Capital Health Plan, Inc.

Financial Statements and Supplemental Schedules
Statutory Basis of Accounting
December 31, 2022 and 2021

Capital Health Plan, Inc.
Index
December 31, 2022 and 2021

Report of Independent Auditors

To the Management and Board of Directors of Capital Health Plan, Inc.

Opinions

We have audited the accompanying statutory basis financial statements of Capital Health Plan, Inc. (the "Company"), which comprise the statutory basis statements of admitted assets, liabilities and capital and surplus as of December 31, 2022 and 2021, and the related statutory basis statements of revenue and expenses and changes in capital and surplus, and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the Florida Office of Insurance Regulation described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2022 and 2021, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 to the financial statements, the financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the Florida Office of Insurance Regulation, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America are material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the Florida Office of Insurance Regulation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

pwc

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental summary investment schedule, investment risks interrogatories and schedule of reinsurance disclosures (collectively referred to as the "supplemental schedules") of the Company as of December 31, 2022 and for the year then ended are presented to comply with the National Association of Insurance Commissioners' Annual Statement Instructions and Accounting Practices and Procedures Manual and for purposes of additional analysis and are not a required part of the financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

Jacksonville, Florida
March 31, 2023

Capital Health Plan, Inc.
Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus
December 31, 2022 and 2021

(in thousands of dollars)	**2022**	**2021**
Admitted Assets		
Bonds	$ 506,024	$ 500,574
Common stocks	103,085	114,577
Cash, cash equivalents and short-term investments	17,198	12,401
Real estate investments, net	39,928	41,200
Receivables for securities	4,095	3,147
Total cash and invested assets	670,330	671,899
Investment income due and accrued	2,305	2,027
Premiums and consideration receivables, net	14,696	4,996
Health care receivables, net	18,732	19,982
Other admitted assets	5,026	5,596
Total admitted assets	$ 711,089	$ 704,500
Liabilities and Capital and Surplus		
Liabilities		
Claims unpaid	$ 78,961	$ 71,605
Accrued medical incentive pool and bonus amounts	1,502	-
Unpaid claims adjustment expenses	650	670
Aggregate health policy reserves	-	1,250
Premiums received in advance	14,359	13,290
General expenses due or accrued	3,725	4,451
Amount due to affiliates	2,855	1,550
Payable for securities	6,854	10,344
Other liabilities	33,914	39,330
Total liabilities	142,820	142,490
Capital and surplus		
Unassigned funds (surplus)	568,269	562,010
Total capital and surplus	568,269	562,010
Total liabilities and capital and surplus	$ 711,089	$ 704,500

The accompanying notes are an integral part of these financial statements.

Capital Health Plan, Inc.
Statutory Statements of Revenue and Expenses and Changes in Capital and Surplus
Years Ended December 31, 2022 and 2021

(in thousands of dollars)	2022	2021
Revenue		
Net premium income	$ 1,010,111	$ 947,976
Fee-for-service	2,219	2,266
Total revenue	1,012,330	950,242
Expenses		
Hospital and medical expenses	940,866	898,170
Claims adjustment expenses	11,455	11,314
Administrative expenses	45,009	43,688
Assessments and fees	339	294
Total underwriting expenses incurred	997,669	953,466
Net underwriting gain	14,661	(3,224)
Net investment income earned	17,959	17,479
Net realized (loss) gain and Other expenses, net	(4,601)	15,593
Other income, net	(54)	(184)
Net income	27,965	29,664
Capital and surplus		
Beginning of year	562,010	530,194
Change in net unrealized (losses) and gains on investments	(23,074)	5,122
Change in nonadmitted assets	(3,941)	(5,051)
Change in net assets for postretirement benefits	5,309	2,081
End of year	$ 568,269	$ 562,010

The accompanying notes are an integral part of these financial statements.

Capital Health Plan, Inc.
Statutory Statements of Cash Flows
Years Ended December 31, 2022 and 2021

(in thousands of dollars)	**2022**	**2021**
Cash from operations		
Premiums collected net of reinsurance	$ 998,744	$ 942,709
Net investment income	19,422	21,558
Other income	4,933	(2,442)
Benefit and loss-related payments	(939,457)	(899,836)
Claims adjustment expenses	(11,042)	(10,868)
Administrative expenses	(38,490)	(39,772)
Net cash from operations	34,110	11,349
Cash from investments		
Proceeds from investments sold or matured or repaid		
Bonds	252,724	290,937
Common stocks	-	34,525
Total investment proceeds	252,724	325,462
Cost of investments acquired		
Bonds	(269,561)	(329,608)
Common stocks	(10,977)	(5,359)
Other investments acquired	(1,499)	(1,632)
Total investments acquired	(282,037)	(336,599)
Net cash from investments	(29,313)	(11,137)
Net increase in cash, cash equivalents and short-term investments	4,797	212
Cash, cash equivalents and short-term investments		
Beginning of year	12,401	12,189
End of year	$ 17,198	$ 12,401

The accompanying notes are an integral part of these financial statements.

1. Background

Organization

Capital Health Plan, Inc. ("CHP") is a not-for-profit federally qualified and state licensed staff model Health Maintenance Organization ("HMO"), which provides health care services to subscribers in Leon and surrounding counties in Florida. CHP offers comprehensive fully insured coverage to large and small group employers, and Medicare Advantage members. Effective January 1, 2022, CHP began providing individual commercial coverage on and off of the health insurance exchange.

CHP has an affiliation agreement with Blue Cross and Blue Shield of Florida, Inc., d/b/a Florida Blue, giving Florida Blue majority control of the corporate membership of CHP. Florida Blue is a wholly owned subsidiary of GuideWell Mutual Holding Corporation, a not-for-profit, policyholder owned mutual insurance holding company. The affiliation provides that Florida Blue may supply certain administrative services and products to CHP and also commits Florida Blue to loan CHP operating funds, if necessary.

2. Summary of Significant Accounting Policies

CHP is domiciled in the State of Florida and is required to prepare statutory financial statements in accordance with the *National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures Manual,* subject to any deviations prescribed or permitted by the Office of Insurance Regulation of the State of Florida ("OIR"), the basis for statutory accounting practices ("SAP"). Accordingly, these statutory financial statements are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America ("GAAP").

The accounting policies utilized in preparing the statutory financial statements differ in certain respects from those which would have been used if these financial statements were prepared in accordance with GAAP. The most significant differences are:

- Certain assets are designated as "nonadmitted assets" for statutory accounting purposes. These nonadmitted assets include certain accounts receivable, health care receivables, nonoperating system software, prepaid insurance, and maintenance assets. These differences have been charged to capital and surplus.

- For statutory purposes, CHP's bonds, which are comprised of United States of America ("U.S.") Government treasury and agency securities, municipal bonds, corporate bonds, and mortgage and asset backed securities, are primarily reported at amortized cost. For GAAP, such investments are reported at fair value as of the financial statement date.

A reconciliation of statutory capital and surplus to GAAP net assets as of December 31, 2022 and 2021 is as follows:

(in thousands of dollars)	2022	2021
Statutory surplus	$ 568,269	$ 562,010
Unrealized (gains) losses on investments	(50,775)	4,751
Nonadmitted assets	30,680	26,739
Net assets without donor restrictions-GAAP	$ 548,174	$ 593,500

A reconciliation of statutory net income to GAAP statement of activities as of December 31, 2022 and 2021 is as follows:

(in thousands of dollars)	2022	2021
Statutory net income	$ 27,965	$ 29,664
Change in hospital/medical benefit	-	(750)
Change in unrealized losses on investments	(78,600)	(10,565)
Other postretirement benefit changes	5,309	2,081
Change in net assets without donor restrictions-GAAP	$ (45,326)	$ 20,430

Cash and Cash Equivalents and Short-Term Investments
Cash and cash equivalents consist of cash demand deposits, certificates of deposit, money market funds, and investments with original maturities of 90 days or less from the date of purchase. CHP's management places its cash and cash equivalents with creditworthy financial institutions and thus limits its credit exposure. Short-term investments have a maturity when purchased of less than one year and are reflected at amortized cost which approximates fair value. The carrying amounts of cash and cash equivalents approximate their fair value.

Receivables and Payables for Securities
The amounts receivable or payable for investments with settlements pending result from the sales or purchases of investments made prior to the end of the fiscal year, but settled after the fiscal year-end.

Investments
Bonds are comprised of U.S. Government treasury and agency securities, municipal bonds, corporate bonds, and mortgage-backed and asset–backed securities, and are primarily carried at amortized cost. Amortization of bond premium or discount is calculated using the prospective interest method, taking into consideration specific interest and principal provisions over the life of the bond. Bonds, including loan-backed securities, are stated at the lower of amortized cost or fair value, based upon NAIC designation. Loan-backed securities are stated at amortized cost using the scientific interest method including prepayment assumptions obtained from external data sources. Bonds have a maturity date exceeding one year from the date of purchase. Realized investment gains and losses are calculated on a weighted-average basis of identification and are included in net realized investment gains. Common stocks are comprised of mutual funds and reported at fair market value. Investment income is reported net of investment expenses.

Bonds and common stocks are considered impaired and are written down to fair value through the statutory statements of revenue and expenses and changes in capital and surplus when management expects a decline in value to persist (i.e. the decline is "other-than-temporary"), intends to sell the security prior to recovery, or if it is more likely than not that CHP will be required to sell the security prior to recovery. With respect to securities where the decline in value is determined to be temporary and the security's value is not written down, a subsequent decision may be made to sell that security and realize a loss. If a security's decline in fair value is not expected to be fully recovered prior to the expected time of sale, CHP would record an other-than-temporary impairment in the period in which the decision to sell is made.

Fair Value of Financial Instruments
In accordance with Statements of Statutory Accounting Practices ("SSAP 100") – *Fair Value Measurements*, which establishes a framework for measuring and reporting fair value, levels are classified based on types of inputs used to measure fair value and are prioritized by the fair value hierarchy established by SSAP 100. Highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and lowest to unobservable inputs (Level 3 measurement). CHP obtains pricing for investments from a single pricing service, Intercontinental Exchange ("ICE") Data Services.

The three levels of the fair value hierarchy defined by SSAP 100 are as follows:

Level 1 Pricing inputs are based on quoted prices available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies.

Level 3 Pricing inputs include significant inputs that are generally less observable or unobservable from objective sources and may include internally developed methodologies that result in management's best estimate of fair value from the perspective of a market participant.

The following methods and assumptions were used to determine fair value of each class:

Bonds: Based on CHP's internal price verification procedures and review of fair value methodology documentation provided by independent pricing services, CHP has not historically adjusted the prices obtained from the pricing service. In situations where ICE Data Services does not have multiple observable inputs or the ability to price a given security, a price is obtained from another pricing service or by obtaining nonbinding broker or dealer quotes.

Common Stocks: Fair values are generally designated as Level 1 and are carried at fair value based on quoted market prices.

Concentration of Credit Risk
Investments in cash demand deposits are held primarily in accounts with major banks which exceed federally insured amounts. Investments in money market accounts are not federally insured. The financial stability of these institutions and money market accounts are reviewed on a continuous basis. Credit losses are not anticipated. Bonds, including loan–backed securities, are diversified and include investment grade securities that are rated at the time of purchase by nationally recognized statistical rating organizations. These credit ratings are routinely reviewed and holdings are adjusted accordingly.

CHP has concentration of credit risk with respect to unpaid premiums and business volume. CHP maintains the right to terminate coverage for employer groups and individuals who fail to pay premiums timely. CHP has one customer, the State of Florida that accounts for 34% and 36% of CHP's direct premium income for 2022 and 2021, respectively. CHP has provided health care coverage to State of Florida employees and its retirees for 41 years. CHP has a current contract through 2023. While inherently impossible to predict, a loss of the State of Florida contract could have adverse results on CHP operations.

Geographic Concentration Risk
CHP's business is generated within a limited service area. Accordingly, a disruption in membership or revenue within this service area might have a more significant effect on the Company than a more geographically diversified company and could have an adverse impact on CHP's financial condition and operating results.

Property and Equipment
Real Estate Investments, Net
Real estate investments, net, which include expenditures for significant improvements, are recorded at cost, less accumulated depreciation. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as other income or expense in the statutory statements of revenue and expenses and changes in capital and surplus. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, which range from five to forty years. Real estate investments are reviewed for possible impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable or exceeds fair value as determined by a recent appraisal. No losses were incurred for 2022 or 2021 as a result of this review.

Furniture and Equipment
Furniture and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method, based on the estimated useful lives of the related assets which range from three to five years. Upon retirement or disposal, the related asset and corresponding accumulated depreciation are removed from CHP's accounts and any gain or loss is reflected in operations.

Claims Unpaid and Unpaid Claims Adjustment Expenses
Claims unpaid includes an accrual for incurred but unpaid and unreported claims. The liability is based upon estimates of the eventual net cost of such services provided to members through the end of the year. Estimates of unpaid and unreported claims are based upon claims payment experience. The methods used in determining the liability are periodically reviewed and any adjustments resulting from these revisions are reflected in current operations. The assumptions used are actuarially based and represent sufficient provision for all incurred but unpaid and unreported claims. Administrative costs to process outstanding claims are included in unpaid claims adjustment expenses.

Accrued Medical Incentive Pool and Bonus Amounts
Effective January 1, 2022 CHP entered in a risk sharing arrangement with a health care provider whereby CHP agrees to share risk or savings with the contracted provider. An estimated risk sharing payable of approximately $1.5 million was recorded for December 31, 2022.

Premium Deficiency Reserve
CHP establishes a premium deficiency reserve when it is probable that health care costs will exceed the anticipate premiums of existing contracts. CHP lines of business were analyzed to determine if a premium deficiency reserve was required which includes anticipated investment income. There was no premium deficiency reserve established as of December 31, 2022 and 2021.

Revenue Recognition
All of CHP's individual and group contracts provide for the individual or group to be fully insured. Premiums for these contracts are billed on a monthly basis in advance of the coverage period and are recognized as revenue earned over the period of coverage. Fee-for-service income, investment income, and other revenue are recognized when earned.

Accounting for the Medicare Advantage and Part D Prescription Drug Program
CHP offers Medicare Advantage and Part D prescription drug insurance coverage under a contract with the Centers for Medicare & Medicaid Services ("CMS"). Premiums received in advance are recorded as unearned premiums. Costs for covered medical and prescription drugs are expensed as incurred. CMS utilizes a risk adjustment model which adjusts the payment for enrollees based on the underlying health condition of the beneficiaries. Under this model, member payments are adjusted in subsequent periods after CHP has submitted the final medical diagnosis information to CMS. CHP recorded receivables for current year risk of approximately $12.1 million and $2.0 million at December 31, 2022 and 2021, respectively. Risk adjustment payables for prior year activity were $4.6 million and $6.3 million at December 31, 2022 and 2021, respectively.

Under the Medicare Part D program, a risk sharing arrangement provides a risk corridor whereby the target amount (premiums received from members and CMS based on CHP's annual bid amount less administrative expenses) is compared to actual drug cost incurred during the contract year for individual Medicare members. Based upon the actual drug expense incurred, a receivable from, or a payable to, CMS is recorded as an adjustment to premiums. Reconciliations for both individual and employer group Medicare members on the final risk sharing, low-income and reinsurance amounts are required annually. CHP recorded a net receivable of approximately $4.1 million and $7.5 million at December 31, 2022 and 2021, respectively.

As a Medicare plan sponsor, CHP administers the Medicare coverage gap subsidy, a discount from pharmaceutical manufacturers on brand drug costs to Medicare Part D enrollees exceeding their initial coverage limit until they qualify for catastrophic coverage. Amounts paid to pharmacies by CHP for this discount and reimbursed by the pharmaceutical manufacturers were $14.4 million and $12.6 million at December 31, 2022 and 2021, respectively.

Premiums and Consideration Receivables, Net
Premiums and other consideration receivables are reported net of an allowance for estimated uncollectible accounts of $0.7 million and $0.9 million at December 31, 2022 and 2021, respectively, which is calculated based upon historical activity and management's estimate of collectability. The carrying amount of CHP's receivables approximate fair values. None of the receivables are held for sale.

Health Care Receivables, Net
Health care receivables consist of pharmaceutical rebates and other receivables. Pharmaceutical rebates ("rebates") are generally volume discounts negotiated with drug manufacturers by CHP's pharmacy benefit manager on behalf of the Company. Rebates are earned when a medication is dispensed to CHP's members. CHP estimates rebates based on historical rebate patterns and the arrangement between CHP and its pharmacy benefit management company. Rebates are recorded in health care receivables and as a reduction to hospital and medical expenses (Note 13).

Other receivables, primarily fee-for-service receivables, are reported net of an allowance for estimated uncollectible amounts.

Health Care Service Cost Recognition
CHP contracts with various health care providers for the provision of certain medical services to its members. CHP compensates these providers on a capitated and noncapitated basis. These expenses are included in hospital and medical expenses in the statutory statements of revenue and expenses and changes in capital and surplus.

Reinsurance Recognition
Reinsurance premiums are recorded as a reduction in premium income, and reinsurance recoveries are recorded as a reduction of hospital and medical expense when the eligible insured amount of the event can be estimated.

Malpractice Insurance
Malpractice insurance coverage is provided on a claims-made basis. The claims-made policies, which are subject to renewal on an annual basis, cover only claims made during the term of the policies. CHP is not aware of any claims that arose during the fiscal year that will be reported outside the policy renewal period. Accordingly, no provision for such claims was made at December 31, 2022 and 2021.

Use of Estimates and Assumptions
The accompanying financial statements have been prepared in conformity with the accounting practices prescribed or permitted by the OIR, which requires management to make certain estimates and assumptions that affect the reported amounts of admitted assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory financial statements, and the reported amounts of revenue and expenses during the reporting periods.

3. Tax Status

CHP has been granted an exemption from Federal income tax under the Internal Revenue Code, Section 501(c) (4). The Internal Revenue Code provides for taxation of certain unrelated business income. CHP had no significant unrelated business income in 2022 and 2021.

4. Investments

The amortized cost and fair value of investments for the years ended December 31, 2022 and 2021 is set forth in the following table.

(in thousands of dollars)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2022				
Debt securities				
U.S. Government and agencies	$ 347,853	$ 190	$ (37,053)	$ 310,990
Corporate	108,083	55	(9,730)	98,408
Commercial mortgage-backed securities	7,499	-	(738)	6,761
Other	42,589	21	(3,520)	39,090
Total debt securities	506,024	266	(51,041)	455,249
Equity securities	80,767	24,585	(2,267)	103,085
Total investments	$ 586,791	$ 24,851	$ (53,308)	$ 558,334
2021				
Debt securities				
U.S. Government and agencies	$ 343,929	$ 3,680	$ (3,460)	$ 344,149
Corporate	104,926	4,181	(541)	108,566
Commercial mortgage-backed securities	7,830	247	(33)	8,044
Other	43,889	1,024	(347)	44,566
Total debt securities	500,574	9,132	(4,381)	505,325
Equity securities	69,185	45,404	(12)	114,577
Total investments	$ 569,759	$ 54,536	$ (4,393)	$ 619,902

The expected maturities of the debt securities are shown below. Expected maturities may differ from actual maturities due to call or prepayment provisions.

	2022		2021	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 3,296	$ 3,227	$ 1,554	$ 1,557
Due after one year through five years	175,002	165,628	176,255	178,690
Due after five years through ten years	102,903	91,127	106,976	108,802
Due after ten years	224,823	195,267	215,789	216,276
	$ 506,024	$ 455,249	$ 500,574	$ 505,325

The difference between amortized cost and fair value on these bonds totaled ($50.8) million and $4.8 million as of December 31, 2022 and 2021, respectively. Proceeds from maturities of debt securities during 2022 and 2021 were $1.5 million and $1.4 million, respectively, and were included in Proceeds from investments sold or matured or repaid in the Statements of Cash Flows.

Proceeds from sales of total investments during 2022 and 2021 were $252.1 million and $319.9 million, respectively. Gross gains of $0.4 million and $16.3 million and gross losses of $5.0 million and $0.7 million were realized on those sales in 2022 and 2021, respectively. There were no write downs for impairment during 2022 and 2021.

As of December 31, 2022 and 2021, bonds with a decline in fair value below amortized cost were as follows, including the length of time of such decline:

	One Year or Less			More Than One Year			Total		
(in thousands of dollars)	Fair Value	Unrealized Loss	Amortized Cost	Fair Value	Unrealized Loss	Amortized Cost	Fair Value	Unrealized Loss	Amortized Cost
2022									
US Government and agencies	$ 151,663	$ (12,509)	$ 164,172	$ 144,059	$ (24,544)	$ 168,603	$ 295,722	$ (37,053)	$ 332,775
Corporate	74,871	(6,102)	80,973	19,916	(3,628)	23,544	94,787	(9,730)	104,517
Commercial mortgage backed securities	5,529	(496)	6,025	1,232	(242)	1,474	6,761	(738)	7,499
Other	24,746	(1,664)	26,410	12,982	(1,856)	14,838	37,728	(3,520)	41,248
Total bonds	$ 256,809	$ (20,771)	$ 277,580	$ 178,189	$ (30,270)	$ 208,459	$ 434,998	$ (51,041)	$ 486,039
2021									
US Government and agencies	$ 200,079	$ (3,025)	$ 203,104	$ 16,721	$ (435)	$ 17,156	$ 216,800	$ (3,460)	$ 220,260
Corporate	26,410	(439)	26,849	1,776	(102)	1,878	28,186	(541)	28,727
Commercial mortgage backed securities	1,001	(17)	1,018	470	(16)	486	1,471	(33)	1,504
Other	19,176	(252)	19,428	2,464	(95)	2,559	21,640	(347)	21,987
Total bonds	$ 246,666	$ (3,733)	$ 250,399	$ 21,431	$ (648)	$ 22,079	$ 268,097	$ (4,381)	$ 272,478

CHP monitors its bonds with gross unrealized losses, using both quantitative and qualitative factors, to determine when a decline in value is “other-than temporarily”. Such factors considered include the length of time and the extent to which a security’s fair value has been less than its cost, the intent and ability to hold securities for a time sufficient to allow for recovery in value, credit risk and market trends. Bonds with gross unrealized losses were not considered “other-than-temporarily” impaired due to the duration, low magnitude of the losses, or indications of recovery, and the conclusion that collection of contractual amounts due is probable. As of December 31, 2022, CHP does not intend to sell the securities with an unrealized loss position and it is not likely that CHP will be required to sell these securities before recovery of their amortized costs.

Net investment income for the years ended December 31, 2022 and 2021 are summarized as follows:

	2022	2021
Investment income		
Dividends and interest	$ 15,580	$ 17,510
Amortization of premium and discount on investments, net	(1,742)	(3,937)
Rent for owner occupied property	4,640	4,403
Total investment income	18,478	17,976
Less: Investment expenses	(519)	(497)
Net investment income earned	$ 17,959	$ 17,479

5. Fair Value of Financial Instruments

The admitted assets and related fair values of all financial instruments, along with the levels within the fair value hierarchy used to determine the fair value measurements are as follows:

(in thousands of dollars)	Admitted Assets	Level 1	Level 2	Level 3	Fair Value	Not Practicable
2022						
Bonds	$ 506,024	$ 71,337	$ 383,912	$ -	$ 455,249	$ -
Common stocks	103,085	103,085	-		103,085	
Cash, cash equivalents and short-term investments	17,198	17,198	-		17,198	
Total assets	$ 626,307	$ 191,620	$ 383,912	$ -	$ 575,532	$ -
2021						
Bonds	$ 500,574	$ 79,250	$ 426,075	$ -	$ 505,325	$ -
Common stocks	114,577	114,577	-	-	114,577	-
Cash, cash equivalents and short-term investments	12,401	12,401	-	-	12,401	-
Total assets	$ 627,552	$ 206,228	$ 426,075	$ -	$ 632,303	$ -

Transfers between levels are recognized at the beginning of the reporting period. There were no material transfers between levels in 2022 or 2021. There were no realized gains (losses) included in investment income and no unrealized gains and losses included in capital and surplus that required disclosure for the years ending December 31, 2022 and 2021.

6. Property and Equipment

Real estate investments, net at December 31, consist of the following:

(in thousands of dollars)	2022	2021
Property	$ 61,417	$ 60,829
Accumulated depreciation	(21,489)	(19,629)
	$ 39,928	$ 41,200

Furniture and equipment at December 31, consist of the following:

(in thousands of dollars)	2022	2021
Furniture and equipment	$ 14,482	$ 14,034
Medical furniture and equipment	4,701	4,379
	19,183	18,413
Accumulated depreciation	(16,599)	(15,114)
Nonadmitted assets	(2,584)	(3,299)
	$ -	$ -

Depreciation expense during 2022 and 2021 was $3.5 million and $3.4 million, respectively. During 2022, CHP disposed of fully depreciated equipment that was deemed to be no longer in use.

7. Hospitalization and Other Medical Services

CHP has entered into contractual agreements with various hospitals and other health service providers to provide medical services to CHP's members. In general, these agreements automatically renew annually but can be terminated by sufficient notice. Effective January 1, 2022 CHP entered in a risk sharing arrangement with a health care provider whereby CHP agrees to share risk or savings with the contracted provider.

8. Claims Unpaid and Unpaid Claims Adjustment Expenses

Activity in claims unpaid and unpaid claims adjustment expenses is summarized as follows for the years ended December 31:

(in thousands of dollars)	**2022**	**2021**
Balances at January 1,	$ 72,275	$ 70,348
Incurred related to		
Current year	752,461	737,875
Prior year	5,899	(3,659)
Total incurred	758,360	734,216
Paid related to		
Current year	681,487	665,600
Prior year	69,537	66,689
Total paid	751,024	732,289
Balances at December 31,	$ 79,611	$ 72,275

The balances above are comprised of claims unpaid ($78.9 million and $71.6 million at December 31, 2022 and 2021, respectively), and unpaid claims adjustment expenses ($0.7 million for December 31, 2022 and 2021).

Changes in the provision for claims unpaid and unpaid claims adjustment expenses attributable to insured events of the prior year are primarily the result of changes in estimates due to changes in medical cost trends that emerged when compared to historical levels. These estimates are reviewed regularly by management and periodically by an independent consulting actuary, and are adjusted as necessary as new information becomes known. Such adjustments are included in current operations.

9. Capital and Surplus

CHP is required by the OIR to maintain statutory capital and surplus not less than the greater of $1.5 million, 10% of total liabilities, or 2% of annualized premium, which is $20.0 million and $19.0 million as of December 31, 2022 and 2021, respectively. CHP's capital and surplus exceeds OIR minimum statutory capital and surplus requirements by $548.0 million and $543.0 million as of December 31, 2022 and 2021, respectively.

Additionally, regulations require each HMO to ensure its statutory basis net income before taxes is not less than 2% of total revenues. If the HMO fails to meet the 2% requirement, a corrective action plan may be required. For 2022 and 2021, CHP met this required 2% net income threshold.

10. Employee Benefits

Pension Plan

CHP has a simplified employee pension plan (defined contribution plan) whereby contributions are made directly to employees' individual retirement accounts. Contributions, which are discretionary, are determined annually by CHP's management and allocated among participants in proportion to their eligible compensation during the plan year. All employees are eligible to participate and 100% vesting occurs after a six-month length of service requirement is met. Employer contributions during 2022 and 2021 were $4.7 million and $4.6 million, respectively.

Postretirement Benefits Other Than Pensions

CHP adopted a postretirement benefit plan effective January 1, 2016 that provides health care insurance to retiring employees that meet certain age and service eligibility requirements. CHP recorded an accumulated postretirement benefit obligation liability of $6.6 million and $10.6 million as of December 31, 2022 and 2021, respectively.

The following table reflects the components of the benefit obligation at December 31, 2022 and 2021:

(in thousands of dollars)	**2022**	**2021**
Change in benefit obligation		
Benefit obligation, beginning of year	$ 10,577	$ 11,141
Service cost	393	457
Interest cost	305	288
Actuarial gains	(4,605)	(1,259)
Benefits paid	(68)	(50)
Benefit obligation, end of year	$ 6,602	$ 10,577
Net periodic benefit cost		
Current service cost	$ 393	$ 457
Current interest cost	305	288
Amortization of prior service cost	705	821
Net periodic benefit cost	$ 1,403	$ 1,566

CHP expects to amortize $1.1 million of unrecognized prior service cost and $0.9 million of unrecognized gain from accumulated postretirement benefit obligation into net periodic benefit cost during 2023. Actuarial gains are amortized using the straight-line method over the remaining service period of active employees expected to receive benefits from the plan.

Weighted-average assumptions used in determining the postretirement benefit obligation as of December 31, 2022 were:

Discount rate	5.0 %
Initial 2023 post-Medicare medical trend	4.7 %
Ultimate post-Medicare medical trend	3.7 %

The health care premiums will be supported by CHP general assets as well as contributions received for eligible participants. The Company expects to receive minimal contributions to the postretirement health care plan during 2023.

The following table provides expected benefit payments for the years indicated:

(in thousands of dollars)

2023	$	109
2024		139
2025		159
2026		173
2027		188
2028-2032		1,205

11. Reinsurance

CHP reinsures certain risks with another insurance company. The reinsurance agreements provides coverage for eligible inpatient hospital and transplant services in excess of a specific deductible of $1,000,000 for commercial group members and $700,000 for Medicare members during 2022, while $700,000 for commercial groups members and Medicare members during 2021. In addition, a minimum aggregated specific deductible of $300,000 and $425,000 applies for the policy year 2022 and 2021, respectively. The reinsurance policy has a maximum reinsurance coverage limit of $3.0 million per member per year. Individual commercial exchange members are covered in excess of a $500,000 deductible with no maximum reinsurance coverage limit. If the reinsurance carrier fails to meet its commitment under the reinsurance agreements, CHP will be liable for the covered services. Total premiums paid during 2022 and 2021 were $1.1 million and $0.8 million, respectively. Reinsurance recoveries were $2.5 million and $1.6 million for 2022 and 2021, respectively. Amounts due to CHP under reinsurance agreements were $2.2 million and $1.6 million at December 31, 2022 and 2021, respectively.

12. Commitments and Contingencies

Litigation

In the normal course of business, CHP is routinely involved is litigation with insured parties, beneficiaries, healthcare providers and others. In management's opinion, based upon the advice of external legal counsel, there is no litigation or unasserted claims outstanding that would have a material adverse effect on CHP's financial position, results of operations or cash flows.

Regulatory Environment

The Patient Protection and Affordable Care Act and The Health Care and Education Reconciliation Act of 2010 (collectively referred to as "Health Care Reform") transformed various aspects of, and increased regulation within, the U.S. health insurance industry. The following outlines specific provisions of Health Care Reform that impact CHP's financial position, results of operation and cash flow.

Medical loss ratio ("MLR") regulation of Health Care Reform. Fully insured commercial health plans in the individual and group health insurance markets are required to spend at least 85% of premiums earned from large employer groups and 80% of premiums earned from individual and small group markets on a combination of medical care claims and activities to improve health care quality. The regulations require health plans to provide rebates to policy holders for any portion below these minimum thresholds. As of December 31, 2022 and 2021, CHP's MLR exceeded these requirements and therefore had no rebates due to policyholders. Medicare Advantage and Part D plans are also subject to the 85% requirement. CHP exceeded the MLR minimum threshold for the contract year 2022 and 2021, and therefore had no rebate due to CMS.

As prescribed by Health Care Reform, the risk adjustment program provides for retrospective adjustments of revenue for certain ACA individual and small group plans. The risk adjustment program is designed such that payment to plans with higher relative risk is funded by transfers from plans with lower relative risk. Risk adjustment assessments and distributions are computed based on CHP's risk score versus the overall market risk score after applying adjustments. The risk adjustment program includes a high-cost risk pool which reimburses issuers with members who incur claim costs above $1.0 million at 60 percent. The cost of the high-cost risk pool program is charged to all participating plans based on a percent of premiums. CHP records a risk adjustment receivable or payable, with an adjustment to premiums when the amounts are reasonably estimable and collection is reasonably assured. CHP records charges for the high-cost risk pool premiums in the risk adjustment payable. During 2022 and 2021, CHP paid risk adjustment assessments of $5.3 million and $5.1 million, respectively, and recorded risk adjustments payable of $4.9 million and $5.0 million as of December 31, 2022 and 2021, respectively for small group plans. CHP small group risk adjustment receivable was approximately $0.0 million as of December 31, 2021 and 2022, respectively. CHP recorded risk adjustments payable of $0.2 million as of December 31, 2022 for ACA individual plans. CHP did not record a high-cost risk pool recovery for the years ended December 31, 2022 and 2021.

The following table reflects activity related to the risk adjustment program prior year balances:

(in thousands of dollars)	Accrued During the Prior Year on Business Written 1 Receivable	Accrued During the Prior Year on Business Written 2 (Payable)	Received or Paid as of the Current Year on Business 3 Receivable	Received or Paid as of the Current Year on Business 4 (Payable)	Differences: Prior Year Accrued Less Payments (Col 1 - 3) 5 Receivable	Differences: Prior Year Accrued Less Payments (Col 2 - 4) 6 (Payable)	Adjustments: To Prior Year Balances 7 Receivable	Adjustments: To Prior Year Balances 8 (Payable)	Ref	Cumulative Balance from Prior Years (Col 1 – 3 +7) 9 Receivable	Cumulative Balance from Prior Years (Col 2 – 4 +8) 10 (Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable	$ -	$ -	$ 119	$ -	$ (119)	$ -	$ 124	$ -	A	$ 5	$ -
2. Premium adjustments (payable)	-	(5,026)	-	(5,436)	-	410	-	(410)	B	-	-
3. Subtotal ACA Permanent Risk Adjustment Program	-	(5,026)	119	(5,436)	(119)	410	124	(410)		5	-
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	-	-	-	-	-	-	-	-		-	-
2. Amounts recoverable for claims unpaid (contra liability)	-	-	-	-	-	-	-	-		-	-
3. Amounts receivable relating to uninsured plans	-	-	-	-	-	-	-	-		-	-
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	-	-	-	-	-	-	-	-		-	-
5. Ceded reinsurance premiums payable	-	-	-	-	-	-	-	-		-	-
6. Liability for amounts held under uninsured plans	-	-	-	-	-	-	-	-		-	-
7. Subtotal ACA Transitional Reinsurance Program	-	-	-	-	-	-	-	-		-	-
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	-	-	-	-	-	-	-	-		-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-		-	-
3. Subtotal ACA Risk Corridors Program	-	-	-	-	-	-	-	-		-	-
d. Total for ACA Risk Sharing Provisions	$ -	$ (5,026)	$ 119	$ (5,436)	$ (119)	$ 410	$ 124	$ (410)		$ 5	$ -

Explanations of Adjustments

A. In 2022, CHP recorded an adjustment for a 2018 prior year settlement amount received.

B. In 2022, CHP recorded an adjustments for 2014, 2015, 2016 and 2020 settlement years.

13. Line of Credit

In June 2020, CHP amended its $30 million secured Line of Credit Agreement with Capital City Bank, extending the terms until June 30, 2023. Shares in Vanguard Institutional Fund, maintained by the Bank of New York Mellon, secure the line at no less than an 80% loan to collateral value ratio. The agreement includes a variable floating rate of London Interbank Offered Rates ("LIBOR') plus 1.30% subject to a minimum interest rate of not less than 1.50% annually. If the Index becomes unavailable during the term of this loan, the lender will designate a 30-day Secured Overnight Financing Rate ("SOFR") as a substitute index. The interest rate was 5.42% and 1.50% at December 31, 2022 and 2021. As of December 31, 2022 and 2021 CHP had $0 and approximately $11,000 in interest payable, respectively, and no borrowings outstanding. The agreement governing borrowing includes covenants, which serve to ensure that CHP maintains adequate liquidity. CHP was in compliance with all debt covenants during each year and at December 31, 2022 and 2021.

14. Pharmaceutical Rebate Receivable

At December 31, 2022 and 2021, respectively, the estimated pharmaceutical rebate receivables were $13.8 million and $11.2 million and were included in health care receivable0s, net in the statutory statement of admitted assets, liabilities and capital and surplus.

The activity related to pharmaceutical rebates for the years ended December 31, 2022, 2021, and 2020 by quarter is summarized as follows:

(in thousands of dollars) Quarter Ended	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates As Billed Or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2022	$ 13,799	$ -	$ -	$ -	$ -
09/30/2022	13,730	13,730	-	-	-
06/30/2022	13,282	13,212	11,127	-	-
03/31/2022	13,466	12,569	10,485	1,888	-
12/31/2021	$ 11,286	$ 11,284	$ 9,443	$ 1,754	$ 42
09/30/2021	11,019	11,050	9,338	1,736	50
06/30/2021	10,595	10,628	9,088	1,542	54
03/31/2021	9,944	10,412	8,583	1,730	64
12/31/2020	$ 9,018	$ 9,439	$ 8,134	$ 1,252	$ 37
09/30/2020	9,050	9,041	7,509	1,324	159
06/30/2020	8,718	8,839	7,520	1,063	304
03/31/2020	7,989	8,533	8,397	-	145

15. Related Party Transactions

A certain CHP Board member is affiliated with Capital City Bank where CHP maintains a banking relationship, including a secured line of credit (Note 13). CHP paid bank service charges to this financial institution, net of interest received, of approximately $24,000 and $42,000 in 2022 and 2021, respectively. Interest paid to Capital City Bank was approximately $42,000 and $68,000 for 2022 and 2021, respectively. Total deposits maintained at this financial institution were $8.1 million and $4.2 million at December 31, 2022 and 2021, respectively. An entity partially owned by Capital City Bank leases office space from CHP. Payments received from this entity in 2022 and 2021 were approximately $113,000 and $117,000, respectively.

A certain CHP Board member is affiliated with Anway Long Group, a consulting firm that provided consulting services to CHP during 2021. For 2021, consulting fees paid to this group were $33,000.

CHP provides medical services to subscribers who are employed by certain companies who are managed or partially owned by certain members of CHP's board of directors. Total premiums paid to provide these services were $4.4 million and $4.1 million in 2022 and 2021, respectively.

CHP maintains an agreement with Florida Blue whereby the companies combine to offer certain group purchasers a multiple option health care program, which includes consolidated billing, administrative services, and a provision for equalizing underwriting gains and losses on these particular groups. CHP recorded a liability related to this agreement of $2.9 million and $1.6 million at December 31, 2022 and 2021, respectively. CHP recorded $3.3 million and $2.1 million in premiums collected from these groups under the consolidated billing arrangement with Florida Blue in 2022 and 2021, respectively. CHP recorded net equalization underwriting losses of $0.2 million and $0.7 million in 2022 and 2021, respectively.

CHP also has agreements with Florida Blue and other related entities to provide certain administrative services. The total fees incurred under these agreements were $0.3 million in 2022 and 2021.

CHP contracted with Prime Therapeutics, Inc. (“Prime”), a pharmacy benefits management company, to administer its pharmaceutical benefits program. Prime is a related party to CHP through common control by Florida Blue. For 2022 and 2021, CHP recorded pharmacy expense net of rebates recoveries of $150.4 million and $129.6 million, respectively, under this agreement. Total administration fees during 2022 and 2021 were $2.4 million and $2.3 million, respectively. CHP had a payable due to Prime of $3.1 million and $3.4 million at December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, CHP had a receivable for rebates of $30.3 million and $24.0 million, respectively.

16. Subsequent Events

CHP has evaluated subsequent events through March 31, 2023, the date the financial statements were available for issuance. No such events were noted.

Supplemental Schedules

Capital Health Plan, Inc.
Summary Investment Schedule
December 31, 2022

(in millions)	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	Amount	Percentage	Amount	Percentage
1. Long-Term Bonds (Schedule D, Part 1)				
1.1 U.S. Governments	$ 122.2	18.2 %	$ 122.2	18.2 %
1.2 All Other Governments	19.3	2.9	19.3	2.9
1.3 U.S. States, Territories, and Possessions, Guaranteed	0.3	0.0	0.3	0.0
1.4 U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed				
1.5 U.S. Special Revenue & Special Assessment Obligations, etc. Non-Guaranteed	225.3	33.6	225.3	33.6
1.6 Industrial and Miscellaneous	138.3	20.6	138.3	20.6
1.7 Hybrid Securities	0.7	0.1	0.7	0.1
1.8 Parent, Subsidiaries, and Affiliates				
1.9 SVO Identified Funds				
1.10 Unaffiliated Bank Loans				
1.11 Unaffiliated Certificates of Deposit				
1.12 Total Long-Term Bonds	506.0	75.4	506.0	75.4
2. Preferred Stocks (Schedule D, Part 2, Sections 1)				
2.1 Industrial and Misc. (Unaffiliated)				
2.2 Parent, Subsidiaries, and Affiliates				
2.3 Total Preferred Stocks				
3. Common Stocks (Schedule D, Part 2, Sections 2)				
3.1 Industrial and Misc. (Unaffiliated) Publicly Traded				
3.2 Industrial and Misc. (Unaffiliated) Other				
3.3 Parent, Subsidiaries, and Affiliates Publicly Traded				
3.4 Parent, Subsidiaries, and Affiliates Other				
3.5 Mutual Funds	103.1	15.4	103.1	15.4
3.6 Unit Investment Trusts				
3.7 Closed-End Funds				
3.8 Exchange Traded Funds				
3.9 Total Common Stocks	103.1	15.4	103.1	15.4
4. Mortgage Loans (Schedule B)				
4.1 Farm Mortgages				
4.2 Residential Mortgages				
4.3 Commercial Mortgages				
4.4 Mezzanine Real Estate Loans				
4.5 Total Valuation Allowance				
4.6 Total Mortgage Loans				
5. Real estate (Schedule A)				
5.1 Properties Occupied by Company	39.9	6.0	39.9	6.0
5.2 Properties Held for Production of Income				
5.3 Properties Held for Sale				
5.4 Total Real Estate	39.9	6.0	39.9	6.0
6. Cash, cash equivalents, and short term investments				
6.1 Cash (Schedule E, Part 1)	14.0	2.1	14.0	2.1
6.2 Cash Equivalents (Schedule E, Part 2)	3.2	0.5	3.2	0.5
6.3 Short-Term Investments (Schedule DA)				
6.4 Total Cash, Cash Equivalents, and Short Term Investments	17.2	2.6	17.2	2.6
7. Contract Loans				
8. Derivatives (Schedule DB)				
9. Other Invested Assets (Schedule BA)				
10. Receivables for Securities	4.1	0.6	4.1	0.6
11. Securities Lending (Schedule DL Part 1)				
12. Other Invested Assets (Page 2, Line 11)	0.1	0.0	0.0	0.0
13. Total Invested Assets	$ 670.4	100.0 %	$ 670.3	100.0 %

Capital Health Plan, Inc.
Supplemental Investment Risks Interrogatories
Year Ended December 31, 2022

1. Reporting entity's total admitted assets as reported on Page 2 of the annual statement: approximately $711 million.

2. Ten largest exposures to a single issuer/borrower/investment

(in millions)

	Issuer	Exposure		Amount	Percent
2.01	Bank of America Corporation	Bonds	$	4.6	0.6 %
2.02	JPMorgan Chase & Company	Bonds		4.3	0.6 %
2.03	International Bank for Reconstruction and Development	Bonds		3.1	0.4 %
2.04	Citigroup, Inc.	Bonds		3.1	0.4 %
2.05	MorganStanley	Bonds		2.9	0.4 %
2.06	Goldman Sachs Group, Inc.	Bonds		2.9	0.4 %
2.07	Kreditanstalt Fuer Wiederaufba	Bonds		2.1	0.3 %
2.08	Wells Fargo & Company	Bonds		2.0	0.3 %
2.09	Inter-American Development Bank	Bonds		2.0	0.3 %
2.10	Asian Development Bank	Bonds		1.8	0.3 %

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

(in millions)

	Bonds		Amount	Percent		Preferred Stock		Amount	Percent
3.01	NAIC - 1	$	442.7	62.3 %	3.07	NAIC - 1	$	-	0.0 %
3.02	NAIC - 2		63.4	8.9 %	3.08	NAIC - 2		-	0.0 %
3.03	NAIC - 3		-	0.0 %	3.09	NAIC - 3		-	0.0 %
3.04	NAIC - 4		-	0.0 %	3.10	NAIC - 4		-	0.0 %
3.05	NAIC - 5		-	0.0 %	3.11	NAIC - 5		-	0.0 %
3.06	NAIC - 6		-	0.0 %	3.12	NAIC - 6		-	0.0 %

4. Assets held in foreign investments:

   Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets?
   ___ (yes) X (no)

   If response to 4.01 above is yes, responses are not required for Interrogatories 5-10

(in millions)

			Amount	Percent
4.02	Total admitted assets held in foreign investments	$	81.4	11.5 %
4.03	Foreign-currency-denominated investments		-	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency		-	0.0 %

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

(in millions)

	NAIC Sovereign Designation		Amount	Percent
5.01	Countries designated NAIC - 1	$	77.8	10.9 %
5.02	Countries designated NAIC - 2		3.6	0.5 %
5.03	Countries designated NAIC - 3 or below		-	0.0 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

(in millions)

	NAIC Sovereign Designation		Amount	Percent
	Countries designated NAIC - 1			
6.01	Japan	$	13.2	1.9 %
6.02	United Kingdom		10.9	1.5 %
	Countries designated NAIC - 2			
6.03	Italy		1.3	0.2 %
6.04	Mexico		1.1	0.2 %
	Countries designated NAIC - 3 or below			
6.05			-	0.0 %

7. Aggregate unhedged foreign currency exposure:

	NAIC Sovereign Designation		Amount	Percent
7.01		$	-	0.0 %

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

	NAIC Sovereign Designation		Amount	Percent
8.01	Countries designated NAIC - 1	$	-	0.0 %
8.02	Countries designated NAIC - 2		-	0.0 %
8.03	Countries designated NAIC - 3 or below		-	0.0 %

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

	NAIC Sovereign Designation		Amount	Percent
9.01	Countries designated NAIC - 1	$	-	0.0 %
9.02	Countries designated NAIC - 2		-	0.0 %
9.03	Countries designated NAIC - 3 or below		-	0.0 %

10. Ten largest nonsovereign (i.e. nongovernmental) foreign issues:

(in millions)

	Issuer	NAIC Designation		Amount	Percent
10.01	International Bank for Reconstruction and Development	1	$	3.1	0.4 %
10.02	Kreditanstalt Fuer Wiederaufba	1		2.1	0.3 %
10.03	Inter-American Development Bank	1		2.0	0.3 %
10.04	Asian Development Bank	1		1.8	0.3 %
10.05	HSBC Holdings, PLC	1		1.8	0.3 %
10.06	Toronto-Dominion Bank	1		1.7	0.2 %
10.07	Mitsubishi UFJ Financial Group	1		1.5	0.2 %
10.08	European Investment Bank	1		1.5	0.2 %
10.09	Sumitomo Mitsui Financial Group	1		1.1	0.2 %
10.10	Japan Bank for International Cooperation	1		0.9	0.1 %

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

    11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? X (yes) __(no) If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

    Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? X (yes) ___(no)

    If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

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

    13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets? ___(yes) X (no)

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

(in millions)

Assets held in equity interests	**Issuer**		**Amount**	**Percent**
13.02	Vanguard Institutional Index Fund	$	61.3	8.6 %
13.03	Fidelity Spartan International Fund		41.8	5.9 %

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

    14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? X (yes) ___(no)

    If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

    15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? X (yes) __(no)

    If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

    16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? X (yes) __(no)

    If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

    18.01 Are assets held in real estate reported in less than 2.5% of the reporting entity's total admitted assets? ___(yes) X (no)

    If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

(in millions)

	Description		Amount	Percent
18.02	Metropolitan Building - Tallahassee, FL	$	24.5	3.4 %
18.03	Raymond Diehl Building - Tallahassee, FL		7.1	1.0 %
18.04	Governor's Square Building - Tallahassee, FL		4.8	0.7 %
18.05	Centerville Building - Tallahassee, FL		2.8	0.4 %
18.06	Capital Oaks Building - Tallahassee, FL		0.8	0.1 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

    19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? X (yes) ___(no)

    If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

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

		At Year-End		At End of Each Quarter		
	Description	Amount	Percent	1st Qtr	2nd Qtr	3rd Qtr
20.01	Securities lending agreements (do not include assets held as collateral for such transactions)	$ -	0.0 %	$ -	$ -	$ -
20.02	Repurchase agreements	-	0.0 %	-	-	-
20.03	Reverse repurchase agreements	-	0.0 %	-	-	-
20.04	Dollar repurchase agreements	-	0.0 %	-	-	-
20.05	Dollar reverse repurchase agreements	-	0.0 %	-	-	-

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

		Owned		Written	
	Description	Amount	Percent	Amount	Percent
21.01	Hedging	$ -	0.0 %	$ -	0.0 %
21.02	Income generation	-	0.0 %	-	0.0 %
21.03	Other	-	0.0 %	-	0.0 %

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

		At Year-End		At End of Each Quarter		
	Description	Amount	Percent	1st Qtr	2nd Qtr	3rd Qtr
22.01	Hedging	$ -	0.0 %	$ -	$ -	$ -
22.02	Income generation	-	0.0 %	-	-	-
22.03	Replications	-	0.0 %	-	-	-
22.04	Other	-	0.0 %	-	-	-

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

		At Year-End		At End of Each Quarter		
	Description	Amount	Percent	1st Qtr	2nd Qtr	3rd Qtr
23.01	Hedging	$ -	0.0 %	$ -	$ -	$ -
23.02	Income generation	-	0.0 %	-	-	-
23.03	Replications	-	0.0 %	-	-	-
23.04	Other	-	0.0 %	-	-	-

The following information regarding reinsurance contracts is presented to satisfy the disclosure requirements in SSAP No. 61R, Life, Deposit-Type and Accident and Health Reinsurance, which apply to reinsurance contract entered into, renewed or amended on or after January 1, 1996.

1. Has the Company reinsured any risk with any other entity under a reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) that is subject to Appendix A-791, Life and health Reinsurance Agreements and includes a provision that limits the reinsurer's assumptions of significant risks identified in Appendix A-791?

   Example of risk-limiting features include provisions such as a deductible, a loss ratio corridor, a loss cap, an aggregate limit or similar effect.

   Yes ☐ No ☒

   If yes, indicate the number of reinsurance contract to which such provisions apply: __N/A____

   If yes, indicate if deposit accounting was applied for all contracts subject to Appendix A-791 that limit significant risks.

   Yes ☐ No ☐ N/A ☒

2. Has the Company reinsured any risk with any other entity under a reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) that is not subject to Appendix A-791, for which reinsurance accounting was applied and includes a provision that limits the reinsurer's assumption of risk?

   Example of risk-limiting features include provisions such as a deductible, a loss ratio corridor, a loss cap, an aggregate limit or other provisions that result in similar effects.

   Yes ☐ No ☒

   If yes, indicate the number of reinsurance contract to which such provisions apply: _N/A_____

   If yes, indicate whether the reinsurance credit was reduced for the risk-limiting features.

   Yes ☐ No ☐N/A ☒

3. Does the Company have any reinsurance contracts (other than reinsurance contracts with a federal or state facility) that contain one or more of the following features which result in delays in payment in form or in fact:

   a. Provision that permit the reporting of losses to be made less frequently than quarterly;

   b. Provisions that permit settlements to be made less frequently than quarterly;

   c. Provisions that permit payments due from the reinsurer to not be made in cash within ninety (90) days to the settlement date (unless there is no activity during period); or

   d. The existence of payment schedules, accumulating retentions from multiple years, or any features inherently designed to delay timing of the reimbursement to the ceding entity.

   Yes ☐ No ☐N/A ☒

4. Has the Company reflected reinsurance accounting credit for any contracts that are not subject to Appendix A-791 and not yearly renewable term reinsurance, which meet the risk transfer requirements of SSAP No. 61R?

Type of Contract	Response:	Identify reinsurance contact(s):	Has the insured event(s) triggering contract coverage been recognized?
Assumption reinsurance – new for the reporting period	Yes ☐ No ☒	N/A	N/A
Nonproportional reinsurance does not result in significant surplus relief	Yes ☐ No ☒	N/A	N/A

5. Has the Company ceded any risk in a reinsurance agreement that is not subject to Appendix A-791 and not yearly renewable term reinsurance, under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statements, and either:

   a. Accounted for that contract as reinsurance under statutory accounting principles (SAP) and as a deposit under generally accepted accounting principles (GAAP); or

      Yes ☐ No ☐ N/A ☒

   b. Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

      Yes ☐ No ☐ N/A ☒

   c. If the answer to item (a) or item (b) is yes, include relevant information regarding GAAP to SAP differences to explain why the contract(s) is treated differently for GAAP and SAP below:

      Yes ☐ No ☐ N/A ☒