,000	2,148,820	2,073,511		(73,311)		(73,311)	2,000,000					50,000	50,000	06/15/2016	IFE	
Bonds - Industrial and Miscellaneous (Unaffiliated)																							
031628B2	AUGEN INC	R	06/15/2016	NON-BROKER TRADE	XXX	1,286,625	1,075,000	1,171,632	1,165,311		(1,617)		(1,617)	1,154,564			172,061		30,200	30,200	06/15/2042	2FE	
031125CE	AUGEN INC	R	06/15/2016	NON-BROKER TRADE	XXX	625	625	825	825					625			24,138		20,720	20,720	06/15/2061	2FE	
0672ALZ0	BAKER HUGHES INC	R	06/15/2016	VARIOUS	XXX	671,624	660,000	647,250	647,420		68		68	647,420		48,048		40,048	13,217	13,217	03/01/2044	2FE	
126655C2	CYS ENERGY CORP	R	05/01/2016	MITSUBISHI UFJ SECURITIES	XXX	441,520	400,000	399,244	399,242		30		30	399,242								06/01/2018	IFE
138328A3	CYS HEALTH CORP	R	05/01/2016	NON-BROKER TRADE	XXX	121,947	117,000	116,548	116,571		(14)		(14)	116,571					3,749	3,749	07/20/2025	2FE	
145428A4	CANADIAN NATIONAL RAILWAY CO	R	06/01/2016	BOSTON	XXX	1,000,000	1,000,000	999,704	999,704		296		296	1,000,000					29,000	29,000	06/01/2018	IFE	
178671A7	ABS-CT 111A	R	06/01/2016	Duality	XXX	1,338,764	1,300,000	1,294,892	1,294,892		313		313	1,295,115		41,849			21,178	21,178	06/10/2025	2FE	
254700A5	DISCOVERY COMMUNICATIONS LLC	R	06/15/2016	NORAN	XXX	438,859	395,000	392,741	394,004		144		144	394,004		40,712		19,874	19,874	06/15/2018	2FE		
293994G8	DISCOVERY COMMUNICATIONS LLC	R	06/15/2016	MILWAUKEE	XXX	661,476	735,000	734,177	734,177		61		61	734,233		(72,757)		26,260	26,260	06/15/2043	2FE		
648298F9	MACYS RETAIL HOLDINGS INC	R	04/15/2016	Capgem (SSB)	XXX	203,045	250,000	248,465	248,578		36		36	248,615		20,433		2,869	2,869	10/15/2039	2FE		
093304A0	PECO ENERGY CO	R	04/06/2016	KEYBANK CAPITAL	XXX	843,708	820,000	819,127	819,168		67		67	819,235		24,471		10,254	10,254	01/15/2021	2FE		
780714B2	REPUBLIC SERVICES INC	R	06/20/2016	MARKETS INC, NEW YO	XXX	521,248	570,000	569,129	569,123		68		68	569,171		1,377		3,810	3,810	10/15/2016	2FE		
787204E5	RIO TINTO FINANCE (USA) PLC	R	04/29/2016	MITSUBISHI UFJ SECURITIES	XXX	358,242	200,000	319,445	319,770		59		59	319,778		36,484		13,591	13,591	06/15/2019	2FE		
787204M6	RIO TINTO FINANCE (USA) PLC	R	04/15/2016	NON-BROKER TRADE	XXX	548,188	545,000	542,013	543,989		202		202	544,191		3,998		6,101	6,101	06/21/2017	IFE		
822624YB	SHELL INTERNATIONAL FINANCE BV	R	04/15/2016	HIGH-BROKER TRADE	XXX	834,853	815,000	807,561	810,864		619		619	811,484		23,270		9,189	9,189	12/14/2018	2FE		
81612EAB	TARGET CORP	R	04/07/2016	LLC	XXX	294,240	250,000	248,356	248,356		20		20	248,376		19,864		7,836	7,836	06/12/2043	IFE		
050500AA	UNION BANK OF CALIFORNIA NA	R	05/11/2016	CREDIT SUISSE, NEW YORK	XXX	720,069	670,000	665,655	666,579		60		60	666,658		63,411		20,919	20,919	07/01/2042	IFE		
041910B4	WELLS FARGO INC	R	05/25/2016	CREDIT SUISSE, NEW YORK	XXX	525,000	525,000	524,810	524,810		190		190	525,000		83,411		15,819	15,819	05/11/2018	IFE		
380999	Subst. Bonds - Industrial and Miscellaneous (Unaffiliated)	R	05/25/2016	(C/SERUSS33AAA)	XXX	1,118,887	1,100,000	1,096,293	1,097,365		151		151	1,097,506		21,181		31,863	31,863	01/15/2023	2FE		
639999	Subst. Bonds - Part 4	R	05/25/2016	(C/SERUSS33AAA)	XXX	13,566,391	13,072,386	13,139,390	13,141,621		(1,620)		(1,620)	13,143,677		425,749		452,749	368,320	368,320	XXX	XXX	
639999	Subst. Bonds - Part 4	R	05/25/2016	(C/SERUSS33AAA)	XXX	18,578,391	18,072,386	18,139,390	18,141,621		(1,620)		(1,620)	18,143,677		425,749		452,749	368,320	368,320	XXX	XXX	
639999	Subst. Bonds - Part 4	R	05/25/2016	(C/SERUSS33AAA)	XXX	16,978,391	16,072,386	16,139,390	16,141,621		(1,620)		(1,620)	16,143,677		425,749		452,749	368,320	368,320	XXX	XXX	
639999	Subst. Bonds - Part 4	R	05/25/2016	(C/SERUSS33AAA)	XXX	16,978,391	16,072,386	16,139,390	16,141,621		(1,620)		(1,620)	16,143,677		425,749		452,749	368,320	368,320	XXX	XXX	
Common Stocks - Industrial and Miscellaneous (Unaffiliated)																							
09270100	BLACBAUD ORD	R	04/06/2016	RAYMOND JAMES & ASSOCIATES	1,400,000	88,316	XXX	31,743	82,204		(60,462)		(60,462)	31,743		57,624		168	168	XXX	L		
11874108	BAUKER ORD	R	05/02/2016	VARIOUS	5,707,000	165,868	XXX	114,425	140,450		(26,025)		(26,025)	114,425		51,543		271	271	XXX	L		
20123103	CSG SYSTEMS INTERNATIONAL ORD	R	06/02/2016	ANCORA SECURITIES INC	2,200,000	99,276	XXX	66,076	79,156		(13,080)		(13,080)	66,076		33,299		30,299	30,299	XXX	L		
24101004	COMMERICAL METALS ORD	R	06/17/2016	VARIOUS	2,100,000	35,965	XXX	28,934	29,749		(1,815)		(1,815)	28,934		9,000		504	504	XXX	L		
50188908	CRACKER BARREL OLD COUNTRY ORD	R	06/08/2016	CREDIT RESEARCH & ANALYTICAL LLC	1,390,000	268,461	XXX	64,865	166,079		(100,214)		(100,214)	64,865		126,538		1,430	1,430	XXX	L		
50188908	CRACKER BARREL OLD COUNTRY ORD	R	06/08/2016	Piper Jaffray Co	2,600,000	88,628	XXX	25,271	77,829		(52,558)		(52,558)	25,271		9,208		37,208	37,208	XXX	L		

SCHEDULE D - PART 4
Show All Long-Term Bonds and Stocks Sold, Redeemed or Otherwise Disposed of
During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
CLSP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Accruals/Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B/A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NMDC Designation or Market Indicator (a)	
95131100	MCROUSEBY ORD	04/27/2016	VARIOUS	2,300,000	65,718	XXX	29,375	1,883	(25,177)			(25,177)		30,725		65,893	45,893	472	XXX	L	
95131100	MCROUSEBY ORD	04/27/2016	VARIOUS	1,000,000	20,449	XXX	20,448	45,899	(25,477)			(25,477)		20,448		29,801	29,801		XXX	L	
679266100	OLD DOWNSIDE FREIGHT LINE ORD	04/27/2016	CREDIT RESEARCH & TRADING LLC	1,000,000	67,387	XXX	14,981	56,079	(44,086)			(44,086)		14,981		52,400	52,400	266	XXX	L	
74967107	RUI ORD	05/13/2016	LEFFERES & COMPANY INC.	1,400,000	93,416	XXX	57,550	86,459	(28,907)			(28,907)		57,550		35,255	35,255	266	XXX	L	
76774405	RITCHE BROS AUCTIONEERS ORD	06/14/2016	VARIOUS	4,000,000	130,160	XXX	94,063	86,445	(1,777)			(1,777)		94,993		35,498	35,498	664	XXX	L	
78454110	SM ENERGY ORD	04/15/2016	WELLS FARGO ADVISORS	1,100,000	27,437	XXX	21,628	21,628	(71,463)			(71,463)		21,628		5,851	5,851	494	XXX	L	
862981109	TEXAS ROADHOUSE ORD	04/07/2016	VARIOUS	2,600,000	144,703	XXX	71,534	83,002	(84,783)			(84,783)		71,534		43,169	43,169	494	XXX	L	
78454110	SM ENERGY ORD	04/15/2016	VARIOUS	1,500,000	107,137	XXX	28,419	131,217	(84,783)			(84,783)		28,419		80,718	80,718	494	XXX	L	
9099999	Subtotal Common Stocks - Industrial and Miscellaneous (Unaffiliated)			XXX	1,349,637	XXX	678,258	1,181,153	(504,895)			(504,895)		678,258		673,479	673,479	4,836	XXX	XXX	
9199997	Subtotal Common Stocks - Part 4			XXX	1,349,637	XXX	678,258	1,181,153	(504,895)			(504,895)		678,258		673,479	673,479	4,836	XXX	XXX	
9199998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)			XXX	XXX	XXX	XXX	XXX	XXX			XXX		XXX		XXX	XXX	XXX	XXX	XXX	XXX
9199998	Subtotal Common Stocks			XXX	1,349,637	XXX	678,258	1,181,153	(504,895)			(504,895)		678,258		673,479	673,479	4,836	XXX	XXX	
9099999	Subtotal Preferred and Common Stocks			XXX	17,928,054	XXX	18,941,478	17,329,711	(504,895)	(24,428)		(529,311)		18,800,004		1,126,650	1,126,650	394,011	XXX	XXX	

(a) For all common stock bearing the FULC market indicator "U" provide the number of such issues _____ 0

E06 Schedule DB Part A Section 1 NONE

E07 Schedule DB Part B Section 1 NONE

E08 Schedule DB Part D Section 1 NONE

E09 Schedule DB Part D Section 2 - Collateral Pledged By Reporting Entity NONE

E09 Schedule DB Part D Section 2 - Collateral Pledged To Reporting Entity NONE

E10 Schedule DL - Part 1 - Securities Lending Collateral Assets NONE

E11 Schedule DL - Part 2 - Securities Lending Collateral Assets NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
open depositories								
M&T Bank	Harrisburg, Pennsylvania				47,985,808	49,670,834	22,798,246	X X X
BNY Mellon	Pittsburgh, Pennsylvania				2,990,732	4,062,745	3,652,881	X X X
Members 1st Federal Credit Union	Mechanicsburg, Pennsylvania				4,387	4,387	4,387	X X X
PNC Bank	Pittsburgh, Pennsylvania				967,182	1,175,810	527,028	X X X
0199998 Deposits in 0 depositories that do not exceed the allowable limit in any one depository (see Instructions) - open depositories	X X X	X X X						X X X
0199999 Totals - Open Depositories	X X X	X X X			51,948,109	54,913,776	26,982,542	X X X
0299998 Deposits in 0 depositories that do not exceed the allowable limit in any one depository (see Instructions) - suspended depositories	X X X	X X X						X X X
0299999 Totals - Suspended Depositories	X X X	X X X						X X X
0399999 Total Cash On Deposit	X X X	X X X			51,948,109	54,913,776	26,982,542	X X X
0499999 Cash in Company's Office	X X X	X X X	X X X	X X X	800	800	800	X X X
0599999 Total Cash	X X X	X X X			51,948,909	54,914,576	26,983,342	X X X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter							
1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year
NONE							
8699999 Total - Cash Equivalents							



MEDICARE PART D COVERAGE SUPPLEMENT (Net of Reinsurance)

NAIC Group Code: 1230

NAIC Company Code: 54720

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected		XXX		XXX	
2. Earned Premiums		XXX		XXX	XXX
3. Claims Paid		XXX		XXX	
4. Claims Incurred		XXX		XXX	XXX
5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a)	NONE		XXX		
6. Aggregate Policy Reserves - change				XXX	XXX
7. Expenses Paid				XXX	
8. Expenses Incurred		XXX		XXX	XXX
9. Underwriting Gain or Loss		XXX		XXX	XXX
10. Cash Flow Results	XXX	XXX	XXX	XXX	

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$ 0 due from CMS or \$ 0 due to CMS

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**QUARTERLY STATEMENT
OF THE
Capital Blue Cross**

**of
Harrisburg
in the state of
Pennsylvania**

**TO THE
Insurance Department
OF THE STATE OF
Pennsylvania**

**FOR THE QUARTER ENDED
SEPTEMBER 30, 2016**

2016

HEALTH

2016



QUARTERLY STATEMENT
AS OF SEPTEMBER 30, 2016
OF THE CONDITION AND AFFAIRS OF THE
Capital Blue Cross

NAIC Group Code 1230 (Current Period) 1230 (Prior Period) NAIC Company Code 54720 Employer's ID Number 23-0455154
Organized under the Laws of Pennsylvania State of Domicile or Port of Entry Pennsylvania
Country of Domicile United States of America
Licensed as business type: Life, Accident & Health [] Property/Casualty [] Hospital, Medical & Dental Service or Indemnity[X]
Dental Service Corporation [] Vision Service Corporation [] Health Maintenance Organization []
Other [] Is HMO Federally Qualified? Yes [] No [] N/A [X]
Incorporated/Organized 02/15/1938 Commenced Business 03/01/1938
Statutory Home Office 2500 Elmerton Avenue Harrisburg, PA, 17177-9799
(Main Administrative Office) (Street and Number) (City or Town, State, Country and Zip Code)
Main Administrative Office 2500 Elmerton Avenue Harrisburg, PA, 17177-9799
(Street and Number) (City or Town, State, Country and Zip Code)
Mail Address 2500 Elmerton Avenue Harrisburg, PA, 17177-9799
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)
Primary Location of Books and Records 2500 Elmerton Avenue Harrisburg, PA, 17177-9799
(Street and Number) (City or Town, State, Country and Zip Code)
Internet Web Site Address www.capbluecross.com
Statutory Statement Contact Darlene Lynn Lippert (717)541-7249
(Darlene Lippert@capbluecross.com) (Name) (Area Code)(Telephone Number)(Extension)
(E-Mail Address) (717)651-4718 (Fax Number)

OFFICERS

Table with 2 columns: Name, Title. Officers include Gary Dean St. Hilaire (President and Chief Executive Officer), Michael Richard Cleary (Senior VP, Treasurer and Chief Financial Officer), Sherry Ellen Baskin (Corporate Secretary), and Rebecca Anne Smith (Assistant Corporate Secretary).

OTHERS

DIRECTORS OR TRUSTEES

Table with 2 columns: Name, Title. Directors/Trustees include Marcella Kate Arline, Robert James Dotan, George Stewart Gleason, Terry Lee Harris, James Matthew Mead, Stuart Sutphin Paxton Jr., David Neil Shaffer, Kathryn Pelgrift Taylor, Joyce Sheckels Whiteley, Elizabeth Force Carson, Ronald James Dmevich, Robert Leander Gronlund, Mary Diane Koken, Stephen Aloysius Moore, Velma Arlene Redmond, Gary Dean St. Hilaire, and Patricia Ann Warehime.

State of Pennsylvania
County of Dauphin ss

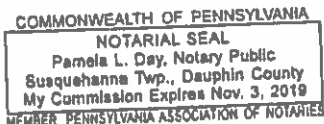
The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any 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.

Signatures and titles of Gary Dean St. Hilaire (President and Chief Executive Officer), Michael Richard Cleary (Senior VP, Treasurer & Chief Financial Officer), and Sherry Ellen Baskin (Corporate Secretary).

Subscribed and sworn to before me this 8 day of Nov, 2016

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

Notary Public Signature: Pamela L. Day



ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	251,196,315		251,196,315	287,972,968
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	315,285,368	100,000	315,185,368	368,383,032
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 \$ 0 encumbrances)	30,688,024	2,128,594	28,559,430	29,692,141
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$84,397,378), cash equivalents (\$ 0) and short-term investments (\$ 13,984,824)	98,382,202		98,382,202	51,752,723
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets	184,835,040	2,863,443	181,971,597	178,262,737
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	880,386,949	5,092,037	875,294,912	916,063,601
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	2,829,611		2,829,611	3,387,153
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	736,281	7,000	729,281	833,889
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)	1,156,493		1,156,493	1,521,078
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	5,024		5,024	23,498
18.1 Current federal and foreign income tax recoverable and interest thereon				2,478,644
18.2 Net deferred tax asset	26,803,204	12,373,855	14,429,349	15,466,781
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	15,964,999	11,477,890	4,487,109	2,821,230
21. Furniture and equipment, including health care delivery assets (\$ 0)	771,554	771,554		
22. Net adjustments in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	134,738,452		134,738,452	94,154,162
24. Health care (\$ 4,681,175) and other amounts receivable	38,773,209	1,493,106	37,280,103	37,263,499
25. Aggregate write-ins for other-than-invested assets	12,784,147	11,873,620	910,527	7,604,861
26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,114,949,923	43,089,062	1,071,860,861	1,081,618,396
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. TOTAL (Lines 26 and 27)	1,114,949,923	43,089,062	1,071,860,861	1,081,618,396
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Advance Deposits	451,423		451,423	432,976
2502. Miscellaneous Accounts Receivable	408,954	2,300	406,654	7,119,435
2503. Deferred Pending Tax Receivable	52,450		52,450	52,450
2598. Summary of remaining write-ins for Line 25 from overflow page	11,871,320	11,871,320		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	12,784,147	11,873,620	910,527	7,604,861

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1 Claims unpaid (less \$0 reinsurance ceded)	26,758,116		26,758,116	26,003,646
2 Accrued medical incentive pool and bonus amounts				
3 Unpaid claims adjustment expenses	1,065,336		1,065,336	1,030,819
4 Aggregate health policy reserves, including the liability of \$0 for medical loss ratio rebate per the Public Health Service Act	16,541		16,541	2,233
5 Aggregate life policy reserves				
6 Property/casualty unearned premium reserve				
7 Aggregate health claim reserves				
8 Premiums received in advance	25,824,707		25,824,707	5,148,573
9 General expenses due or accrued	63,199,655		63,199,655	63,972,768
10.1 Current federal and foreign income tax payable and interest thereon (including \$0 on realized gains (losses))	544,075		544,075	
10.2 Net deferred tax liability				
11 Ceded reinsurance premiums payable				
12 Amounts withheld or retained for the account of others	548,279		548,279	2,029,828
13 Remittances and items not allocated				
14 Borrowed money (including \$0 current) and interest thereon \$0 (including \$0 current)				
15 Amounts due to parent, subsidiaries and affiliates	93,792,453		93,792,453	73,676,326
16 Derivatives				
17 Payable for securities				
18 Payable for securities lending				
19 Funds held under reinsurance treaties with (\$0 authorized reinsurers, \$0 unauthorized reinsurers and \$0 certified reinsurers)				
20 Reinsurance in unauthorized and certified (\$0) companies				
21 Net adjustments in assets and liabilities due to foreign exchange rates				
22 Liability for amounts held under uninsured plans	69,914		69,914	29,176
23 Aggregate write-ins for other liabilities (including \$0 current)	144,793,694		144,793,694	145,018,418
24 Total liabilities (Lines 1 to 23)	356,612,770		356,612,770	316,911,787
25 Aggregate write-ins for special surplus funds	X X X	X X X	3,835,484	5,113,979
26 Common capital stock	X X X	X X X		
27 Preferred capital stock	X X X	X X X		
28 Gross paid in and contributed surplus	X X X	X X X		
29 Surplus notes	X X X	X X X		
30 Aggregate write-ins for other-than-special surplus funds	X X X	X X X		
31 Unassigned funds (surplus)	X X X	X X X	711,412,607	759,592,630
32 Less treasury stock, at cost:				
32.10 shares common (value included in Line 26 \$0)	X X X	X X X		
32.20 shares preferred (value included in Line 27 \$0)	X X X	X X X		
33 Total capital and surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	715,248,091	764,706,609
34 Total Liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	1,071,860,861	1,081,618,396
DETAILS OF WRITE-INS				
2301. Liability for Pension and Postretirement Benefits	139,904,924		139,904,924	140,547,476
2302. Payments Due Others	4,638,565		4,638,565	4,244,913
2303. Other Liabilities	189,616		189,616	190,067
2398. Summary of remaining write-ins for Line 23 from overflow page	60,589		60,589	35,962
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	144,793,694		144,793,694	145,018,418
2501 ACA Health Insurer Fee	X X X	X X X	3,835,484	5,113,979
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X	3,835,484	5,113,979
3001.	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1	2	3	4
	Uncovered	Total	Total	Total
1. Member Months	X X X	853,301	872,463	1,160,944
2. Net premium income (including \$.....0 non-health premium income)	X X X	223,226,890	206,716,775	279,729,049
3. Change in unearned premium reserves and reserves for rate credits	X X X	(14,308)	(14,688)	380
4. Fee-for-service (net of \$.....0 medical expenses)	X X X			
5. Risk revenue	X X X			
6. Aggregate write-ins for other health care related revenues	X X X			
7. Aggregate write-ins for other non-health revenues	X X X			
8. Total revenues (Lines 2 to 7)	X X X	223,212,582	206,702,087	279,729,429
Hospital and Medical:				
9. Hospital/medical benefits		177,581,920	167,366,031	225,974,074
10. Other professional services		808,308	729,610	
11. Outside referrals				
12. Emergency room and out-of-area		19,608,270	17,784,842	23,466,470
13. Prescription drugs		2,702,025	2,739,969	3,271,235
14. Aggregate write-ins for other hospital and medical				
15. Incentive pool, withhold adjustments and bonus amounts				
16. Subtotal (Lines 9 to 15)		200,700,523	188,620,452	252,711,779
Less:				
17. Net reinsurance recoveries				
18. Total hospital and medical (Lines 16 minus 17)		200,700,523	188,620,452	252,711,779
19. Non-health claims (net)				
20. Claims adjustment expenses, including \$.....3,064,773 cost containment expenses		4,025,444	5,178,623	7,388,865
21. General administrative expenses		14,032,263	19,288,011	24,630,855
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)				
23. Total underwriting deductions (Lines 18 through 22)		218,758,230	213,087,086	284,731,499
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	4,454,352	(6,384,999)	(5,002,070)
25. Net investment income earned		9,901,156	12,892,866	20,111,439
26. Net realized capital gains (losses) less capital gains tax of \$.....0		6,673,861	6,825,998	7,273,689
27. Net investment gains or (losses) (Lines 25 plus 26)		16,575,017	19,718,864	27,385,128
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]				
29. Aggregate write-ins for other income or expenses		(157,471)	(245,908)	(340,241)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	20,871,898	13,087,957	22,042,817
31. Federal and foreign income taxes incurred	X X X	9,924,260	6,997,301	10,701,656
32. Net income (loss) (Lines 30 minus 31)	X X X	10,947,638	6,090,656	11,341,161
DETAILS OF WRITE-INS				
0601.	X X X			
0602.	X X X			
0603.	X X X			
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X			
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X			
0701.	X X X			
0702.	X X X			
0703.	X X X			
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X			
0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page				
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)				
2901. Other Expense		(157,471)	(245,908)	(340,241)
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page				
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)		(157,471)	(245,908)	(340,241)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	764,706,609	824,749,733	824,749,733
34. Net income or (loss) from Line 32	10,947,638	6,090,656	11,341,161
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 4,932,446	(70,150,421)	(37,883,148)	(106,441,722)
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax	(2,336,430)	(881,188)	(9,258,672)
39. Change in nonadmitted assets	11,432,535	(13,842,395)	21,274,700
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			
46. Dividends to stockholders			
47. Aggregate write-ins for gains or (losses) in surplus	648,160	6,380,128	23,041,409
48. Net change in capital and surplus (Lines 34 to 47)	(49,458,518)	(40,135,947)	(60,043,124)
49. Capital and surplus end of reporting period (Line 33 plus 48)	715,248,091	784,613,786	764,706,609
DETAILS OF WRITE-INS			
4701. Change in unrecognized prior service costs and net gains / losses	648,160	6,380,128	23,041,409
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page			
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	648,160	6,380,128	23,041,409

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	244,373,467	207,277,553	286,406,188
2. Net investment income	11,626,582	13,479,928	21,516,423
3. Miscellaneous income			
4. TOTAL (Lines 1 to 3)	256,000,049	220,757,481	307,922,611
5. Benefit and loss related payments	200,656,269	192,102,979	257,159,969
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	8,273,321	16,854,471	27,564,072
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$0 tax on capital gains (losses)	6,901,541	9,943,599	15,762,485
10. TOTAL (Lines 5 through 9)	215,831,131	218,901,049	300,486,526
11. Net cash from operations (Line 4 minus Line 10)	40,168,918	1,856,432	7,436,085
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	115,941,631	75,178,665	101,041,895
12.2 Stocks	6,883,552	14,734,648	20,261,869
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets	3,426,847	2,377,118	25,000,000
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds			
12.8 TOTAL investment proceeds (Lines 12.1 to 12.7)	126,252,030	92,290,431	146,303,764
13. Cost of investments acquired (long-term only):			
13.1 Bonds	75,651,833	65,103,583	84,907,049
13.2 Stocks	6,949,771	15,305,725	31,124,137
13.3 Mortgage loans			
13.4 Real estate	230,299	1,256,554	2,927,832
13.5 Other invested assets	15,000,660	16,782,746	72,953,128
13.6 Miscellaneous applications			
13.7 TOTAL investments acquired (Lines 13.1 to 13.6)	97,832,563	98,448,608	191,912,146
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)	28,419,467	(6,158,177)	(45,608,382)
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			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	(21,958,906)	7,391,382	32,214,874
17. Net cash from financing and miscellaneous sources (Line 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	(21,958,906)	7,391,382	32,214,874
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	46,629,479	3,089,637	(5,957,423)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	51,752,723	57,710,146	57,710,146
19.2 End of period (Line 18 plus Line 19.1)	98,382,202	60,799,783	51,752,723
Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:			
20.0001			

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1		2		3	4	5	6	7	8	9	10
	Total	Individual	Comprehensive (Hospital & Medical)	Group								
Total Members at end of												
1. Prior Year	96,162	418							76,806			
2. First Quarter	95,175	253							76,601			
3. Second Quarter	94,735	299							76,639			
4. Third Quarter	94,404	423							76,688			
5. Current Year												
6. Current Year Member Months	853,301	2,724				160,522			690,055			
Total Member Ambulatory Encounters for Period:												
7. Physician												
8. Non-Physician	324,905	2,462				57,264			208,654			56,525
9. Total	324,905	2,462				57,264			208,654			56,525
10. Hospital Patient Days Incurred	46,466	97				19,414			26,975			
11. Number of Inpatient Admissions	10,656	10				4,259			6,387			
12. Health Premiums Written (a)	223,226,090	154,971				19,203,991			200,287,386			3,580,542
13. Life Premiums Direct												
14. Property/Casualty Premiums Written												
15. Health Premiums Earned	223,212,302	153,291				19,191,363			200,287,386			3,580,542
16. Property/Casualty Premiums Earned												
17. Amount Paid for Provision of Health Care Services	200,648,390	288,616				16,125,568			181,434,318			2,799,688
18. Amount Incurred for Provision of Health Care Services	200,700,523	314,889				16,018,736			181,622,537			2,744,361

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....0.

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

Aging Analysis of Unpaid Claims						
1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
0199999 Individually Listed Claims Unpaid						
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	13,178,164	14,041				13,192,205
0499999 Subtotals	13,178,164	14,041				13,192,205
0599999 Unreported claims and other claim reserves						13,565,911
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						26,758,116
0899999 Accrued Medical Incentive Pool And Bonus Amounts						

UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims				5	6
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec 31 of Prior Year	On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1-3)	Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year
1. Comprehensive (hospital & medical)	(32,784)	321,717	9,974	112,042	(22,810)	94,247
2. Medicare Supplement	3,561,957	12,624,791	(520,502)	3,737,137	3,041,365	3,253,594
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan	27,236,576	154,359,299	(7,259,332)	30,582,059	19,977,244	22,514,722
6. Title XVIII - Medicare						
7. Title XIX - Medicaid						
8. Other health	122,614	3,176,681		96,837	122,614	141,083
9. Health subtotal (Lines 1 to 8)	30,888,373	170,482,488	(7,769,960)	34,528,075	23,118,413	26,003,646
10. Healthcare receivables (a)	526,106	196,365	11,124	1,255,052	537,230	563,840
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	30,362,267	170,286,123	(7,781,084)	33,273,023	22,581,183	25,439,806

(a) Excludes \$.....4,908,105 loans or advances to providers not yet expensed.

Notes to Financial Statement

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The financial statements of Capital Blue Cross ("Company") are presented on the basis of accounting practices prescribed or permitted by the Pennsylvania Insurance Department.

The Pennsylvania Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Pennsylvania for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Pennsylvania Insurance Law. The Accounting Practices and Procedures Manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Pennsylvania. The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, 1) goodwill arising from the purchase of a subsidiary, controlled or affiliated entity is written off directly to surplus in the year it originates by Pennsylvania domiciled companies. In NAIC SAP, goodwill in amounts not to exceed 10% of an insurer's capital and surplus may be capitalized and all amounts of goodwill are amortized to unrealized gains and losses on investments over periods not to exceed 10 years, and, 2) 100% of all fixed assets are admitted by Pennsylvania domiciled companies. In NAIC SAP, fixed assets are not admitted. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices. The Company had no such permitted practices as of September 30, 2016.

	State of Domicile	2016	2015
<u>Net Income</u>			
(1) The Company's state basis (Page 4, Line 32, Column 2 & 3)	PA	\$ 10,947,638	\$ 11,341,161
(2) State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP		-	-
(4) NAIC SAP (1-2-3=4)		<u>\$ 10,947,638</u>	<u>\$ 11,341,161</u>

Surplus

(5) The Company's state basis (Page 3, Line 33, Column 3 & 4)	PA	\$ 715,248,091	\$ 764,706,609
(6) State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP		-	-
(8) NAIC SAP (5-6-7=8)		<u>\$ 715,248,091</u>	<u>\$ 764,706,609</u>

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

No material changes.

C. Accounting Policies

1 - 5 - No material changes.

6 Loan-backed bonds are stated at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from external sources and are based on the current interest rate and economic environment. The prospective adjustment method is used to value all such securities.

7 - 13. - No material changes

D. Going Concern

Not applicable.

2. Accounting Changes and Corrections of Errors

Not applicable.

3. Business Combinations and Goodwill

Not applicable.

4. Discontinued Operations

Not applicable.

5. Investments

A. Mortgage Loans

Not applicable.

Notes to Financial Statement

- B. Debt Restructuring
 - Not applicable.
 - C. Reverse Mortgages
 - Not applicable.
 - D. The Company does not have Loan-Backed Securities
 - E. The Company does not have any Repurchase Agreements and/or Securities Lending Transactions.
 - F. Real Estate
 - Not Applicable.
 - G. Low-Income Housing Credits
 - Not Applicable.
 - H. Restricted assets.
 - Not Applicable.
 - I. The Company does not have Working Capital Finance Investments.
 - J. The Company does not have Offsetting and Netting of Assets and Liabilities
 - K. Structured Notes
 - Not Applicable.
6. Joint Ventures, Partnerships and Limited Liability Companies
- Not Applicable.
7. Investment Income
- A. Basis for Excluding Due and Accrued Investment Income from Statutory Surplus
 - No material changes.
 - B. Amounts Excluded from Statutory Surplus
 - Not Applicable.
8. Derivative Investments
- Not Applicable.
9. Income Taxes
- No material changes.
10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Practices
- A. Information Concerning Parent Company
 - No material changes.
 - B. Description of Transactions
 - No material changes.
 - C. Amounts of Transactions
 - No material changes.
 - D. Due to and from Parent, Subsidiaries and Affiliates
 - No material changes.
 - E. Commitments and Contingencies
 - No material changes.

Notes to Financial Statement

- F. Management Service Contracts and Cost Sharing Arrangements
No material changes.
- G. Relationships with Enterprises under Common Ownership
Not Applicable.
- H. Amounts Deducted from Value of an Upstream Intermediate Entity
Not Applicable.
- I. Investments in SCA Entities that exceed 10% of Admitted Assets
Not Applicable.
- J. Impairment in SCAs
No material changes.
- K. Investments in Foreign Insurance Subsidiaries
Not Applicable.
- L. Downstream Noninsurance Holding Company
Not Applicable.
- M-N SCA Investments
Not Applicable.
11. Debt
- A. Capital Note obligations
Not Applicable.
- B. The Company has no Federal Home Loan Bank agreements
12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Postretirement Benefit Plans
- A. Defined Benefit Plan

<u>Components of Net Periodic Benefit Cost</u>	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Service Cost	\$ 2,114,609	\$ 2,753,626	\$ 3,165,000	\$ 4,047,698
Interest Cost	6,982,227	8,973,452	3,881,250	4,800,354
Expected Return on Plan Assets	(10,383,750)	(14,501,380)	-	-
Transition Asset or Obligation	-	-	-	7,510,158
Gains and Losses	1,063,425	1,253,639	-	-
Prior Service Cost or Credit	110,378	146,953	(805,500)	(263,347)
Total Net Periodic Benefit Cost	<u>\$ (113,111)</u>	<u>\$ (1,373,710)</u>	<u>\$ 6,240,750</u>	<u>\$ 16,094,863</u>

- B. Investment Policies and Strategies
No material changes.
- C. Fair Value of Plan Assets
Not Applicable.
- D. Expected Long Term Rate of Return on Assets
Not Applicable.
- E. Defined Contribution Plans
Not Applicable.
- F. Multiemployer Plan
No material changes.

Notes to Financial Statement

- G. Consolidated / Holding Company Plans
 - No material changes.
 - H. Postemployment benefits and compensated absences are accrued in accordance with SSAP No., 11.
 - No material changes.
 - I. Medicare Prescription Drug Improvement and Modernization Act of 2003
 - No material changes.
13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations
- A. Capital Stock
 - No material changes.
 - B. Preferred Stock
 - Not Applicable.
 - C, D., E. Dividends
 - Not Applicable.
 - F. Surplus Restrictions
 - No material changes.
 - G. Mutual Surplus Advances
 - No material changes.
 - H. Company Stock Held for Special Purposes
 - Not Applicable.
 - I. Special Surplus Funds
 - The Company is subject to an annual Health Insurance Providers Fee under section 9010 of the Federal Affordable Care Act ("ACA"). The year-to-date estimated fee was reclassified from unassigned funds to special surplus in accordance with the applicable statutory guidance.
 - J. Changes in Surplus
 - No material changes.
 - K. Surplus Notes
 - No material changes.
 - L, M. Quasi-Reorganizations
 - Not Applicable.
14. Contingencies
- A. Contingent Commitments
 - No material changes.
 - B. Assessments
 - Not Applicable.
 - C. Gain Contingencies
 - Not Applicable.
 - D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits
 - Not Applicable.
 - E. All Other Contingencies
 - No material changes.

Notes to Financial Statement

- 15 Leases
- A. Lessee Operating Lease
No material changes.
- B. Lessor Leases
Not Applicable.
16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk
Not Applicable.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
- A. Transfers of Receivable Reported as Sales
Not Applicable.
- B. The Company does not have Transfer and Servicing of Financial Assets.
- C. The Company does not have wash sales as defined in paragraph 9 of SSAP No. 91R
18. Gains or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
- A. ASO Plans
Not Applicable.
- B. ASC Plans
No material changes.
- C. Medicare or Similarly Structured Cost Based Reimbursement Contract
Not Applicable.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
Not Applicable.
20. Fair Value Measurement
- A. Fair Value Measurements at September 30, 2016

<u>Assets at Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Short Term Investments:				
Money market Funds	\$ 13,984,824	-	-	\$ 13,984,824
Total Short Term Investments	13,984,824	-	-	13,984,824
Bonds	-	-	-	-
Common stocks	212,492,537	-	-	212,492,537
Total Assets at Fair Value	\$ 226,477,361	\$ -	\$ -	\$ 226,477,361

There were no material transfers between Levels 1 and 2 during the period. There were no material transfers into or out of Level 3.

Notes to Financial Statement

C. Fair Value and Admitted Value of All Financial Assets

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3
Bonds	\$ 265,373,250	\$ 251,196,315	\$ -	\$ 265,373,250	\$ -
Common Stocks	212,492,537	212,492,537	212,492,537	-	-
Real Estate	62,766,409	28,559,430	-	62,766,409	-
Cash and Short-Term Investments	98,382,202	98,382,202	98,382,202	-	-
Other Invested Assets	30,852,963	30,852,963	-	30,852,963	-
Total assets at fair value	<u>\$ 669,867,361</u>	<u>\$ 621,483,447</u>	<u>\$ 310,874,739</u>	<u>\$ 358,992,622</u>	<u>\$ -</u>

The Company's Level 1 securities primarily consist of equities and money market funds. The Company determines the estimated fair value for its Level 1 securities using quoted (unadjusted) prices for identical assets or liabilities in active markets.

The Company's Level 2 securities primarily consist of government-sponsored enterprise securities, state and municipal bonds, and corporate debt. The Company determines the estimated fair value for its Level 2 securities using the following methods: quoted prices for similar assets/liabilities in active markets; quoted prices for identical or similar assets in non-active markets (few transactions, limited information, noncurrent prices, high variability over time); inputs other than quoted prices that are observable for the asset/liability (e.g., interest rates, yield curves volatilities, default rates); and inputs that are derived principally from or corroborated by other observable market data.

There were no material transfers between Levels 1 and 2 during the period. There were no material transfers into or out of Level 3.

D. The Company does not estimate the fair values of financial instruments

21. Other Items

A—G No material changes.

22. Events Subsequent

Not Applicable.

23. Reinsurance

Not Applicable.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A - D. No material changes

E. Medical Loss Ratio Rebates required pursuant to the Public Health Service Act

- (1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions (YES/NO)?

Yes

Notes to Financial Statement

(2) Impact of Risk Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

a. Permanent ACA Risk Adjustment Program

Assets

1.	Premium adjustments receivable due to ACA Risk Adjustment	-
----	---	---

Liabilities

2.	Risk adjustment user fees payable for ACA Risk Adjustment	-
----	---	---

3.	Premium adjustments payable due to ACA Risk Adjustment	-
----	--	---

Operations (Revenue & Expense)

4.	Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	-
----	---	---

5.	Reported in expenses as ACA risk adjustment user fees (incurred/paid)	-
----	---	---

The Company has not estimated any receivables or payables related to the ACA Risk Adjustment Program due to insufficient data to make an estimate.

b. Transitional ACA Reinsurance Program

Assets

1.	Amounts recoverable for claims paid due to ACA Reinsurance	-
----	--	---

2.	Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)	-
----	---	---

3.	Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	-
----	--	---

Liabilities

4.	Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	1,739,590
----	--	-----------

5.	Ceded reinsurance premiums payable due to ACA Reinsurance	-
----	---	---

6.	Liability for amounts held under uninsured plans contributions for ACA Reinsurance	-
----	--	---

Operations (Revenue & Expense)

7.	Ceded reinsurance premiums due to ACA Reinsurance	-
----	---	---

8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	-
----	--	---

9.	ACA Reinsurance Contributions - not reported as ceded premium	1,119,623
----	---	-----------

c. Temporary ACA Risk Corridors Program

Assets

1.	Accrued retrospective premium due from ACA Risk Corridors	-
----	---	---

Liabilities

2.	Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	-
----	--	---

Operations (Revenue & Expense)

3.	Effect of ACA Risk Corridors on net premium income (paid/received)	-
----	--	---

4.	Effect of ACA Risk Corridors on change in reserves for rate credits	-
----	---	---

The Company has not estimated any receivables or payables related to the ACA Risk Adjustment Program due to insufficient data to make an estimate.

Notes to Financial Statement

3) Rollforward of prior year ACA risk-sharing provisions

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 + 3)	Prior Year Accrued Less Payments (Col 2 + 4)	To Prior Year Balances	To Prior Year Balances	Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
					5	6	7	8	9	10
					Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)
a Permanent ACA Risk Adjustment Program										
1 Premium adjustments receivable								A		
2 Premium adjustments (payable)								B		
3 Subtotal ACA Permanent Risk Adjustment Program										
b Transitional ACA Reinsurance Program										
1 Amounts recoverable for claims paid										
2 Amounts recoverable for claims insured (contra liability)								C		
3 Amounts receivable relating to uninsured plans								D		
4 Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium								E		
5 Ceded reinsurance premiums payable		(2,479,859)		(1,859,902)		(619,967)		F		(619,967)
6 Liability for amounts held under uninsured plans								G		
7 Subtotal ACA Transitional Reinsurance Program		(2,479,859)		(1,859,902)		(619,967)		H		(619,967)
c Temporary ACA Risk Corridors Program										
1 Accrued retrospective premium								I		
2 Reserve for rate credits or policy experience rating refunds								J		
3 Subtotal ACA Risk Corridors Program										
d Total for ACA Risk Sharing Provisions		(2,479,859)		(1,859,902)		(619,967)				(619,967)

Explanation of Adjustments

A
B
C
D
E
F
G
H
I
J

Benefit Year	Beginning Balance		Estimated Receivable/Payable to be filed (or final amounts)		Amounts impaired or not accrued (not withstanding collectibility concerns)		Amounts Received		Ending Balance		Asset Balance - Gross of non-admit
	AR	AP	AR	AP	AR	AP	AR	AP	AR	AP	AR
2014	-	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-	-

Notes to Financial Statement

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31 of the prior year were \$25,439,806. Year-to-date, \$30,362,267 has been paid for incurred claims attributable to insured events of prior years. Claims incurred and claim adjustment expenses attributed to insured events of prior years have decreased by \$2,858,623 and \$85,759, respectively, year-to-date. Reserves remaining for prior years are \$1,411,856 as a result of re-estimation of unpaid claims. The re-estimation is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding the actual claims experience.

26. Intercompany Pooling Arrangements

Not Applicable.

27. Structured Settlements

Not Applicable.

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

No material changes.

B. Risk Sharing Receivables

Not Applicable.

29. Participating Policies

Not Applicable.

30. Premium Deficiency Reserves

No material changes.

31. Anticipated Salvage and Subrogation

No material changes.

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[] N/A[X]
- 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:
Two entities, Dominion USA, Inc. (a MD entity and a VA entity, of the same name), were approved by the VA BOA to merge with Dominion Dental Services, Inc. effective 7/1/16
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 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? Yes[] No[] N/A[X]
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011
- 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. 12/31/2011
- 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). 07/13/2013
- 6.4 By what department or departments?
Pennsylvania Insurance Department
- 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[X] No[] N/A[]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[] N/A[]
- 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
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

- 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? 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.
- 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[X] No[]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

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: \$ 0

GENERAL INTERROGATORIES (Continued)

INVESTMENT

13. Amount of real estate and mortgages held in short-term investments: \$ _____ 0
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes[X] No[]
- 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	168,790,354	99,459,990
14.24 Short-Term Investments		
14.25 Mortgages Loans on Real Estate		
14.26 All Other	125,000,000	125,000,000
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	293,790,354	224,459,990
14.28 Total Investment in Parent included in Lines 14.21 to 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?
If no, attach a description with this statement. Yes[] No[] N/A[X]
16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ _____ 0
- 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ _____ 0
- 16.3 Total payable for securities lending reported on the liability page \$ _____ 0

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 Safekeeping 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
BNYMellon	One Mellon Ctr. 500 Grant St. Pittsburgh, PA 15258

- 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)

- 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

- 17.5 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	2 Name(s)	3 Address
71072	Standish Mellon	One Financial Center Boston, MA 02111
37579	Palisade Capital	One Bridge Plaza Fort Lee, NJ 07024
17358	M & T Securities	285 Delaware Ave., Suite 2000, Buffalo, NY 14202

- 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:

GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages	
1.1 A&H loss percent	91.000%
1.2 A&H cost containment percent	1.000%
1.3 A&H expense percent excluding cost containment expenses	7.000%
2.1 Do you act as a custodian for health savings accounts?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.	\$ 0
2.3 Do you act as an administrator for health savings accounts?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.4 If yes, please provide the balance of the funds administered as of the reporting date.	\$ 0

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 Reinsurer	8 Certified Reinsurer Rating (1 through 6)	9 Effective Date of Certified Reinsurer Rating
			NONE					

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

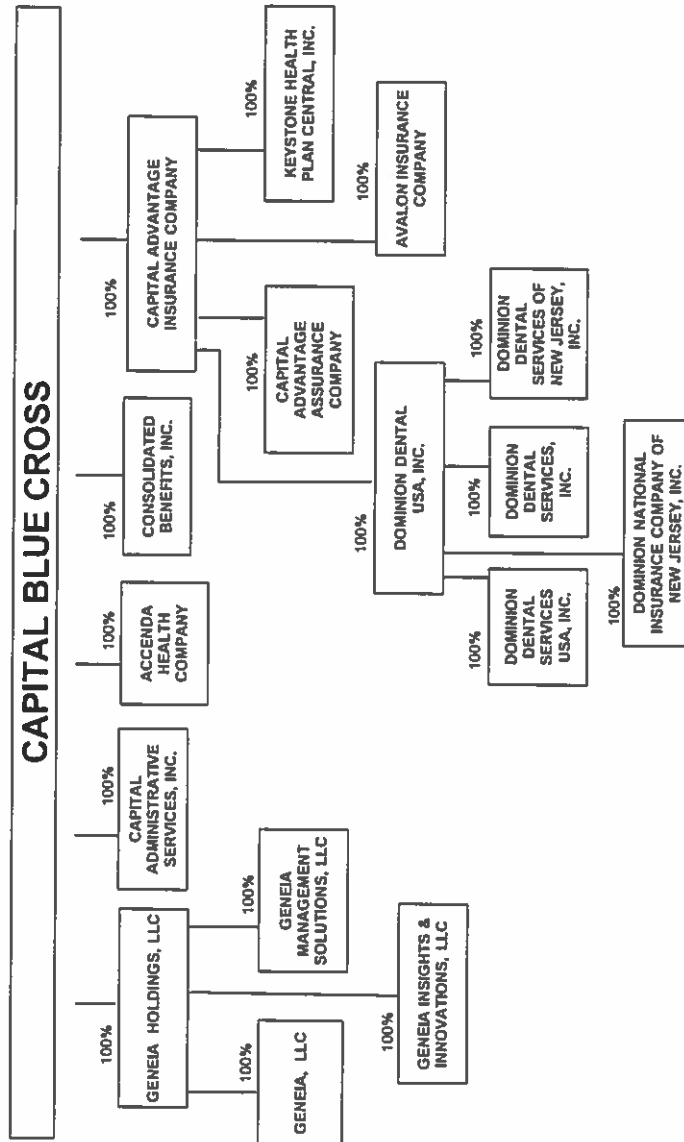
Current Year to Date - Allocated by States and Territories

	1	Direct Business Only							9
		2	3	4	5	6	7	8	
State, Etc.	Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	L	22,939,504			200,287,386			223,226,890	
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	N								
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X	22,939,504			200,287,386			223,226,890	
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. Total (Direct Business)	(a)	22,939,504			200,287,386			223,226,890	
DETAILS OF WRITE-INS									
58001.	X X X								
58002.	X X X								
58003.	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X								

(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.

(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



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

	FEDERAL EMPLOYERS IDENTIFICATION NUMBER	NAIC COMPANY CODES	STATE OF DOMICILE
Accenda Health Company, Inc.	47-5534901	N/A	PA
Avalon Insurance Company, Inc.	76-0801632	12358	PA
Capital Blue Cross, Inc.	23-0455154	54720	PA
Consolidated Benefits, Inc.	23-2398941	N/A	PA
Capital Administrative Services, Inc.	25-1578904	N/A	PA
Capital Advantage Assurance Company, Inc.	45-5492167	14411	PA
Capital Advantage Insurance Company, Inc.	23-2195219	41203	PA
Keystone Health Plan Central, Inc.	23-2398845	95189	PA
Dominion Dental USA, Inc.	54-1922626	N/A	DE
Dominion Dental Services USA, Inc.	54-1991050	N/A	VA
Dominion Dental Services, Inc.	54-1808292	95657	VA
Dominion Dental Services of New Jersey, Inc.	54-1980569	N/A	NJ
Dominion National Insurance Company of New Jersey, Inc.	81-3569969	16003	NJ
Geneia Holdings, LLC	45-5497527	N/A	DE
Geneia, LLC	90-0860445	N/A	DE
Geneia Management Solutions, LLC	32-0419506	N/A	DE
Geneia Insights & Innovations, LLC	30-0801489	N/A	DE

SCHEDULE Y
PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	ID Number	FEDERAL RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies) / Person(s)	
1230	Capital Blue Cross	12358	76-0801682				Avalon Insurance Company	PA	UIP	Capital Advantage Insurance Company	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	95199	23-2398945				Keystone Health Plan Central, Inc.	PA	UIP	Capital Advantage Insurance Company	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	14811	45-5492167				Capital Advantage Assurance Company	PA	UIP	Capital Advantage Insurance Company	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	54-192626				Dominion Dental USA, Inc.	DE	UIP	Capital Advantage Insurance Company	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	54-1991050				Dominion Dental Services USA, Inc.	VA	UIP	Dominion Dental USA, Inc.	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	95657	54-1808292				Dominion Dental Services, Inc.	VA	UIP	Dominion Dental USA, Inc.	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	54-1980569				Dominion Dental Services of New Jersey, Inc.	NJ	UIP	Dominion Dental USA, Inc.	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	81-3569969				Dominion National Insurance Co. of NJ, Inc.	NJ	UIP	Dominion Dental USA, Inc.	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	41203	23-2195219				Capital Advantage Insurance Company	PA	UDP	Capital Blue Cross	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	25-1578904				Capital Administrative Services, Inc.	PA	UDP	Capital Blue Cross	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	47-5534901				Accenda Health Company, Inc.	PA	UDP	Capital Blue Cross	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	23-2398941				Consolidated Benefits, Inc.	PA	UDP	Capital Blue Cross	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	45-5497527				Geneia Holdings LLC	DE	UDP	Capital Blue Cross	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	90-0660445				Geneia LLC	DE	UDP	Geneia Holdings, LLC	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	32-0419506				Geneia Management Solutions LLC	DE	UDP	Geneia Holdings, LLC	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	00000	30-08011489				Geneia Insights and Innovations LLC	DE	UDP	Geneia Holdings, LLC	Ownership, Board of Directors, Management	100.0	Capital Blue Cross	
1230	Capital Blue Cross	54720	23-0465154				Capital Blue Cross	PA	UDP		Ownership, Board of Directors, Management	100.0	Capital Blue Cross	

Explanation

Asterisk

0000001

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

RESPONSE

No

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



54720201636500003

2016

Document Code 365

OVERFLOW PAGE FOR WRITE-INS

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1197. Summary of remaining write-ins for Line 11 (Lines 1104 through 1196)				
2504. Prepaid Expenses	11,853,577	11,853,577		
2505. Vehicles	17,743	17,743		
2597. Summary of remaining write-ins for Line 25 (Lines 2504 through 2596)	11,871,320	11,871,320		

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2304. Abandoned Property	60,589		60,589	35,962
2397. Summary of remaining write-ins for Line 23 (Lines 2304 through 2396)	60,589		60,589	35,962
2597. Summary of remaining write-ins for Line 25 (Lines 2504 through 2596)	X X X	X X X		
3097. Summary of remaining write-ins for Line 30 (Lines 3004 through 3096)	X X X	X X X		

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	31,866,638	30,781,025
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition	230,299	2,927,832
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other-than-temporary impairment recognized		
8. Deduct current year's depreciation	1,408,913	1,842,219
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 + 7 + 8)	30,688,024	31,866,638
10. Deduct total nonadmitted amounts	2,128,594	2,174,497
11. Statement value at end of current period (Line 9 minus Line 10)	28,559,430	29,692,141

SCHEDULE B - VERIFICATION

Mortgage Loans

	1	2
	Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest paid		
9. Total foreign exchange change in book value/recorded investment		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9 + 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	183,222,487	162,127,080
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	3,500,000	50,000,000
2.2 Additional investment made after acquisition	11,500,660	22,953,128
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation Increase (decrease)	(9,961,260)	(26,857,721)
6. Total gain (loss) on disposals	(2,526,847)	
7. Deduct amounts received on disposals	900,000	25,000,000
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9 + 10)	184,835,040	183,222,487
12. Deduct total nonadmitted amounts	2,863,443	4,959,750
13. Statement value at end of current period (Line 11 minus Line 12)	181,971,597	178,262,737

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	656,456,000	728,982,849
2. Cost of bonds and stocks acquired	82,601,604	116,031,186
3. Accrual of discount	80,764	397,124
4. Unrealized valuation increase (decrease)	(55,203,595)	(73,553,021)
5. Total gain (loss) on disposals	6,678,541	7,929,439
6. Deduct consideration for bonds and stocks disposed of	122,825,183	121,303,764
7. Deduct amortization of premium	1,306,448	1,369,265
8. Total foreign exchange change in book/adjusted carrying value		658,548
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	566,481,683	656,456,000
11. Deduct total nonadmitted amounts	100,000	100,000
12. Statement value at end of current period (Line 10 minus Line 11)	566,381,683	656,356,000

SCHEDULE D - PART 1B
Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

	1	2	3	4	5	6	7	8
NAIC Designation	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a)	176,108,180	20,873,250	44,008,818	49,060	181,821,339	176,108,180	153,021,672	173,903,105
2. NAIC 2 (a)	126,642,452	17,467,116	36,884,517	676,627	121,955,130	126,642,452	107,901,678	125,665,327
3. NAIC 3 (a)	5,385,622	1,513,763	3,394,238	272,652	5,394,220	5,385,622	3,777,789	4,924,323
4. NAIC 4 (a)	480,000				480,000	480,000	480,000	1,470,242
5. NAIC 5 (a)								
6. NAIC 6 (a)								
7. Total Bonds	308,616,254	39,854,119	84,287,573	998,339	309,650,689	308,616,254	265,181,139	305,962,997
PREFERRED STOCK								
8. NAIC 1								
9. NAIC 2								
10. NAIC 3								
11. NAIC 4								
12. NAIC 5								
13. NAIC 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	308,616,254	39,854,119	84,287,573	998,339	309,650,689	308,616,254	265,181,139	305,962,997

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$; NAIC 2 \$; NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$; NAIC 7 \$; NAIC 8 \$; NAIC 9 \$; NAIC 10 \$; NAIC 11 \$; NAIC 12 \$; NAIC 13 \$; NAIC 14 \$; NAIC 15 \$

SCHEDULE DA - PART 1

Short - Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals	13,984,824	X X X	13,984,824	41,825	

SCHEDULE DA - Verification

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	17,990,029	42,886,106
2. Cost of short-term investments acquired	1,999,336	6,011,942
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	(56)	
6. Deduct consideration received on disposals	5,999,944	30,900,618
7. Deduct amortization of premium	4,541	7,401
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	13,984,824	17,990,029
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	13,984,824	17,990,029

SI04 Schedule DB - Part A Verification NONE

SI04 Schedule DB - Part B Verification NONE

SI05 Schedule DB Part C Section 1 NONE

SI06 Schedule DB Part C Section 2 NONE

SI07 Schedule DB - Verification NONE

SI08 Schedule E - Verification (Cash Equivalents) NONE

SCHEDULE A - PART 2
Showing all Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 Description of Property	2 Location		3 City	4 State	5 Date Acquired	6 Name of Vendor	7 Actual Cost at Time of Acquisition	8 Amount of Encumbrances	9 Book/Adjusted Carrying Value Less Encumbrances	10 Additional Investment Made After Acquisition
	1	2								
Acquired by Purchase 2500 Elmerton Ave 0199999 Subtotal - Acquired by Purchase	Harrisburg	PA		PA	09/30/2016	Various				88,751
0399999 Totals										88,751

SCHEDULE A - PART 3
Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract"

1 Description of Property	2 Location		3 City	4 State	5 Disposal Date	6 Name of Purchaser	7 Actual Cost	8 Expended for Additions, Permanent Improvements and Changes in Encumbrances	9 Book/Adjusted Carrying Value Less Encumbrances Prior Year	10 Current Year's Depreciation	11 Other-than- Temporary Impairment Recognized	12 Current Year's Change in Encumbrances	13 Total Change in B.M.C.V. (11 - 9 - 10)	14 Total Foreign Exchange Change in B.M.C.V.	15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Amounts Received During Year	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Gross Income Earned Less Interest Incurred on Encumbrances	21 Taxes, Repairs and Expenses Incurred	
	1	2																				
0399999 Totals																						

NONE

SCHEDULE B - PART 2

Showing All Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Quarter

1	2	3	4	5	6	7	8	9
Loan Number	City	State	Loan Type	Date Acquired	Rate of Interest	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Value of Land and Buildings
NONE								

3399999 Total Mortgages (sum of Lines 0899999, 1659999, 2499999 and 3299999)

SCHEDULE B - PART 3

Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Loan Number	City	State	Loan Type	Date Acquired	Disposal Date	Book Value/Recorded Investment Excluding Accrued Interest Per Year	Unrealized Valuation Increase (Decrease)	Current Year's (Amortization)/ Accrual	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in Book Value (8-4, 10-11)	Total Foreign Exchange Change in Book Value	Book Value/Recorded Investment Excluding Accrued Interest on Disposal	Consideration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal
NONE																	

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets Acquired and Additions Made During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13
CUSIP Identification	Name or Description	City	State	Name of Vendor or General Partner	NAIC Designation	Date Originally Acquired	Type and Strategy	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Amount of Encumbrances	Commitment for Additional Investment	Percentage of Ownership
	Joint Venture - Common Stock - Unaffiliated											
	BlueCross BlueShield Venture Pns III L.P.	Chicago	IL	BlueCross BlueShield Venture Inc.		03/12/2011	1	1,799,083	443,241		3,679,768	5.250
	BlueCross BlueShield Venture Pns III L.P.	Chicago	IL	BlueCross BlueShield Venture Inc.		03/18/2016	1	34,506	17,500		3,670,792	1.650
1599999 Subtotal - Joint Venture - Common Stock - Unaffiliated								1,833,589	460,741		7,350,560	X X X
	Joint Venture - Common Stock - Affiliated											
	Dominion Dental USA, Inc.	Wilmington	DE	Internal transfer		08/03/2016	1	3,500,000				100.000
1699999 Subtotal - Joint Venture - Common Stock - Affiliated								3,500,000				X X X
4499999 Total - Unaffiliated								1,833,589	460,741		7,350,560	X X X
4599999 Total - Affiliated								3,500,000				X X X
4699999 TOTALS								5,333,589	460,741		7,350,560	X X X

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets Disposed, Transferred or Repaid During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
CUSIP Identification	Name or Description	City	Scale	Name of Purchaser or Nature of Disposal	Date Originally Acquired	Disposal Date	Book/Adjusted Carrying Value Less Encumbrances Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation) or (Amortization)/Accrual	Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in B/A.C.V. (9 + 10 + 11 + 12)	Total Foreign Exchange Change in B/A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Consideration on Disposal	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Investment Income
	Joint Venture - Common Stock - Unaffiliated																		
	BlueCross BlueShield Venture Pns L.P.	Chicago	IL	Realized Profits	01/01/2011	06/26/2016													
	BlueCross BlueShield Venture Pns III L.P.	Chicago	IL	Realized Profits	03/12/2011	07/15/2016													
1599999 Subtotal - Joint Venture - Common Stock - Unaffiliated																			
	Joint Venture - Common Stock - Affiliated																		
	Dominion Dental USA, Inc.	Wilmington	DE	Installment Pymt	08/03/2016	08/02/2016								900,000	900,000				
1699999 Subtotal - Joint Venture - Common Stock - Affiliated														900,000	900,000				
4499999 Total - Unaffiliated															900,000				
4599999 Total - Affiliated															900,000				
4699999 TOTALS															900,000				

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - All Other Governments									
200447AD2	COMISION FEDERAL DE ELECTRICIDAD	R	09/01/2016	Adjustment	X X X	869,705	830,000	11,914	2FE
445454A10	HUNGARY, REPUBLIC OF (GOVERNMENT)	R	09/27/2016	BNYMORGAN LONDON GLOBAL MARKET	X X X	459,188	395,000	295	3FE
760942B87	URUGUAY, ORIENTAL REPUBLIC OF (GOVERNMENT)	R	07/28/2016	PERSHING DIV OF DJ SEC LINDING	X X X	584,925	550,000	6,350	2FE
91066CBG2	MEXICO (UNITED MEXICAN STATES) (GOVERNMENT)	R	08/08/2016	MERRILL LYNCH PIERCE FENNER	X X X	734,609	675,000	1,547	2FE
Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
1099999 Subtotal	Bonds - All Other Governments				X X X	2,648,427	2,450,000	20,106	X X X
447025X16	HUNTSVILLE ALA		07/06/2016	Unknown	X X X	999,757	890,000	8,035	Z
447025YB7	HUNTSVILLE ALA		07/06/2016	Unknown	X X X	123,565	110,000	993	1FE
2499999 Subtotal	Bonds - U.S. Political Subdivisions of States, Territories and Possessions				X X X	1,123,323	1,000,000	9,028	X X X
Bonds - U.S. Special Revenue, Special Assessment									
31418NXU9	RMBS - FN AD1590		07/05/2016	Nomura	X X X	700,592	626,577	548	1
432347MM1	HILLSBOROUGH CNTY FLA UTIL REV		07/20/2016	PERSHING LLC	X X X	514,555	500,000		1FE
57430YCB9	MARYLAND WTR QUALITY FING ADMIN BAY REST		07/20/2016	PERSHING LLC	X X X	583,402	550,000	10,633	1FE
3199999 Subtotal	Bonds - U.S. Special Revenue, Special Assessment				X X X	1,798,548	1,676,577	11,182	X X X
Bonds - Industrial and Miscellaneous (Unaffiliated)									
031162CG3	AMGEN INC		08/10/2016	Citigroup (SSB)	X X X	499,455	500,000		2FE
05365EAM7	BMW US CAPITAL LLC	R	09/08/2016	Goldman Sachs	X X X	563,254	565,000		1FE
06051GFF1	BANK OF AMERICA CORP		07/27/2016	MERRILL LYNCH PIERCE FENNER	X X X	446,312	415,000	5,533	2FE
06051GFX2	BANK OF AMERICA CORP		08/25/2016	MERRILL LYNCH PIERCE FENNER	X X X	578,831	550,000	7,005	2FE
172967KQ5	CITIGROUP INC		08/05/2016	Citigroup (SSB)	X X X	578,798	550,000	1,583	2FE
174610AN5	CITIZENS FINANCIAL GROUP INC		07/25/2016	CREDIT SUISSE SECURITIES (USA)	X X X	559,709	560,000		2FE
198280AF6	COLUMBIA PIPELINE GROUP INC		09/19/2016	VARIOUS	X X X	720,958	670,000	9,083	2FE
200447AD2	COOPERATIVE RABOBANK UA (NEW YORK BRANC	R	09/01/2016	Adjustment	X X X	(869,705)	(630,000)	(11,914)	2FE
21688AAG7	COOPERATIVE FEDERAL DE ELECTRICIDAD	R	09/02/2016	MERRILL LYNCH PIERCE FENNER	X X X	997,110	1,000,000		1FE
22404CG0	COX COMMUNICATIONS INC		09/08/2016	WELLS FARGO SECURITIES LLC	X X X	175,696	180,000		2FE
27822VAD3	CROWN CASTLE INTERNATIONAL CORP		08/22/2016	Citigroup (SSB)	X X X	419,882	420,000		2FE
26441CAR6	DUKE ENERGY CORP		08/09/2016	BARCLAYS CAPITAL INC	X X X	459,954	460,000		2FE
29441CAT2	DUKE ENERGY CORP		08/09/2016	BARCLAYS CAPITAL INC	X X X	194,881	195,000		2FE
279158AC3	ECOPETROL SA	R	08/09/2016	Goldman Sachs	X X X	466,013	430,000	842	2FE
29273R8G3	ENERGY TRANSFER PARTNERS LP		09/14/2016	BARCLAYS CAPITAL INC	X X X	561,764	545,000	4,662	2FE
31620MAS5	FIDELITY NATIONAL INFORMATION SERVICES I		08/11/2016	Citigroup (SSB)	X X X	579,919	560,000		1FE
369550AA8	GENERAL DYNAMICS CORP		08/09/2016	VARIOUS	X X X	556,170	885,000		1FE
437076BN1	HOME DEPOT INC		09/12/2016	JP MORGAN SECURITIES INC.	X X X	871,443	885,000		1FE
459745GF6	INTERNATIONAL LEASE FINANCE CORP	R	07/08/2016	VARIOUS	X X X	291,300	240,000	2,420	3FE
46625HJZ4	JPMORGAN CHASE & CO		08/25/2016	MERRILL LYNCH PIERCE FENNER	X X X	745,980	690,000	2,214	2FE
53117CAS1	LIBERTY PROPERTY LP		08/25/2016	VARIOUS	X X X	2,017,527	1,995,000	5,528	1FE
46625HRV4	JPMORGAN CHASE & CO		08/25/2016	VARIOUS	X X X	704,050	710,000		2FE
594918BR4	MICROSOFT CORP		08/01/2016	JP MORGAN SECURITIES INC.	X X X	933,261	935,000		1FE
617446KC8	MORGAN STANLEY		07/27/2016	MERRILL LYNCH PIERCE FENNER	X X X	423,728	395,000	351	2FE
62864AAC9	MULLEN ADVISORS LLC	R	09/12/2016	MILLENNIUM ADVISORS LLC	X X X	562,952	545,000	7,630	2FE
74153HCJ3	PRICOR GLOBAL FUNDING I		08/06/2016	CREDIT SUISSE SECURITIES (USA)	X X X	859,921	860,000		1FE
780697BD2	ROYAL BANK OF SCOTLAND GROUP PLC		09/07/2016	US BANK CORP INVESTMENTS INC	X X X	559,802	650,000		2FE
822629B99	SHELL INTERNATIONAL FINANCE BV	R	09/07/2016	MERRILL LYNCH PIERCE FENNER	X X X	858,423	845,000		1FE
82481LAB5	SHIRE ACQUISITIONS INVESTMENTS IRELAND D	R	09/19/2016	BARCLAYS CAPITAL INC	X X X	685,255	690,000		2FE
84861TAA8	SPIRIT REALTY LP	R	08/11/2016	MERRILL LYNCH PIERCE FENNER	X X X	558,517	560,000		2FE
857658AT6	SUNOCO LOGISTICS PARTNERS OPERATIONS LP	R	08/11/2016	BARCLAYS CAPITAL INC	X X X	278,882	270,000	228	2FE
914866AB2	UNIVERSITY OF SOUTHERN CALIFORNIA		08/11/2016	VARIOUS	X X X	600,000	600,000		1FE
3899999 Subtotal	Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	18,516,053	18,230,000	35,104	X X X

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - Hybrid Securities									
00253500	AARON'S ORD		09/23/2016	VARIOUS	190,000	4,838	XXX		L
00449810	ACI WORLDWIDE ORD		09/23/2016	VARIOUS	4,165,000	79,188	XXX		L
00912810	AIR METHODS ORD		09/23/2016	VARIOUS	155,000	5,223	XXX		L
01242309	ALBANY MOLECULAR RESEARCH ORD		09/23/2016	VARIOUS	465,000	7,374	XXX		L
03071H100	AMERISAFE ORD		09/23/2016	VARIOUS	740,000	43,284	XXX		L
0326C105	APPLIED INDUSTRIAL TECHNOLOGIES ORD		09/23/2016	VARIOUS	310,000	14,790	XXX		L
057655200	BALCHEM ORD		09/23/2016	VARIOUS	103,000	7,269	XXX		L
067866109	BARNES GROUP ORD		09/23/2016	VARIOUS	1,910,000	75,318	XXX		L
09227Q100	BLACKBAUD ORD		09/23/2016	VARIOUS	185,000	12,364	XXX		L
116794108	BRUKER ORD		09/23/2016	VARIOUS	290,000	6,609	XXX		L
118440106	BUCKLE ORD		09/23/2016	VARIOUS	1,660,000	45,759	XXX		L
122017106	BURLINGTON STORES ORD		09/23/2016	VARIOUS	65,000	5,320	XXX		L
126349109	CSG SYSTEMS INTERNATIONAL ORD		09/23/2016	VARIOUS	915,000	4,014	XXX		L
144577103	CARRIZO OIL AND GAS ORD		09/23/2016	VARIOUS	335,000	2,728	XXX		L
201723103	COMMERCIAL METALS ORD		09/23/2016	VARIOUS	255,000	2,728	XXX		L
212400107	CONTROL A ORD		09/23/2016	VARIOUS	120,000	9,472	XXX		L
216700105	CORESITE REALTY REIT		09/23/2016	VARIOUS	1,545,000	61,426	XXX		L
21871D103	CORNERSTONE ONDEMAND ORD		09/23/2016	VARIOUS	300,000	13,863	XXX		L
21925T103	COUSINS PROPERTIES REIT		09/23/2016	VARIOUS	885,000	9,555	XXX		L
227295106	COUSINS PROPERTIES REIT		09/23/2016	VARIOUS	40,000	5,700	XXX		L
22410U106	CRACKER BARREL OLD COUNTRY STORE ORD		09/23/2016	VARIOUS	1,190,000	8,095	XXX		L
229899109	CULLEN FROST BANKERS ORD		09/23/2016	VARIOUS	60,000	3,206	XXX		L
243537107	DECKERS OUTDOOR ORD		09/23/2016	VARIOUS	310,000	13,976	XXX		L
262037104	DRILL QUIP ORD		09/23/2016	VARIOUS	730,000	9,491	XXX		L
28140H203	EDUCATION REALTY TRUST ORD		09/23/2016	VARIOUS	170,000	3,139	XXX		L
29266S106	ENDOLOGX ORD		09/23/2016	VARIOUS	765,000	11,262	XXX		L
34984V100	FORUM ENERGY TECHNOLOGIES ORD		09/23/2016	VARIOUS	2,280,000	93,792	XXX		L
360271100	FULTON FINANCIAL ORD		09/23/2016	VARIOUS	110,000	6,202	XXX		L
36237H101	G.H.I APPAREL GROUP ORD		09/23/2016	VARIOUS	125,000	11,567	XXX		L
37153Z102	GENESSEE & WYOMING CL A ORD		09/23/2016	VARIOUS	100,000	6,112	XXX		L
371559105	GENESSEE & WYOMING CL A ORD		09/23/2016	VARIOUS	690,000	15,187	XXX		L
39899S109	GROUP 1 AUTOMOTIVE ORD		09/23/2016	VARIOUS	375,000	14,680	XXX		L
40425J101	HMS HOLDINGS ORD		09/23/2016	VARIOUS	2,125,000	22,327	XXX		L
450828108	HEALTHCARE SERVICES ORD		09/23/2016	VARIOUS	275,000	14,680	XXX		L
451107106	IBERIABANK ORD		09/23/2016	VARIOUS	725,000	22,327	XXX		L
45329R109	IDACORP ORD		09/23/2016	VARIOUS	6,111,000	26,910	XXX		L
46113M108	INTERVAL LEISURE GROUP ORD		09/23/2016	VARIOUS	305,000	5,205	XXX		L
47760A108	JIVE SOFTWARE ORD		09/23/2016	VARIOUS	705,000	3,012	XXX		L
48273U102	K12 ORD		09/23/2016	VARIOUS	3,900,000	45,244	XXX		L
501889208	LKO ORD		09/23/2016	VARIOUS	485,000	17,088	XXX		L
537088104	LITTELFUSE ORD		09/23/2016	VARIOUS	95,000	12,015	XXX		L
Common Stocks - Industrial and Miscellaneous (Unaffiliated)									
00253500	AARON'S ORD		09/23/2016	VARIOUS	190,000	4,838	XXX		L
00449810	ACI WORLDWIDE ORD		09/23/2016	VARIOUS	4,165,000	79,188	XXX		L
00912810	AIR METHODS ORD		09/23/2016	VARIOUS	155,000	5,223	XXX		L
01242309	ALBANY MOLECULAR RESEARCH ORD		09/23/2016	VARIOUS	465,000	7,374	XXX		L
03071H100	AMERISAFE ORD		09/23/2016	VARIOUS	740,000	43,284	XXX		L
0326C105	APPLIED INDUSTRIAL TECHNOLOGIES ORD		09/23/2016	VARIOUS	310,000	14,790	XXX		L
057655200	BALCHEM ORD		09/23/2016	VARIOUS	103,000	7,269	XXX		L
067866109	BARNES GROUP ORD		09/23/2016	VARIOUS	1,910,000	75,318	XXX		L
09227Q100	BLACKBAUD ORD		09/23/2016	VARIOUS	185,000	12,364	XXX		L
116794108	BRUKER ORD		09/23/2016	VARIOUS	290,000	6,609	XXX		L
118440106	BUCKLE ORD		09/23/2016	VARIOUS	1,660,000	45,759	XXX		L
122017106	BURLINGTON STORES ORD		09/23/2016	VARIOUS	65,000	5,320	XXX		L
126349109	CSG SYSTEMS INTERNATIONAL ORD		09/23/2016	VARIOUS	915,000	4,014	XXX		L
144577103	CARRIZO OIL AND GAS ORD		09/23/2016	VARIOUS	335,000	2,728	XXX		L
201723103	COMMERCIAL METALS ORD		09/23/2016	VARIOUS	255,000	2,728	XXX		L
212400107	CONTROL A ORD		09/23/2016	VARIOUS	120,000	9,472	XXX		L
216700105	CORESITE REALTY REIT		09/23/2016	VARIOUS	1,545,000	61,426	XXX		L
21871D103	CORNERSTONE ONDEMAND ORD		09/23/2016	VARIOUS	300,000	13,863	XXX		L
21925T103	COUSINS PROPERTIES REIT		09/23/2016	VARIOUS	885,000	9,555	XXX		L
227295106	COUSINS PROPERTIES REIT		09/23/2016	VARIOUS	40,000	5,700	XXX		L
22410U106	CRACKER BARREL OLD COUNTRY STORE ORD		09/23/2016	VARIOUS	1,190,000	8,095	XXX		L
229899109	CULLEN FROST BANKERS ORD		09/23/2016	VARIOUS	60,000	3,206	XXX		L
243537107	DECKERS OUTDOOR ORD		09/23/2016	VARIOUS	310,000	13,976	XXX		L
262037104	DRILL QUIP ORD		09/23/2016	VARIOUS	730,000	9,491	XXX		L
28140H203	EDUCATION REALTY TRUST ORD		09/23/2016	VARIOUS	170,000	3,139	XXX		L
29266S106	ENDOLOGX ORD		09/23/2016	VARIOUS	765,000	11,262	XXX		L
34984V100	FORUM ENERGY TECHNOLOGIES ORD		09/23/2016	VARIOUS	2,280,000	93,792	XXX		L
360271100	FULTON FINANCIAL ORD		09/23/2016	VARIOUS	110,000	6,202	XXX		L
36237H101	G.H.I APPAREL GROUP ORD		09/23/2016	VARIOUS	125,000	11,567	XXX		L
37153Z102	GENESSEE & WYOMING CL A ORD		09/23/2016	VARIOUS	100,000	6,112	XXX		L
371559105	GENESSEE & WYOMING CL A ORD		09/23/2016	VARIOUS	690,000	15,187	XXX		L
39899S109	GROUP 1 AUTOMOTIVE ORD		09/23/2016	VARIOUS	375,000	14,680	XXX		L
40425J101	HMS HOLDINGS ORD		09/23/2016	VARIOUS	2,125,000	22,327	XXX		L
450828108	HEALTHCARE SERVICES ORD		09/23/2016	VARIOUS	725,000	14,680	XXX		L
451107106	IBERIABANK ORD		09/23/2016	VARIOUS	6,111,000	26,910	XXX		L
45329R109	IDACORP ORD		09/23/2016	VARIOUS	305,000	5,205	XXX		L
46113M108	INTERVAL LEISURE GROUP ORD		09/23/2016	VARIOUS	705,000	3,012	XXX		L
47760A108	JIVE SOFTWARE ORD		09/23/2016	VARIOUS	3,900,000	45,244	XXX		L
48273U102	K12 ORD		09/23/2016	VARIOUS	485,000	17,088	XXX		L
501889208	LKO ORD		09/23/2016	VARIOUS	95,000	12,015	XXX		L
537088104	LITTELFUSE ORD		09/23/2016	VARIOUS	95,000	12,015	XXX		L

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
559678 06	LUYFER HOLDINGS ADR REP ORD	R	09/23/2016	VARIOUS	375,000	4,553	XXX		L
55345K 03	MRC GLOBAL ORD		09/23/2016	VARIOUS	16,282,000	219,745	XXX		L
58502B 06	MEDNAX ORD		09/23/2016	VARIOUS	300,000	20,054	XXX		L
595137 00	MICROSEMI ORD		09/23/2016	VARIOUS	1,655,000	65,662	XXX		L
600544 00	HERMAN MILLER ORD		09/23/2016	VARIOUS	296,000	8,692	XXX		L
60855R 00	MOLINA HEALTHCARE ORD		09/23/2016	VARIOUS	120,000	6,939	XXX		L
610236 01	MONRO MUFFLER BRAKE ORD		07/18/2016	BAIRD, ROBERT W & CO INC, MILWAUKEE	10,000	648	XXX		L
624756 02	MUELLER INDUSTRIES ORD		09/23/2016	VARIOUS	305,000	10,076	XXX		L
62914B 00	NIC ORD		09/23/2016	VARIOUS	355,000	8,367	XXX		L
678026 05	OIL STATES INTERNATIONAL ORD		09/23/2016	VARIOUS	995,000	30,000	XXX		L
679580 00	OLD DOMINION FREIGHT LINE ORD		09/23/2016	VARIOUS	135,000	9,036	XXX		L
681936 00	OMEGA HEALTHCARE REIT		09/23/2016	VARIOUS	215,000	7,681	XXX		L
69378C 00	PTC ORD		09/23/2016	VARIOUS	199,000	8,285	XXX		L
695156 09	PACKAGING CORP OF AMERICA ORD		09/23/2016	VARIOUS	390,000	31,055	XXX		L
727493 08	PLANTRONICS ORD		09/23/2016	VARIOUS	55,000	2,793	XXX		L
73179P 06	POLYONE ORD		09/23/2016	VARIOUS	1,220,000	36,921	XXX		L
742962 03	PRIVATEBANCORP ORD		07/18/2016	BAIRD, ROBERT W & CO INC, MILWAUKEE	25,000	1,107	XXX		L
743506 05	PROSPERITY BANCSHARES ORD		09/23/2016	VARIOUS	135,000	7,391	XXX		L
747316 07	QUAKER CHEMICAL ORD		09/23/2016	VARIOUS	105,000	10,594	XXX		L
749607 07	RLI ORD		09/23/2016	VARIOUS	105,000	7,199	XXX		L
74965L 01	RLJ LODGING REIT		09/23/2016	VARIOUS	265,000	5,872	XXX		L
754730 09	RAYMOND JAMES ORD		09/23/2016	VARIOUS	345,000	19,860	XXX		L
75606N 09	REALPAGE ORD		09/23/2016	VARIOUS	595,000	15,236	XXX		L
759916 08	REPLIGEN ORD		09/23/2016	VARIOUS	1,160,000	38,898	XXX		L
76122Q 05	RESOURCES CONNECTION ORD		09/23/2016	VARIOUS	360,000	11,366	XXX		L
767441 05	SM ENERGY ORD		09/23/2016	VARIOUS	435,000	6,406	XXX		L
78454L 00	RITCHE BROS AUCTIONEERS ORD		09/23/2016	VARIOUS	160,000	5,570	XXX		L
78467J 00	SS AND C TECHNOLOGIES HOLDINGS ORD		09/23/2016	VARIOUS	1,460,000	41,917	XXX		L
78486Q 01	SVB FINANCIAL GROUP ORD		09/23/2016	VARIOUS	95,000	10,398	XXX		L
816850 01	SEMTECH ORD		09/23/2016	VARIOUS	410,000	11,230	XXX		L
81725T 00	SENSIENT TECH ORD		09/23/2016	VARIOUS	125,000	9,310	XXX		L
847215 00	SPARTANASH ORD		09/23/2016	VARIOUS	430,000	12,621	XXX		L
87817A 07	TEAM HEALTH HOLDINGS ORD		09/23/2016	VARIOUS	4,310,000	152,881	XXX		L
879360 05	TELEDYNE TECH ORD		09/23/2016	VARIOUS	80,000	8,736	XXX		L
882681 09	TEXAS ROADHOUSE ORD		09/23/2016	VARIOUS	200,000	8,663	XXX		L
92347Y 09	VERIFONE SYSTEMS ORD		09/23/2016	VARIOUS	2,030,000	37,642	XXX		L
95235Z 04	WEST OR		09/23/2016	VARIOUS	585,000	13,037	XXX		L
957090 03	WESTAMERICA BANK CORPORATION ORD		09/23/2016	VARIOUS	855,000	41,379	XXX		L
957638 09	WESTERN ALLIANCE ORD		09/23/2016	VARIOUS	14,740,000	540,050	XXX		L
968223 06	JOHN WILEY SONS CL A ORD		09/23/2016	VARIOUS	195,000	9,964	XXX		L
980745 03	WOODWARD ORD		07/18/2016	BAIRD, ROBERT W & CO INC, MILWAUKEE	25,000	1,498	XXX		L
989207 05	ZEBRA TECHNOLOGIES CL A ORD		09/23/2016	VARIOUS	70,000	4,705	XXX		L
G4705A 00	#CON ORD		09/23/2016	VARIOUS	170,000	12,937	XXX		L
9099999 Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated)		R			XXX	2,807,245	XXX		XXX
Common Stocks - Money Market Mutual Funds									
000000000	Metro Business Premier Money Market		09/30/2016	Direct	900,360	900	XXX		V
9399999 Subtotal - Common Stocks - Money Market Mutual Funds					XXX	900	XXX		XXX
9799997 Subtotal - Common Stocks - Part 3					XXX	2,808,146	XXX		XXX
9799998 Summary Item from Part 5 for Common Stocks (N/A to Quarterly)					XXX	XXX	XXX	XXX	XXX
9799999 Subtotal - Common Stocks					XXX	2,808,146	XXX		XXX

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
9899999	Subtotal - Preferred and Common Stocks				X X X	2,808,146	X X X		X X X
9999999	Total - Bonds, Preferred and Common Stocks				X X X	28,415,813	X X X	77,910	X X X

(a) For all common stock bearing the NAIC market indicator "U" provide the number of such issues0.

SCHEDULE D - PART 4
Show All Long-Term Bonds and Stocks Sold, Redeemed or Otherwise Disposed of
During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11-15					16	17	18	19	20	21	22
										Unrealized Valuation Increases/(Decreases)	Current Year's (Monetization)/Accretion	Current Year's Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V. (11 - 12 - 13)	Book/ Adjusted Carrying Value at Disposal Date							
Bonds - All Other Governments																					
110709H1	SCOTIA CAPITAL USA INC	I	09/25/2018		XXX	1,270,428	1,200,000	1,199,796	1,199,851	41		1,199,882	70,536	70,536	32,418	08/22/2021	1FE				
20044ADZ	BRITISH COLUMBIA PROVINCE OF	R	09/25/2018		XXX	872,330	830,000	832,515	863,080	(1,087)		863,968	8,362	8,362	48,780	01/15/2024	1FE				
7481480R7	COMMISSION FEDERAL DE ELECTRICIDAD	I	09/28/2016		XXX	1,335,242	880,000	1,383,022	1,290,134	(17,863)		1,272,270	62,971	62,971	68,587	09/15/2029	1FE				
76994A25	Q2-ELEC (PROVINCE OF)	I	07/20/2016		XXX	594,000	540,000	590,000	574,505	(1,617)		574,978	18,022	18,022	23,490	08/14/2024	1FE				
1099999	URUGUAY ORIENTAL REPUBLIC OF (GOVERNMENT)	R	07/20/2016		XXX	4,972,000	3,450,000	4,917,303	3,937,839	(23,527)		3,914,108	157,892	157,892	173,255	XXX	XXX				
Bonds - U.S. States, Territories and Possessions																					
1303305	CALIFORNIA ECONOMIC RECOVERY	I	09/27/2018		XXX	801,645	500,000	620,150	611,463	(1,687)		609,776	191,889	191,889	31,645	04/01/2030	1FE				
1303305H7	CALIFORNIA ST	R	09/27/2018		XXX	620,000	500,000	620,000	642,000	22,000		650,000	30,000	30,000	13,085	10/01/2018	1FE				
1709999	U.S. States, Territories and Possessions	I	09/27/2018		XXX	1,211,654	950,000	1,070,150	1,081,463	(1,687)		1,059,778	191,878	191,878	50,720	XXX	XXX				
2499999	U.S. Political Subdivisions of States, Territories and Possessions	I	07/26/2018		XXX	1,123,323	1,000,000	1,189,860	1,135,647	(12,202)		1,123,323	12,202	12,202	34,029	05/01/2024	1FE				
2074RPP4	CONNECTICUT ST HEALTH & ED	I	07/12/2018		XXX	700,000	700,000	745,068	743,534	(1,534)		700,000	44,534	44,534	35,000	07/01/2042	1FE				
25074G45	FACS AUTH RE	R	07/15/2018		XXX	270,000	270,000	248,768	235,423	(1,099)		234,323	35,677	35,677	12,075	07/15/2018	1FE				
2670CTV9	DISTRICT OF COLUMBIA HOSP REV	I	09/27/2018		XXX	1,117,668	1,070,000	1,078,812	1,077,094	(1,723)		1,075,971	41,886	41,886	35,200	01/01/2020	1FE				
3135GK38	ENERGY NORTHWEST WASH ELEC	I	09/27/2018		XXX	1,342,849	1,325,000	1,313,764	1,314,158	304		1,314,158	28,891	28,891	10,550	04/74/2026	1FE				
3135GK38	REVENUE NATIONAL MORTGAGE ASSOCIATION	I	09/27/2018		XXX	699,441	878,577	700,597	690,384	(2,209)		690,384	1,057	1,057	8,769	02/01/2040	1FE				
314182J9	FLORIDA ST BRO ADMIN FRI CORP REV	I	09/27/2018		XXX	817,040	800,000	800,000	800,000			800,000	17,040	17,040	9,841	07/01/2019	1FE				
34127AAZ	NEW JERSEY ST TPK AUTH TPK REV	I	09/27/2018		XXX	785,205	500,000	899,990	885,686	(1,031)		883,655	62,330	62,330	44,180	01/01/2041	1FE				
64327L46	NEW YORK NY CITY BARR WTR FFI	I	09/27/2018		XXX	850,461	500,000	779,229	719,879	(1,833)		717,846	132,518	132,518	27,703	06/15/2042	1FE				
6498C749	NEW YORK ST DORM AUTH ST PERS	I	09/27/2018		XXX	1,708,305	1,500,000	1,630,895	1,619,991	(1,342)		1,606,649	99,877	99,877	73,342	02/15/2022	1FE				
6498C749	INCOME TAX	I	09/27/2018		XXX	879,659	7,341,577	8,007,215	5,081,507	(65,818)		7,830,005	304,974	304,974	260,517	XXX	XXX				
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
00266809	A181 INC	I	09/27/2018		XXX	430,973	375,000	382,880	367,130	(221)		381,913	30,060	30,060	23,414	08/15/2041	1FE				
00266809	ALCON FUNDING CORP	R	08/25/2018		XXX	879,200	810,000	869,271	808,664	68		809,732	119,468	119,468	38,743	12/15/2020	1FE				
00817AV8	AETHA INC	I	09/27/2018		XXX	1,148,051	1,175,000	1,200,793	1,200,000	114		1,200,000	27,145	27,145	15,965	09/15/2028	1FE				
010357H5	ALABAMA POWER CO	I	09/27/2018		XXX	410,200	395,000	399,151	399,069	(46)		399,073	11,178	11,178	15,965	03/01/2045	1FE				
02005AB	ALLSTATE CORP	I	09/27/2018		XXX	321,824	375,000	378,780	378,682	(10)		378,682	45,183	45,183	9,763	08/15/2043	1FE				
02005AB	ALLY FINANCIAL INC	I	09/27/2018		XXX	420,000	420,000	413,725	413,725			413,725	13,276	13,276	17,861	02/15/2022	1FE				
03027A08	AMER AMCAR (A3 A3)	I	07/20/2018		XXX	845,125	845,000	844,877	844,981	2		844,982	142	142	5,796	08/10/2019	1FE				
03027A08	AMERIPRISE FINANCIAL INC	I	09/27/2018		XXX	798,953	750,000	750,776	750,337	(60)		750,274	38,678	38,678	13,726	08/29/2019	1FE				
031HECB8	AMGEN INC	I	09/29/2016		XXX	660,843	645,000	645,000	645,000			645,000	45,943	45,943	8,772	06/15/2081	1FE				
03251VAT3	ANADARKO PETROLEUM CORP	I	09/26/2018		XXX	699,878	600,000	748,187	738,279	(9,086)		738,279	(48,553)	(48,553)	49,205	09/15/2028	1FE				
04551AB8	ASSOCIATION HEALTH-ALLIANCE	I	09/27/2018		XXX	513,917	470,000	474,180	474,180	(77)		474,180	39,840	39,840	7,108	11/15/2048	1FE				
06531AD8	BB&T CORP	I	09/29/2018		XXX	1,425,308	1,400,000	1,423,408	1,410,294	(4,112)		1,410,294	6,030	6,030	20,825	02/01/2019	1FE				

SCHEDULE D - PART 4
Show All Long-Term Bonds and Stocks Sold, Redeemed or Otherwise Disposed of
During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Depositor	Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accrual	Current Year's Other Than Temporary Impairment Recognized	Total Change in B.I.A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B.I.A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Maturity Date	NAIC Designation or Market Indicator (a)
065451AF	BHP BILLITON FINANCE (USA) LTD	R	09/29/2016	J.P. MORGAN SECURITIES INC.	XXX	841,887	825,000	852,957	864,481	(23,527)	(1,751)	(23,527)	(23,527)		849,844		1,023	1,023	64,560	09/29/2017	1FE
065510M1	BANK OF AMERICA CORP	R	09/29/2016	German Sachs	XXX	783,356	500,000	500,000	778,889	(1,751)			(1,751)		741,147		2,450	2,450	41,298	09/15/2017	1FE
06552018	BANK OF AMERICA CORP	R	09/29/2016	WELLS FARGO SECURITIES	XXX	592,076	500,000	500,000	500,000						500,000		42,070	42,070	11,000	03/02/2026	2FE
065648A4	BENEFICIAL FINANCE CORP	R	09/29/2016	WELLS FARGO SECURITIES	XXX	781,218	215,000	270,927	270,927	(891)	(891)	(891)	(891)		270,230		16,986	16,986	8,721	01/15/2040	1FE
065648B0	BENEFICIAL FINANCE CORP	R	09/29/2016	WELLS FARGO SECURITIES	XXX	807,544	800,000	799,536	799,773	66	66	66	66		799,838		2,706	2,706	8,793	06/15/2018	1FE
065648C6	BENEFICIAL FINANCE CORP	R	09/29/2016	WELLS FARGO SECURITIES	XXX	429,564	425,000	424,103	424,947	44	44	44	44		424,895		1,669	1,669	8,720	06/15/2018	2FE
065648D2	BENEFICIAL FINANCE CORP	R	09/29/2016	WELLS FARGO SECURITIES	XXX	782,803	750,000	748,803	748,141	178	178	178	178		749,320		13,482	13,482	20,453	06/15/2018	2FE
12188LAK	BURLINGTON NORTHERN SANTA FE LLC	R	09/29/2016	BARCLAYS CAPITAL INC	XXX	465,443	415,000	409,256	409,570	103	103	103	103		409,873		56,770	56,770	19,668	06/01/2023	1FE
129658Z2	CVS CAREMARK CORP	R	09/29/2016	CLAYTON S&B	XXX	1,204,657	1,165,000	1,025,773	1,056,643	618	618	618	618		1,101,468		103,251	103,251	28,520	12/01/2022	2FE
148172C3	CATERPILLAR INC	R	09/29/2016	MERRILL LYNCH PIERCE FENNER	XXX	620,575	575,000	610,317	607,788	(2,716)	(2,716)	(2,716)	(2,716)		606,073		15,501	15,501	17,052	06/15/2024	1FE
15130LAF	GENOWIS ENERGY INC	R	09/27/2016	FEARNER	XXX	538,000	500,000	633,845	623,564	(2,077)	(2,077)	(2,077)	(2,077)		621,528		(83,526)	(83,526)	29,351	11/15/2026	2FE
16102AA4	ABS OF 117 A CITYGROUP INC	R	06/05/2016	Direct	XXX	45,720	45,720	45,720	45,954	234	234	234	234		45,720		10,182	10,182	5,133	06/15/2025	2FE
17281J79	CITICORP INC	R	06/05/2016	WELLS FARGO SECURITIES	XXX	70,117	65,000	63,306	63,306						63,306		48,584	48,584	19,847	07/09/2045	2FE
17281J80	CITICORP INC	R	06/05/2016	WELLS FARGO SECURITIES	XXX	482,845	435,000	434,386	434,379	21	(146)	(146)	(146)		434,379		19,673	19,673	9,649	05/01/2026	2FE
20303AC5	COMCAST CORPORATION	R	07/16/2016	JEFFERIES - CO - BOND	XXX	720,117	695,000	700,643	700,643						700,494		84,286	84,286	17,021	09/15/2033	1FE
20303AC6	COMCAST CORPORATION	R	07/16/2016	JEFFERIES - CO - BOND	XXX	430,224	300,000	353,316	346,066	(622)	(622)	(622)	(622)		345,035		36,303	36,303	24,664	09/15/2018	1FE
20303AC7	COMCAST CORPORATION	R	09/29/2016	MELLEMANN ADVISORS LLC	XXX	499,860	500,000	499,860	499,930	48	48	48	48		499,917		45,860	45,860	18,444	07/15/2042	1FE
20795LFB	COMMONWEALTH EDISON CO	R	09/29/2016	US BANK CORP INVESTMENTS	XXX	448,089	385,000	400,420	259,884	(190)	(190)	(190)	(190)		400,189		5,643	5,643	5,862	03/01/2045	1FE
20795LEE	CONNECTICUT LIGHT AND POWER CO LLC	R	09/29/2016	US BANK CORP INVESTMENTS	XXX	388,963	365,000	387,468	363,887	(207)	(207)	(207)	(207)		365,726		33,256	33,256	23,339	02/01/2019	1FE
20911E38	CONSOLIDATED EDISON COMPANY OF NEW YORK	R	09/29/2016	US BANK CORP INVESTMENTS	XXX	477,600	350,000	388,464	387,724	(874)	(874)	(874)	(874)		387,800		84,799	84,799	24,745	06/15/2037	1FE
20911E2Z	CONSOLIDATED EDISON CO OF NEW YORK	R	09/29/2016	US BANK CORP INVESTMENTS	XXX	607,336	550,000	548,907	549,396	122	122	122	122		549,486		57,838	57,838	19,306	06/15/2020	1FE
21051BC3	CONSUMERS ENERGY CO	R	09/29/2016	FTH FINANCIAL SECURITIES	XXX	430,812	365,000	365,865	365,329	(20)	(20)	(20)	(20)		365,308		55,523	55,523	26,408	06/15/2019	1FE
24231W46	DELL INTERNATIONAL LLC	R	09/29/2016	MARKETS INC	XXX	1,018,833	875,000	1,023,544	1,023,544	(818)	(818)	(818)	(818)		1,017,126		1,706	1,706	49,055	10/15/2020	3FE
251501A9	DOOR CORP	R	09/29/2016	WELLS FARGO SECURITIES	XXX	607,336	500,000	548,907	549,396	122	122	122	122		549,486		57,838	57,838	19,306	06/15/2020	1FE
25179AAQ	DEVON ENERGY CORPORATION	R	09/27/2016	MELLEMANN ADVISORS LLC	XXX	607,704	580,000	580,993	583,526	490	490	490	490		584,017		22,687	22,687	26,553	04/15/2018	2FE
25179AAQ	DEVON ENERGY CORPORATION	R	09/27/2016	MELLEMANN ADVISORS LLC	XXX	395,720	325,000	424,258	417,311	(20)	(20)	(20)	(20)		416,815		(18,805)	(18,805)	28,533	04/15/2018	2FE
25179AAQ	DEVON ENERGY CORPORATION	R	09/27/2016	MELLEMANN ADVISORS LLC	XXX	593,736	600,000	600,000	600,046	(46)	(46)	(46)	(46)		600,046		(8,304)	(8,304)	8,150	12/15/2018	2FE
25179AAQ	DEVON ENERGY CORPORATION	R	09/27/2016	MELLEMANN ADVISORS LLC	XXX	549,252	535,000	534,866	534,874	8	8	8	8		534,874		14,378	14,378	3,465	06/01/2019	2FE
25180A45	DOMINION RESOURCES, INC	R	09/29/2016	FTH FINANCIAL SECURITIES	XXX	890,169	875,000	854,884	861,350	426	426	426	426		861,350		128,818	128,818	53,308	06/01/2033	2FE
26253C06	DOV CHEMICAL CO	R	09/29/2016	MELLEMANN ADVISORS LLC	XXX	304,070	300,000	281,079	281,712	190	190	190	190		281,902		16,118	16,118	11,448	11/15/2042	2FE
26271A03	DRIVE (AAJ) - ABS	R	09/29/2016	MERRILL LYNCH PIERCE FENNER	XXX	1,383,881	1,300,000	1,379,893	1,379,893	60	60	60	60		1,379,952		3,979	3,979	19,574	06/15/2019	1FE
26411CAB	DUKE ENERGY CORP	R	09/29/2016	J.P. MORGAN SECURITIES	XXX	458,189	460,000	459,854	459,956	2	2	2	2		459,956		(1,766)	(1,766)	1,081	09/01/2021	2FE
26422CAC	DUKE ENERGY CAROLINAS LLC	R	09/29/2016	KEYBANK CAPITAL	XXX	590,396	530,000	528,198	529,541	143	143	143	143		529,694		30,712	30,712	29,943	01/15/2018	1FE
26422CAF	DUKE ENERGY OHIO INC	R	09/29/2016	MARKETS INC	XXX	347,117	340,000	347,117	347,117	10	10	10	10		347,117		12,063	12,063	3,355	06/15/2048	1FE
2688AA01	EPF OPERATING TRUST	R	09/27/2016	SCOTIA CAPITAL USA INC	XXX	545,267	520,000	365,142	488,776	19,978	19,978	19,978	19,978		508,684		36,582	36,582	45,023	06/15/2017	2FE
2937WAG8	ECOLAB INC	R	09/27/2016	C.L. King & Associates Inc	XXX	70,819	700,000	699,733	699,861	88	88	88	88		699,861		2,057	2,057	8,233	12/09/2017	2FE
31023WAB	ENTERPRISE PRODUCTS OPERATING LLC	R	09/27/2016	J.P. MORGAN SECURITIES	XXX	261,173	315,000	313,066	313,209	81	81	81	81		313,209		47,003	47,003	18,304	10/15/2030	2FE
31023WAB	FEDERATED ENERGY SERVICES	R	09/27/2016	WABUS	XXX	181,341	680,000	658,085	658,338	252	252	252	252		658,338		124,465	124,465	38,344	01/15/2034	2FE
31023WAB	FEDERATED ENERGY SERVICES	R	09/27/2016	WABUS	XXX	1,018,414	1,010,000	1,008,132	1,008,187	55	55	55	55		1,008,187		7,745	7,745	16,889	04/15/2018	2FE
343031A8	ABS - FORD 15A4	R	07/09/2016	CREDIT AGRICOLE	XXX	518,486	515,000	514,944	514,955	11	11	11	11		514,956		1,527	1,527	3,088	08/15/2018	1FE

SCHEDULE D - PART 4
Show All Long-Term Bonds and Stocks Sold, Redeemed or Otherwise Disposed of
During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	F o r e i g n	D e p o s i t	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's Temporary Impairment Recognition/ (Reversal)	Current Year's Other Than Temporary Impairment Recognition/ (Reversal)	Total Foreign Exchange Change in B.U.C.V. (11 - 12 - 13)	Total Foreign Exchange Change in B.U.C.V. at Disposal Date	Foreign Exchange Gain/(Loss) on Disposal	Realized Gain/(Loss) on Disposal	Total Gain/(Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (if)	
343000A3	FORDO 16REV A. ABS		09/07/2016	MERRILL LYNCH PIERCE FENNER	XXX	735,686	735,000	734,800	734,823		22		22	734,823		17,863	17,863	10,046	09/15/2027	1FE	
350110B2	FREPORT-MCMORAN COPPER & GOLD INC		09/05/2016	BURCLAYS CAPITAL INC JP MORGAN SECURITIES	XXX	391,150	495,000	488,546	489,154	489,038	116		116	489,154		(98,104)	(98,104)	20,027	03/15/2043	3FE	
365000A0	GENERAL ELECTRIC CAPITAL CORP		09/05/2016	Capgem (ISSB)	XXX	1,040,827	1,075,000	1,074,988	1,074,977	1,074,988	9		9	1,074,977		5,650	5,650	10,460	05/07/2019	1FE	
381410G0	GOLDMAN SACHS GROUP INC		09/07/2016	MERRILL LYNCH PIERCE FENNER	XXX	438,504	375,000	401,947	409,645	409,645	(1,307)		(1,307)	409,645		35,800	35,800	13,255	01/16/2038	1FE	
450200E2	INTERNATIONAL BUSINESS MACHINES CORP		09/07/2016	JP MORGAN SECURITIES	XXX	367,478	275,000	273,963	274,015	274,015	31		31	274,015		88,580	88,580	19,257	03/07/2041	1FE	
480200J7	JP MORGAN CHASE & CO		09/07/2016	MORGAN STANLEY CO JP MORGAN SECURITIES	XXX	708,241	785,000	784,678	1,492,418	1,492,418	74		74	1,492,418		11,429	11,429	8,035	05/17/2019	1FE	
480250A2	JP MORGAN CHASE & CO		09/07/2016	JP MORGAN SECURITIES	XXX	1,539,697	1,450,000	1,495,530	1,495,530	1,495,530	(7,149)		(7,149)	1,495,530		50,028	50,028	54,027	09/10/2024	2FE	
480250R4	JP MORGAN CHASE & CO		09/05/2016	BURCLAYS CAPITAL INC JP MORGAN SECURITIES	XXX	734,893	690,000	745,980	745,910	745,910	(79)		(79)	745,910		(8,916)	(8,916)	4,507	12/15/2028	2FE	
501100C4	LIBERTY PROPERTY LP		09/05/2016	JP MORGAN SECURITIES	XXX	1,007,700	1,000,000	1,006,717	1,006,652	1,006,652	(64)		(64)	1,006,652		1,008,102	1,008,102	5,372	10/10/2028	1FE	
501300E7	MCDONALD'S CORP		07/26/2016	JP MORGAN SECURITIES	XXX	1,046,030	1,075,000	1,068,851	1,074,224	1,074,224	611		611	1,074,224		11,105	11,105	46,843	12/15/2018	2FE	
501300F7	MCDONALD'S CORP		07/26/2016	JP MORGAN SECURITIES	XXX	319,817	345,000	343,862	343,862	343,862	73		73	343,862		36,862	36,862	7,588	01/03/2028	2FE	
501300H7	MCDONALD'S CORP		07/26/2016	JP MORGAN SECURITIES	XXX	308,544	300,000	309,000	309,000	309,000	13		13	309,000		89,544	89,544	8,954	13/09/2045	2FE	
502000A8	BANK OF AMERICA CORP		09/02/2016	JEFFERIES & CO - BONDS	XXX	104,306	100,000	139,356	139,356	139,356				139,356		24,861	24,861	8,177	03/15/2045	1FE	
590200A8	INDIANAMERICAN ENERGY CO		09/07/2016	Capgem (ISSB)	XXX	1,007,500	750,000	1,019,550	1,004,363	1,004,363	(4,565)		(4,565)	1,004,363		87,703	87,703	50,859	05/16/2038	2FE	
611400T9	MORGAN STANLEY		07/27/2016	Capgem (ISSB)	XXX	1,059,550	1,000,000	1,000,000	1,000,000	1,000,000	55		55	1,000,000		59,500	59,500	55,891	03/17/2018	1FE	
611400T9	MORGAN STANLEY		09/05/2016	Capgem (ISSB)	XXX	487,904	470,000	483,173	483,217	483,217	59		59	483,217		29,807	29,807	30,319	03/03/2028	2FE	
611610B2	MORGAN STANLEY		09/05/2016	WELLS FARGO SECURITIES LLC	XXX	182,495	150,000	171,554	170,495	170,495	(10,059)		(10,059)	170,495		2,000	2,000	30,319	02/22/2017	1FE	
614200R7	NEVADA POWER CO		09/07/2016	PERSHING DIV OF DJ SEC LLOYD	XXX	770,520	750,000	755,303	755,213	755,213	(829)		(829)	754,307		16,133	16,133	16,500	06/16/2020	1FE	
654000A5	HISOURCE CAPITAL MARKETS INC		09/07/2016	PERSHING DIV OF DJ SEC LLOYD	XXX	289,698	265,000	284,200	264,723	264,723	89		89	264,812		24,086	24,086	20,000	08/01/2018	1FE	
661700B2	HISOURCE FINANCE CORP		09/07/2016	PERSHING DIV OF DJ SEC LLOYD	XXX	204,684	200,000	206,240	204,564	204,564	(2,699)		(2,699)	201,864		2,820	2,820	18,375	03/27/2017	2FE	
665770C9	NORTHERN STATES POWER CO		09/05/2016	PERSHING DIV OF DJ SEC LLOYD	XXX	323,093	265,000	283,789	283,841	283,841	30		30	283,870		39,273	39,273	15,353	02/15/2044	2FE	
680900F1	ORACLE CORP		09/07/2016	JP MORGAN SECURITIES	XXX	312,104	295,000	294,103	294,743	294,743	100		100	294,845		17,261	17,261	16,692	03/01/2018	1FE	
684100A0	PACIFIC LIFE CORP		09/07/2016	WELLS FARGO SECURITIES LLC	XXX	465,271	435,000	465,038	469,038	469,038	337		337	469,038		49,235	49,235	15,851	05/15/2045	1FE	
704510C5	PETROLEUM SERVICES INC		09/07/2016	WELLS FARGO SECURITIES LLC	XXX	384,543	350,000	345,713	345,991	345,991	69		69	345,991		39,802	39,802	20,867	01/03/2043	2FE	
720500R2	PLAYS ALL AMERICAN PPEL ME LP		07/27/2016	JEFFERIES & CO - BONDS	XXX	744,860	740,000	761,677	761,677	761,677	(44)		(44)	760,731		(25,871)	(25,871)	12,586	06/15/2025	2FE	
742510A0	PRINCIPAL FINANCIAL GROUP INC		09/07/2016	JP MORGAN SECURITIES	XXX	1,090,710	1,000,000	1,024,969	1,011,637	1,011,637	(1,511)		(1,511)	1,010,125		80,585	80,585	60,056	01/15/2020	2FE	
744300B6	PRUDENTIAL FINANCIAL INC		09/07/2016	PERSHING DIV OF DJ SEC LLOYD	XXX	275,581	270,000	271,265	275,581	275,581	(183)		(183)	270,399		46,275	46,275	12,116	12/15/2026	2FE	
744400M1	PUBLIC SERVICE CO OF COLORADO		09/07/2016	LLOYD	XXX	272,338	210,000	269,101	269,101	269,101	(1,185)		(1,185)	269,101		4,421	4,421	11,518	12/01/2027	2FE	
744400M1	PUBLIC SERVICE CO OF COLORADO		09/07/2016	MILLENNIUM ADVISORS LLC	XXX	408,559	395,000	390,897	395,000	395,000	73		73	395,000		1,000	1,000	1,000	09/15/2020	2FE	
744400M1	PUBLIC SERVICE CO OF COLORADO		09/07/2016	MILLENNIUM ADVISORS LLC	XXX	60,525	60,000	60,525	60,525	60,525	3		3	60,525		50,201	50,201	40,034	01/15/2024	2FE	
744400M1	PUBLIC SERVICE CO OF COLORADO		09/07/2016	MILLENNIUM ADVISORS LLC	XXX	301,775	289,000	297,833	298,740	298,740	113		113	298,853		12,078	12,078	11,178	01/15/2021	2FE	
760710A2	REPUBLIC SERVICES INC		09/07/2016	BAIRD, ROBERT W. & COMPANY #1	XXX	633,932	550,000	549,832	549,951	549,951	37		37	549,988		83,964	83,964	25,105	11/15/2021	2FE	
780900E5	ROYAL BANK OF SCOTLAND GROUP PLC		09/07/2016	Adjustment	XXX	(418,271)	(395,000)	(394,695)	(394,695)	(394,695)				(394,695)		(21,487)	(21,487)	(7,265)	12/15/2022	3FE	
820200A1	SEMIENS		09/07/2016	WELLS FARGO SECURITIES LLC	XXX	308,740	250,000	345,060	336,797	336,797	(1,742)		(1,742)	336,055		1,685	1,685	12,373	12/15/2028	1FE	
820200A1	SEMIENS		09/07/2016	PERSHING DIV OF DJ SEC LLOYD	XXX	1,002,420	1,000,000	999,480	999,655	999,655	330		330	999,985		2,435	2,435	54,025	10/17/2018	1FE	
841500A5	SPECTRA ENERGY PARTNERS LP		09/14/2016	JEFFERIES & CO - BONDS	XXX	467,242	430,000	460,910	458,340	458,340	(2,671)		(2,671)	454,709		12,533	12,533	15,665	06/15/2021	2FE	
841500A3	SPECTRA ENERGY PARTNERS LP		09/14/2016	WELLS FARGO SECURITIES LLC	XXX	203,170	200,000	199,658	199,801	199,801	55		55	199,856		3,934	3,934	5,002	09/25/2018	2FE	

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During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Disposal Date	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B.I.A.C.V. (11 - 12 - 13)	Total Foreign Exchange Change in B.I.A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contracted Maturity Date	NAIC Designation or Market Indicator (e)
86711PAC	STADIOLA SA	09/20/2016	R	J.P. MORGAN CHASE		550,358	500,000	484,526	485,701		398		398		486,697		54,200	54,200	18,185	11/23/2041	IFE
868119A2	WELLS FARGO SECURITIES	09/20/2016	R	BANKAMERICA		650,838	650,000	645,938	641,563	73,044	(10,876)		62,168		643,671		62,741	62,741	30,790	05/15/2022	3FE
86812JAL	TIME WARNER INC	09/20/2016	R	MORGAN STANLEY CO		324,570	250,000	248,748	249,841		68		68		247,009		77,561	77,561	11,719	09/29/2041	2FE
86812JAL	SPECTRUM MANAGEMENT HOLDING COMPANY LLC	09/20/2016	R	PERSHING DNY OF DJ SEC		569,341	565,000	558,023	565,178		(47)		(47)		555,081		14,200	14,200	29,560	06/05/2017	2FE
86835829	MELLENHUI ADVISORS LLC	09/20/2016	R	MELLENHUI ADVISORS LLC		332,876	250,000	273,083	273,083		33		33		273,083		109,862	109,862	29,863	01/15/2028	IFE
86835829	TRAVELERS CO INC	09/20/2016	R	MORGAN STANLEY CO		528,645	500,000	528,600	510,473		(1,800)		(1,800)		506,500		20,652	20,652	22,881	02/15/2017	IFE
86831H06	21ST CENTURY FOX AMERICA INC	09/20/2016	R	J.P. MORGAN SECURITIES INC		643,065	500,000	521,806	521,216		(475)		(475)		520,741		122,324	122,324	34,024	05/15/2023	2FE
86848A82	UNIVERSITY OF SOUTHERN CALIFORNIA	09/20/2016	R	MORGAN STANLEY CO		606,450	600,000	605,000	605,000						604,900		6,550	6,550	702	06/01/2038	IFE
86877GAD	VERIZON COMMUNICATIONS INC	09/20/2016	R	RBC CAPITAL MARKETS		323,265	300,000	349,937	349,940		178		178		349,958		23,247	23,247	12,545	05/15/2021	2FE
86877GAD	VERIZON COMMUNICATIONS INC	09/20/2016	R	Capgemini (S&B)		1,458,315	1,175,000	1,168,811	1,167,950		264		264		1,168,216		290,181	290,181	71,411	08/15/2025	2FE
868780AA	WEA FINANCE LLC	09/20/2016	R	J.P. MORGAN SECURITIES INC		726,257	725,000	724,787	724,870		60		60		724,830		1,327	1,327	13,363	08/15/2017	2FE
868780AA	WELLS FARGO & CO	09/20/2016	R	MORGAN STANLEY CO		1,027,184	1,000,000	998,971	999,051		(1,161)		(1,161)		999,132		10,773	10,773	51,566	01/23/2021	2FE
868780AA	WELLS FARGO & CO	09/20/2016	R	MORGAN STANLEY CO		1,027,184	1,000,000	998,971	999,051		(1,161)		(1,161)		999,132		10,773	10,773	51,566	01/23/2021	2FE
868780AA	WELLS FARGO & CO	09/20/2016	R	MORGAN STANLEY CO		1,027,184	1,000,000	998,971	999,051		(1,161)		(1,161)		999,132		10,773	10,773	51,566	01/23/2021	2FE
868780AA	WELLS FARGO & CO	09/20/2016	R	MORGAN STANLEY CO		1,027,184	1,000,000	998,971	999,051		(1,161)		(1,161)		999,132		10,773	10,773	51,566	01/23/2021	2FE
868780AA	WELLS FARGO & CO	09/20/2016	R	MORGAN STANLEY CO		1,027,184	1,000,000	998,971	999,051		(1,161)		(1,161)		999,132		10,773	10,773	51,566	01/23/2021	2FE
868780AA	WELLS FARGO & CO	09/20/2016	R	MORGAN STANLEY CO		1,027,184	1,000,000	998,971	999,051		(1,161)		(1,161)		999,132		10,773	10,773	51,566	01/23/2021	2FE
868780AA	WELLS FARGO & CO	09/20/2016	R	MORGAN STANLEY CO		1,027,184	1,000,000	998,971	999,051		(1,161)		(1,161)		999,132		10,773	10,773	51,566	01/23/2021	2FE
868780AA	WELLS FARGO & CO	09/20/2016	R	MORGAN STANLEY CO		1,027,184	1,000,000	998,971	999,051		(1,161)		(1,161)		999,132		10,773	10,773	51,566	01/23/2021	2FE
868780AA	WELLS FARGO & CO	09/20/2016	R	MORGAN STANLEY CO		1,027,184	1,000,000	998,971	999,051		(1,161)		(1,161)		999,132		10,773	10,773	51,566	01/23/2021	2FE
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868780AA	WELLS FARGO & CO	09/20/2016	R	MORGAN STANLEY CO		1,027,184	1,000,000	998,971	999,051		(1,161)		(1,161)		999,132		10,773	10,773	51,566	01/23/2021	2FE
868780AA	WELLS FARGO & CO	09/20/2016	R	MORGAN STANLEY CO		1,027,184	1,000,000	998,971	999,051		(1,161)		(1,161)		999,132		10,773	10,773	51,566	01/23/2021	2FE
868780AA	WELLS FARGO & CO	09/20/2016	R	MORGAN STANLEY CO		1,027,184	1,000,000	998,971	999,051		(1,161)		(1,161)		999,132		10,773	10,773	51,566	01/23/2021	2FE
868780AA	WELLS FARGO & CO	09/20/2016	R	MORGAN STANLEY CO		1,027,184	1,000,000	998,971	999,051		(1,161)		(1,161)		999,132		10,773	10,773	51,566	01/23/2021	2FE
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868780AA	WELLS FARGO & CO	09/20/2016	R	MORGAN STANLEY CO		1,027,184	1,000,000	998,971	999,051		(1,161)		(1,161)		999,132		10,773	10,773	51,566	01/23/2021	2FE
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868780AA	WELLS FARGO & CO	09/20/2016	R	MORGAN STANLEY CO		1,027,184	1,000,000	998,971	999,051		(1,161)		(1,161)		999,132		10,773	10,773	51,566	01/23/2021	2FE
868780AA	WELLS F																				

E06 Schedule DB Part A Section 1 NONE

E07 Schedule DB Part B Section 1 NONE

E08 Schedule DB Part D Section 1 NONE

E09 Schedule DB Part D Section 2 - Collateral Pledged By Reporting Entity NONE

E09 Schedule DB Part D Section 2 - Collateral Pledged To Reporting Entity NONE

E10 Schedule DL - Part 1 - Securities Lending Collateral Assets NONE

E11 Schedule DL - Part 2 - Securities Lending Collateral Assets NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository		2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 .
						6 First Month	7 Second Month	8 Third Month	
open depositories									
M&T Bank	Harrisburg, Pennsylvania					21,313,415	28,134,111	83,114,213	X X X
BNY Mellon	Pittsburgh, Pennsylvania					1,580,311	4,093,739	222,504	X X X
Members 1st Federal Credit Union	Mechanicsburg, Pennsylvania					4,387	5,577	4,387	X X X
PNC Bank	Pittsburgh, Pennsylvania					1,037,949	606,790	1,055,474	X X X
0199998 Deposits in0 depositories that do not exceed the allowable limit in any one depository (see Instructions) - open depositories		X X X	X X X						X X X
0199999 Totals - Open Depositories		X X X	X X X			23,936,062	32,840,217	84,396,578	X X X
0299998 Deposits in0 depositories that do not exceed the allowable limit in any one depository (see Instructions) - suspended depositories		X X X	X X X						X X X
0299999 Totals - Suspended Depositories		X X X	X X X						X X X
0399999 Total Cash On Deposit		X X X	X X X			23,936,062	32,840,217	84,396,578	X X X
0499999 Cash in Company's Office		X X X	X X X	X X X	X X X	800	800	800	X X X
0599999 Total Cash		X X X	X X X			23,936,862	32,841,017	84,397,378	X X X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter							
1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year
NONE							
8659999 Total - Cash Equivalents							



MEDICARE PART D COVERAGE SUPPLEMENT

(Net of Reinsurance)

NAIC Group Code: 1230

NAIC Company Code: 54720

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected		X X X		X X X	
2. Earned Premiums		X X X		X X X	X X X
3. Claims Paid		X X X		X X X	
4. Claims Incurred		X X X		X X X	X X X
5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a)		NONE			
6. Aggregate Policy Reserves - change			X X X	X X X	X X X
7. Expenses Paid				X X X	
8. Expenses Incurred		X X X		X X X	X X X
9. Underwriting Gain or Loss		X X X		X X X	X X X
10. Cash Flow Results	X X X	X X X	X X X	X X X	

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$. 0 due from CMS or \$. 0 due to CMS

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**EXHIBIT G
TO THE FORM A STATEMENT REGARDING THE ACQUISITION OF CONTROL
OF OR
MERGER WITH A DOMESTIC INSURER**

**Vibra Health Plan, Inc.
NAIC No. 15793
by
Capital BlueCross
NAIC No. 54720**

Form E – Pre-Acquisition Notification Statement of the Potential Competitive Impact of a Proposed Merger or Acquisition submitted under separate cover, as Applicant is requesting confidential treatment with respect to the Form E.

