Capital Health Plan, Inc.

Financial Statements and Supplemental Schedules
Statutory Basis of Accounting
December 31, 2020 and 2019

Capital Health Plan, Inc.
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December 31, 2020 and 2019

Report of Independent Auditors

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

We have audited the accompanying statutory financial statements of Capital Health Plan, Inc. (the "Company"), which comprise the statutory statements of admitted assets, liabilities and capital and surplus as of December 31, 2020 and 2019, and the related statutory statements of revenue and expenses and changes in capital and surplus, and of cash flows for the years then ended.

Management's Responsibility 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 Office of Insurance Regulation of the State of Florida. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

As described in Note 2 to the financial statements, the financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the Office of Insurance Regulation of the State of Florida, 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.

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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" paragraph, the financial statements referred to above 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, 2020 and 2019, or the results of its operations or its cash flows for the years then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and surplus of the Company as of December 31, 2020 and 2019, 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 Office of Insurance Regulation of the State of Florida described in Note 2.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the statutory-basis financial statements taken as a whole. The supplemental schedule of investments and schedule of investment risks interrogatories (collectively, the "supplemental schedules") of the Company as of December 31, 2020 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 statutory-basis 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 statutory-basis financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the statutory-basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory-basis financial statements or to the statutory-basis 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 statutory-basis financial statements taken as a whole.

PricewaterhouseCoopers LLP

Jacksonville, Florida
March 31, 2021

Capital Health Plan, Inc.
Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus
December 31, 2020 and 2019

(in thousands of dollars)	**2020**	**2019**
Admitted Assets		
Bonds	$ 465,313	$ 424,487
Common stocks	124,268	109,623
Cash, cash equivalents and short-term investments	12,189	9,515
Real estate investments, net	42,613	42,570
Receivables for securities	7,268	3,699
Total cash and invested assets	651,651	589,894
Investment income due and accrued	2,169	2,244
Premiums and consideration receivables, net	8,395	10,071
Health care receivables, net	14,763	11,594
Other admitted assets	5,054	4,294
Total admitted assets	$ 682,032	$ 618,097
Liabilities and Capital and Surplus		
Liabilities		
Claims unpaid	$ 69,648	$ 66,929
Unpaid claims adjustment expenses	700	570
Aggregate health policy reserves	5,080	-
Premiums received in advance	12,020	13,143
General expenses due or accrued	3,579	5,365
Amount due to affiliates	1,417	952
Payable for securities	15,178	8,740
Other liabilities	44,216	36,330
Total liabilities	151,838	132,029
Capital and Surplus		
Aggregate write-ins for special surplus funds	-	8,975
Unassigned funds (surplus)	530,194	477,093
Total capital and surplus	530,194	486,068
Total liabilities and capital and surplus	$ 682,032	$ 618,097

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, 2020 and 2019

(in thousands of dollars)	**2020**	**2019**
Revenue		
Net premium income	$ 907,040	$ 898,355
Fee-for-service	1,882	2,343
Total revenue	908,922	900,698
Expenses		
Hospital and medical expenses	832,828	824,590
Claims adjustment expenses	12,152	12,147
Administrative expenses	40,484	38,069
Assessments and fees	8,936	225
Total underwriting expenses incurred	894,400	875,031
Net underwriting gain	14,522	25,667
Net investment income earned	17,025	17,387
Net realized gains on investments	8,028	5,341
Other income, net	(180)	(73)
Net income	39,395	48,322
Capital and Surplus		
Beginning of year	486,068	418,987
Change in net unrealized gains on investments	9,374	17,602
Change in nonadmitted assets	(3,764)	(2,065)
Change in net assets for postretirement benefits	(879)	3,222
End of year	$ 530,194	$ 486,068

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

Capital Health Plan, Inc.
Statutory Statements of Cash Flows
Years Ended December 31, 2020 and 2019

(in thousands of dollars)	**2020**	**2019**
Cash from operations		
Premiums collected net of reinsurance	$ 916,452	$ 898,463
Net investment income	20,419	18,605
Other income	150	(745)
Benefit and loss-related payments	(833,040)	(829,106)
Claims adjustment expenses	(11,708)	(11,999)
Administrative expenses	(48,486)	(34,082)
Net cash from operations	43,787	41,136
Cash from investments		
Proceeds from investments sold or matured or repaid		
Bonds	341,852	196,173
Common stocks	20,005	17,075
Total investment proceeds	361,857	213,248
Cost of investments acquired		
Bonds	(380,778)	(219,950)
Common stocks	(19,597)	(11,445)
Other investments acquired	(2,595)	(21,485)
Total investments acquired	(402,970)	(252,880)
Net cash from investments	(41,113)	(39,632)
Net increase in cash, cash equivalents and short-term investments	2,674	1,504
Cash, cash equivalents and short-term investments		
Beginning of year	9,515	8,011
End of year	$ 12,189	$ 9,515

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 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”). We have prepared the Company’s financial statements on the basis that the Company is able to continue as a going concern. There are no conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date the financial statements are issued.

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 “non-admitted assets” for statutory accounting purposes. These non-admitted 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.

- The claims unpaid reserve estimates are developed for purposes of the health reserves for the statutory financial statement. These estimates can differ from those reported for GAAP.

A reconciliation of statutory capital and surplus to GAAP net assets as of December 31, 2020 and 2019 is as follows:

(in thousands of dollars)	**2020**	**2019**
Statutory surplus	$ 530,194	$ 486,068
Unrealized gain (loss) on investments	20,438	9,478
Claims Reserves	750	3,500
Nonadmitted assets	21,688	17,923
Net assets-GAAP	$ 573,070	$ 516,969

A reconciliation of statutory net income to GAAP net income as of December 31, 2020 and 2019 is as follows:

(in thousands of dollars)	**2020**	**2019**
Statutory net income	$ 39,395	$ 48,322
Change in hospital/medical benefit	(2,750)	3,500
Change in unrealized gain (loss) on investments	20,335	33,402
Other postretirement benefit changes	(879)	3,222
Net income-GAAP	$ 56,101	$ 88,446

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 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, Interactive Data Corporation (“IDC”).

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 IDC 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 based on net asset value which is determined by the value of the underlying securities which are based on quoted market prices.

Concentration of Credit Risk
Investments in cash demand deposits are held primarily in interest-bearing 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's potential exposure to subprime lending is limited to investments within its bond investment portfolio which contain securities collateralized by mortgages that may have characteristics of subprime lending. CHP's bond investment policy limits securities that are backed by subprime mortgages. There were no securities backed by subprime mortgages held during the years ended December 31, 2020 and 2019.

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 36% of CHP's direct premium income for 2020 and 2019, respectively. CHP has provided health care coverage to State of Florida employees and its retirees for the past 39 years. CHP has a current contract through 2021 with ability to renew for 2 additional one (1) year terms. 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 2020 or 2019 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.

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 $3.3 million and $4.1 million at December 31, 2020 and 2019, respectively. Risk adjustment payables for prior year activity were approximately ($6.2) million and ($4.3) million at December 31, 2020 and 2019, 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 (payable) of approximately $4.4 million and ($3.6) million at December 31, 2020 and 2019, 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 approximately $11.3 million and $9.1 million at December 31, 2020 and 2019, respectively.

Premiums and Consideration Receivables, Net
Premiums and other consideration receivables are reported net of an allowance for estimated uncollectible accounts of approximately $298,000 and $202,000 at December 31, 2020 and 2019, 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, 2020 and 2019.

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 2020 and 2019.

4. Investments

The amortized cost and fair value of investments for the years ended December 31, 2020 and 2019 is set forth in the following table.

(in thousands of dollars)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2020				
Debt securities				
U.S. Government and agencies	$ 318,575	$ 9,297	$ (172)	$ 327,700
Corporate	97,786	8,393	(12)	106,167
Commercial mortgage-backed securities	9,437	598	(3)	10,032
Other	39,515	2,356	(19)	41,852
Total debt securities	465,313	20,644	(206)	485,751
Equity securities	83,998	40,270	-	124,268
Total investments	$ 549,311	$ 60,914	$ (206)	$ 610,019
2019				
Debt securities				
U.S. Government and agencies	$ 287,578	$ 4,833	$ (479)	$ 291,932
Corporate	88,074	3,772	(22)	91,824
Commercial mortgage-backed securities	7,975	222	(6)	8,191
Other	40,860	1,186	(29)	42,017
Total debt securities	424,487	10,013	(536)	433,964
Equity securities	78,727	30,900	(4)	109,623
Total investments	$ 503,214	$ 40,913	$ (540)	$ 543,587

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

(in thousands of dollars)	2020		2019	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 4,702	$ 4,765	$ 8,187	$ 8,227
Due after one year through five years	160,140	166,882	149,020	152,040
Due after five years through ten years	99,344	107,052	88,467	92,115
Due after ten years	201,127	207,052	178,813	181,582
	$ 465,313	$ 485,751	$ 424,487	$ 433,964

The difference between amortized cost and fair value on these bonds totaled approximately $20.4 million and $9.5 million as of December 31, 2020 and 2019, respectively. Proceeds from sales of total investments during 2020 and 2019 were approximately $360.0 million and $212.6 million, respectively. Proceeds from maturities of debt securities during 2020 and 2019 were approximately $1.8 million and $650,000, respectively, and were included in Proceeds from investments sold or matured or repaid in the Statements of Cash Flows. Gross gains of approximately $3.5 million and $5.8 million and gross losses of approximately $1.2 million and

$497,000 were realized on those sales in 2020 and 2019, respectively. There were no write downs for impairment during 2020 and 2019.

As of December 31, 2020 and 2019, investments with a decline in fair value below amortized cost were as follows, including the length of time of such decline:

(in thousands of dollars)	One Year or Less			More Than One Year			Total		
	Fair Value	Unrealized Loss	Amortized Cost	Fair Value	Unrealized Loss	Amortized Cost	Fair Value	Unrealized Loss	Amortized Cost
2020									
US Government and agencies	$ 44,069	$ (172)	$ 44,241	$ -	$ -	$ -	$ 44,069	$ (172)	$ 44,241
Corporate	1,881	(12)	1,893	-	-	-	1,881	(12)	1,893
Commercial mortgage backed securities	492	(3)	495	-	-	-	492	(3)	495
Other	2,564	(19)	2,583	-	-	-	2,564	(19)	2,583
Total bonds	49,006	(206)	49,212	-	-	-	49,006	(206)	49,212
Common stocks	-	-	-	-	-	-	-	-	-
	$ 49,006	$ (206)	$ 49,212	$ -	$ -	$ -	$ 49,006	$ (206)	$ 49,212
2019									
US Government and agencies	$ 28,221	$ (174)	$ 28,395	$ 36,965	$ (305)	$ 37,270	$ 65,186	$ (479)	$ 65,665
Corporate	2,598	(13)	2,611	819	(9)	828	3,417	(22)	3,439
Commercial mortgage backed securities	375	(6)	381	1	-	1	376	(6)	382
Other	1,959	(14)	1,973	2,099	(15)	2,114	4,058	(29)	4,087
Total bonds	33,153	(207)	33,360	39,884	(329)	40,213	73,037	(536)	73,573
Common stocks	-	-	-	1,442	(4)	1,446	1,442	(4)	1,446
	$ 33,153	$ (207)	$ 33,360	$ 41,326	$ (333)	$ 41,659	$ 74,479	$ (540)	$ 75,019

Investments 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, 2020, 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.

(in thousands of dollars)	**2020**	**2019**
Investment income		
Dividends and interest	$ 16,484	$ 16,528
Amortization of premium and discount on investments, net	(3,319)	(1,368)
Rent for owner occupied property	4,321	2,641
Total investment income	17,486	17,801
Less: Investment expenses	(461)	(414)
Net investment income earned	$ 17,025	$ 17,387

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
2020						
Bonds	$ 465,313	$ 74,913	$ 410,838	$ -	$ 485,751	$ -
Common stocks	124,268	124,268	-	-	124,268	-
Total assets	$ 589,581	$ 199,181	$ 410,838	$ -	$ 610,019	$ -
2019						
Bonds	$ 424,487	$ 67,383	$ 366,581	$ -	$ 433,964	$ -
Common stocks	109,623	109,623	-	-	109,623	-
Total assets	$ 534,110	$ 177,006	$ 366,581	$ -	$ 543,587	$ -

Transfers between levels are recognized at the beginning of the reporting period. There were no material transfers between levels in 2020 or 2019. 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, 2020 and 2019.

6. Property and Equipment

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

(in thousands of dollars)	2020	2019
Property	$ 60,547	$ 58,919
Accumulated depreciation	(17,934)	(16,349)
	$ 42,613	$ 42,570

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

(in thousands of dollars)	2020	2019
Furniture and equipment	$ 13,813	$ 15,931
Medical furniture and equipment	4,313	5,092
	18,126	21,023
Accumulated depreciation	(14,516)	(16,828)
Nonadmitted assets	(3,611)	(4,195)
	$ -	$ -

Depreciation expense during 2020 and 2019 was approximately $3.1 million and $2.5 million, respectively. During 2020, CHP disposed of fully depreciated equipment that was deemed to be no longer in use.

7. Contractual Agreements

Hospitalization
CHP has entered into contractual agreements with various hospitals to provide hospital services to CHP's members. In general these agreements automatically renew annually but can be terminated by sufficient notice.

Other Services
CHP has entered into contractual arrangements with certain physicians to provide laboratory and specialized services. In general these agreements automatically renew annually, but can be terminated by sufficient notice.

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)	**2020**	**2019**
Balances at January 1,	$ 67,499	$ 70,173
Incurred related to		
Current year	676,700	683,228
Prior year	(3,343)	(7,605)
Total incurred	673,357	675,623
Paid related to		
Current year		
Prior year	606,352	615,843
Total paid	64,156	62,454
Balances at December 31,	670,508	678,297
	$ 70,348	$ 67,499

The balances above are comprised of claims unpaid (approximately $69.6 million and $66.9 million at December 31, 2020 and 2019, respectively), and unpaid claims adjustment expenses (approximately $0.7 million and $0.6 million for December 31, 2020 and 2019, respectively).

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 approximately $18.1 million and $18.0 million as of December 31, 2020 and 2019, respectively. CHP's capital and surplus exceeds OIR minimum statutory capital and surplus requirements by approximately $512.2 million and $468.1 million as of December 31, 2020 and 2019, 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 2020 and 2019, 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 2020 and 2019 were approximately $4.3 million and $4.2 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 approximately $11.1 million and $9.1 million as of December 31, 2020 and 2019, respectively.

The following table reflects the components of the benefit obligation at December 31, 2020 and 2019:

(in thousands of dollars)	2020	2019
Change in benefit obligation		
Benefit obligation, beginning of year	$ 9,065	$ 10,589
Service cost	366	419
Interest cost	298	454
Actuarial losses (gains)	1,457	(2,364)
Benefits paid	(45)	(33)
Benefit obligation, end of year	$ 11,141	$ 9,065
Net periodic benefit cost		
Current service cost	$ 366	$ 419
Current interest cost	298	454
Amortization of prior service cost	578	858
Net periodic benefit cost	$ 1,242	$ 1,731

CHP expects to amortize approximately $1.1 million of unrecognized prior service cost and approximately $230,000 of unrecognized gain from accumulated postretirement benefit obligation into net periodic benefit cost during 2021. Actuarial losses (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, 2020 were:

Discount rate	2.6 %
Initial 2021 post-Medicare medical trend	4.6 %
Ultimate post-Medicare medical trend	3.7 %

Increasing the assumed medical trend by 1% would increase the accumulated benefit obligation at December 31, 2020 by approximately $3.1 million and increase the 2021 benefit expense by $0.3 million. Decreasing medical trend by 1% would decrease the accumulated benefit obligation by approximately $2.3 million and decrease the 2021 benefit expense by $0.2 million. 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 2021.

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

(in thousands of dollars)

2021	$	101
2022		122
2023		131
2024		149
2025		164
2026-2030		1,021

11. Reinsurance

CHP reinsures certain risks with another insurance company. The reinsurance agreement provides coverage for eligible inpatient hospital and transplant services in excess of a specific deductible of $700,000 during 2020 and $1.0 million during 2019 for each covered member. In addition, an aggregated specific deductible of $425,000 and $200,000 applies for 2020 and 2019, respectively. The reinsurance policy has a maximum reinsurance coverage limit of $3 million per member per year. 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 2020 and 2019 were approximately $549,000 and $463,000, respectively. Reinsurance recoveries were approximately $304,000 and $551,000 for 2020 and 2019, respectively. Amounts due to CHP under reinsurance agreements were approximately $0 and $80,000 at December 31, 2020 and 2019, respectively. Due to the limited nature and immateriality of CHP's reinsurance program, the separate disclosure related to reinsurance contracts has been excluded from the Supplemental Schedules.

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.

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 1.5% and 3.10% at December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019 CHP had no borrowings outstanding and approximately $6,000 and $21,000 in interest payable, respectively. 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, 2020 and 2019.

Regulatory Environment

In March 2020, the President of the United States declared the outbreak of a novel coronavirus (COVID-19) a national emergency. In response, CHP issued a total of $20.4 million in premium waivers and refunds to Medicare members and commercial insurance groups as a result of reduced claim costs due to COVID-19. Premium rebates are recorded as a reduction to net premium income within the statutory statements of revenue and expenses and changes in capital and surplus.

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.

CHP follows SSAP 106, *Affordable Care Act Section 9010 Assessment: Fees Paid to the Federal Government by Health Insurers* (“health insurer fee”) for these costs required by Health Care Reform. The health insurer fee is being levied based on a ratio of an insurer’s net health insurance premiums written for the previous calendar year compared to the total U.S. health insurance market. The guidance specifies that a liability be estimated and fully recognized in the calendar year the fee is payable with a corresponding deferred asset once qualifying health insurance is provided. The deferred asset is amortized straight-line over the year and the liability is relieved when paid. Congress passed legislation in 2017 which imposed a moratorium for the 2019 calendar year for the collection of the insurer fee. CHP paid $8.6 million and $0 during 2020 and 2019, respectively, for the annual health insurer fee which was reflected in assessments and fees. In December 2019, Congress repealed the health insurer fee effective January 1, 2021.

Medical loss ratio (“MLR”) regulation of Health Care Reform. Commercial fully insured 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, 2020 and 2019, 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 accrued a Medicare rebate reserve of $5.1 million and $0 in 2020 and 2019, respectively.

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. CHP paid risk adjustment assessments of approximately $5.9 million and $5.6 million as of December 31, 2020 and 2019, respectively. Risk adjustment assessments and distributions are computed based on CHP’s risk score versus the overall market risk score after applying adjustments. CHP records risk adjustment receivables and payables, gross, with an adjustment to premiums when the amounts are reasonably estimable and collection is reasonably assured. As of December 31, 2020 and 2019, risk adjustment receivables were approximately $0 and $4.1 million, respectively. Risk adjustment payables were approximately $11.3 million and $9.6 million as of December 31, 2020 and 2019 respectively.

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 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	$ 4,135	$ -	$ -	$ -	$ 4,135	$ -	$ -	$ -		$ 4,135	$ -
2. Premium adjustments (payable)	$ -	$ (9,594)	$ -	$ (5,950)	$ -	$ (3,644)	$ -	$ (595)	A	$ -	$ (4,239)
3. Subtotal ACA Permanent Risk Adjustment Program	**$ 4,135**	**$ (9,594)**	**$ -**	**$ (5,950)**	**$ 4,135**	**$ (3,644)**	**$ -**	**$ (595)**		**$ 4,135**	**$ (4,239)**
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	**$ 4,135**	**$ (9,594)**	**$ -**	**$ (5,950)**	**$ 4,135**	**$ (3,644)**	**$ -**	**$ (595)**		**$ 4,135**	**$ (4,239)**

Explanations of Adjustments

A In 2020, CHP recorded a $144k receivable for a 2019 settlement. Additional adjustment of $431k recorded for prior year unsettled amounts.

13. Pharmaceutical Rebate Receivable

At December 31, 2020 and 2019, respectively, the estimated pharmaceutical rebate receivables were approximately $9.0 million and $7.3 million and were included in health care receivables, 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, 2020, 2019, and 2018 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 More Than 90 Days After Billing	Total Rebates Received
December 31, 2020	$ 9,018	$ -	$ -	$ -	$ -
September 30, 2020	9,050	8,982	-	-	-
June 30, 2020	8,718	8,814	7,520	-	7,520
March 31, 2020	7,989	8,520	8,397	14	8,411
December 31, 2019	$ 7,262	$ 7,511	$ 7,534	$ 14	$ 7,548
September 30, 2019	7,542	7,268	7,248	34	7,282
June 30, 2019	7,075	7,351	7,346	8	7,354
March 31, 2019	6,952	7,076	7,033	81	7,114
December 31, 2018	$ 6,676	$ 6,389	$ 6,402	$ 12	$ 6,414
September 30, 2018	6,652	6,627	6,568	50	6,618
June 30, 2018	6,801	6,724	6,707	46	6,753
March 31, 2018	6,022	6,805	6,752	53	6,805

14. 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 (see Note 12). CHP paid bank service charges to this financial institution, net of interest received, of approximately $27,000 and $5,000 in 2020 and 2019, respectively. Interest paid to Capital City Bank was approximately $56,000 and $183,000 for 2020 and 2019, respectively. Total deposits maintained at this financial institution were approximately $2.3 million and $1.5 million at December 31, 2020 and 2019, respectively.

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 approximately $4.2 million and $4.5 million in 2020 and 2019, 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 approximately $1.4 million and $952,000 at December 31, 2020 and 2019, respectively. CHP recorded approximately $2.1 million and $1.9 million of premiums collected from these groups under the consolidated billing arrangement with Florida Blue, in 2020 and 2019, respectively. CHP recorded approximately $1.2 million and $1.5 million in equalization underwriting losses for December 31, 2020 and 2019, respectively.

CHP also has agreements with Florida Blue and other related entities to provide certain administrative services. The total fees paid to Florida Blue under these agreements were approximately $299,000 and $346,000 in 2020 and 2019, respectively.

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 2020 and 2019, CHP recorded pharmacy expense net of rebates recoveries of approximately $121.6 million and $111.2 million, respectively, under this agreement. Total administration fees during 2020 and 2019 were $2.0 million and $2.1 million, respectively. CHP had a payable due to Prime of $3.3 million and $4.1 million at December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, CHP had a receivable for rebates of $19.6 million and $14.5 million, respectively.

15. Subsequent Events

CHP has evaluated subsequent events through March 31, 2021, 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, 2020

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	$ 119.1	18.3 %	$ 119.1	18.3 %
1.2 All Other Governments	$ 19.7	3.0 %	$ 19.7	3.0 %
1.3 U.S. States, Territiories, and Possessions, Guaranteed	$ .3	0.1 %	$ .3	0.1 %
1.4 U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed				
1.5 U.S. Special Revenue & Special Assessment Obligations, etc. Non-Guaranteed	$ 199.1	30.6 %	$ 199.1	30.6 %
1.6 Industrial and Miscellaneous	$ 125.7	19.3 %	$ 125.7	19.3 %
1.7 Hybrid Securities	$ 1.4	0.2 %	$ 1.4	0.2 %
1.8 Parent, Subsidiaries, and Affiliates				
1.9 SVO Identified Funds				
1.10 Bank Loans				
1.11 Total Long-Term Bonds	$ 465.3	71.5 %	$ 465.3	71.5 %
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	$ 124.3	19.1 %	$ 124.3	19.1 %
3.6 Unit Investment Trusts				
3.7 Closed-End Funds				
3.8 Total Common Stocks	$ 124.3	19.1 %	$ 124.3	19.1 %
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 Mortgage Loans				
5. Real estate (Schedule A):				
5.1 Properties Occupied by Company	$ 42.6	6.5 %	$ 42.6	6.5 %
5.2 Properties Held for Production of Income				
5.3 Properties Held for Sale				
5.4 Total Real Estate	$ 42.6	6.5 %	$ 42.6	6.5 %
6. Cash, cash equivalents, and short term investments:				
6.1 Cash (Schedule E, Part 1)	$ 3.4	0.5 %	$ 3.4	0.5 %
6.2 Cash Equivalents (Schedule E, Part 2)	$ 8.8	1.3 %	$ 8.8	1.3 %
6.3 Short-Term Investments (Schedule DA)				
6.4 Total Cash, Cash Equivalents, and Short Term Investments	$ 12.2	1.8 % .	$ 12.2	1.8 %
7. Contract Loans				
8. Derivatives (Schedule DB)				
9. Other Invested Assets (Schedule BA)				
10. Receivables for Securities	$ 7.3	1.1 %	$ 7.3	1.1 %
11. Securities Lending (Schedule DL Part 1)		0 %		0 %
12. Other Invested Assets	$ .0	0 %	$ .0	0 %
13. Total Invested Assets	$ 651.7 0	100 %	$ 651.7	100%

Capital Health Plan, Inc.
Supplemental Investment Risks Interrogatories
Years Ended December 31, 2020

1. Reporting entity's total admitted assets as reported on Page 2 of the annual statement: approximately $682 million.

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

(in millions)

	Issuer	Exposure		Amount	Assets
2.01	BANK OF AMERICA CORP	Bonds	$	3.5	0.5%
2.02	JPMORGAN CHASE & CO	Bonds	$	3.1	0.5%
2.03	CITIGROUP INC	Bonds	$	2.3	0.3%
2.04	INTERNATIONAL BANK FOR RECONSTRUCTION A	Bonds	$	2.3	0.3%
2.05	KFW	Bonds	$	2.1	0.3%
2.06	GOLDMAN SACHS GROUP INC	Bonds	$	2.1	0.3%
2.07	WELLS FARGO & CO	Bonds	$	2.0	0.3%
2.08	ASIAN DEVELOPMENT BANK	Bonds	$	1.9	0.3%
2.09	MORGAN STANLEY	Bonds	$	1.9	0.3%
2.10	EUROPEAN INVESTMENT 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	$	407.2	59.7%	P/RP - 1	$	-	0.0 %
3.02	NAIC - 2	$	58.1	8.5%	P/RP - 2			
3.03	NAIC - 3				P/RP - 3			
3.04	NAIC - 4				P/RP - 4			
3.05	NAIC - 5				P/RP - 5			
3.06	NAIC - 6				P/RP - 6			

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	$	87.2	12.8 %
4.03	Foreign-currency-denominated investments			
4.04	Insurance liabilities denominated in that same foreign currency			

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

(in millions)

	NAIC Sovereign Designation		Amount	Percent
5.01	Countries designated NAIC - 1	$	80.6	11.8%
5.02	Countries designated NAIC - 2	$	4.3	0.6%
5.03	Countries designated NAIC - 3 or below	$	2.3	0.3%

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	$	15.4	2.3%
6.02	United Kingdom	$	11.5	1.7%
	Countries designated NAIC - 2			
6.03	Italy	$	1.4	0.2%
6.04	Mexico	$	1.0	0.2%
	Countries designated NAIC - 3 or below			
6.05	Other Countries	$	1.8	0.3%
6.06	Ukraine	$	.5	0.1%

7. Aggregate unhedged foreign currency exposure:

(in millions)

	NAIC Sovereign Designation		Amount	Percent
7.01		$	-	0.0 %

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

(in millions)

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

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

(in millions)

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

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

(in millions)

	Issuer	NAIC Designation	Amount	Percent
10.01	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPI	1	$ 2.3	0.3%
10.02	KFW	1	2.1	0.3%
10.03	ASIAN DEVELOPMENT BANK	1	1.9	0.3%
10.04	EUROPEAN INVESTMENT BANK	1	1.8	0.3%
10.05	INTER-AMERICAN DEVELOPMENT BANK	1	1.7	0.2%
10.06	HSBC HOLDINGS PLC	1	1.4	0.2%
10.07	ISRAEL, STATE OF (GOVERNMENT)	1	1.1	0.2%
10.08	JAPAN BANK FOR INTERNATIONAL COOPERATION	1	.9	0.1%
10.09	MEXICO (UNITED MEXICAN STATES) (GOVERNMENT)	2	.8	0.1%
10.10	MITSUBISHI UFJ FINANCIAL GROUP INC	1	.8	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	$ 74.1	10.9%
13.03	Fidelity Spartan International Fund	50.1	7.3%

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

    14.01 Are assets held in non-affiliated, 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	$ 25.6	3.7%
18.03	Raymond Diehl Building - Tallahassee, FL	8.1	1.2%
18.04	Governor's Square Building - Tallahassee, FL	5.2	0.8%
18.05	Centerville Building - Tallahassee, FL	3.0	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:

(in millions)		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 %	$ -	$ -	$ -
20.02	Repurchase agreements					
20.03	Reverse repurchase agreements					
20.04	Dollar repurchase agreements					
20.05	Dollar reverse repurchase agreements					

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

(in millions) `		Owned		Written	
	Description	**Amount**	**Percent**	**Amount**	**Percent**
21.01	Hedging	$ -	0 %	$ -	0 %
21.02	Income generation				
21.03	Other				

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

(in millions)		At Year-End		At End of Each Quarter		
	Description	**Amount**	**Percent**	**1st Qtr**	**2nd Qtr**	**3rd Qtr**
22.01	Hedging	$ -	0 %	$ -	$ -	$ -
22.02	Income generation					
22.03	Replications					
22.04	Other					

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

(in millions)		At Year-End		At End of Each Quarter		
	Description	**Amount**	**Percent**	**1st Qtr**	**2nd Qtr**	**3rd Qtr**
23.01	Hedging	$ -	0 %	$ -	$ -	$ -
23.02	Income generation					
23.03	Replications					
23.04	Other					