



**ANNUAL STATEMENT**  
FOR THE YEAR ENDING DECEMBER 31, 2016  
OF THE CONDITION AND AFFAIRS OF THE

**BLUE CROSS AND BLUE SHIELD OF KANSAS CITY**

NAIC Group Code 0537 0537 NAIC Company Code 47171 Employer's ID Number 43-1257251  
(Current Period) (Prior Period)

Organized under the Laws of Missouri State of Domicile or Port of Entry Missouri

Country of Domicile United States

Licensed as business type: Life, Accident & Health [ ] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ X ]  
Dental Service Corporation [ ] Vision Service Corporation [ ] Health Maintenance Organization [ ]  
Other [ ] Is HMO, Federally Qualified? Yes [ ] No [ ]

Incorporated/Organized 05/17/1982 Commenced Business 05/17/1982

Statutory Home Office 2301 Main Street Kansas City, MO, US 64108-2428  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 2301 Main Street  
(Street and Number)  
Kansas City, MO, US 64108-2428 816-395-2222  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address P.O. Box 419169 Kansas City, MO, US 64141-6159  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 2301 Main Street  
(Street and Number)  
Kansas City, MO, US 64108-2428 816-395-2768  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number) (Extension)

Internet Web Site Address www.bluekc.com

Statutory Statement Contact James Maher 816-395-2768  
(Name) (Area Code) (Telephone Number) (Extension)  
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(E-Mail Address) (Fax Number)

**OFFICERS**

Name	Title	Name	Title
<u>Danette Kae Wilson</u>	<u>President</u>	<u>Richard Joe Kastner</u>	<u>Secretary</u>
<u>Bryan Robert Camerlinck</u>	<u>Treasurer</u>		

**OTHER OFFICERS**

<u>Brian Michael Burns</u>	<u>Senior Vice President</u>	<u>Nancy Marie Creasy</u>	<u>Senior Vice President</u>
<u>Erin Elizabeth Schneider-Shucky</u>	<u>Senior Vice President</u>		

**DIRECTORS OR TRUSTEES**

<u>Melvin Louis Glazer</u>	<u>Karon Elaine Harris-Hicks</u>	<u>Janice Christie Kreamer</u>	<u>James Rudolph Roath</u>
<u>Lawrence Anthony Hues</u>	<u>Garry K Kemp</u>	<u>Sam R Rada</u>	<u>Michael Francis Morrissey</u>
<u>Thomas A. McCullough</u>	<u>Marilyn Mollman Rymer</u>	<u>Henry John Hermann</u>	<u>Randall C. Ferguson, Jr.</u>
<u>Dennis G. Huber</u>	<u>Jack A. Newman, Jr.</u>		

State of Missouri ss  
County of Jackson

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

Danette Kae Wilson Richard Joe Kastner Bryan Robert Camerlinck  
President Secretary Treasurer

Subscribed and sworn to before me this  
day of February, 2016

a. Is this an original filing? Yes [ X ] No [ ]  
b. If no:  
1. State the amendment number \_\_\_\_\_  
2. Date filed \_\_\_\_\_  
3. Number of pages attached \_\_\_\_\_



ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule DL)	376,374,000		376,374,000	359,472,866
2. Stocks (Schedule D):				
2.1 Preferred stocks	1,709,494		1,709,494	3,142,844
2.2 Common stocks	326,027,498		326,027,498	351,838,815
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ _____ encumbrances)	25,568,642		25,568,642	27,031,708
4.2 Properties held for the production of income (less \$ _____ encumbrances)			0	0
4.3 Properties held for sale (less \$ _____ encumbrances)			0	0
5. Cash (\$ _____ (1,462,719) , Schedule E-Part 1), cash equivalents (\$ _____ 0 , Schedule E-Part 2) and short-term investments (\$ _____ 29,506,953 , Schedule DA)	28,024,234		28,024,234	6,186,277
6. Contract loans (including \$ _____ premium notes)			0	0
7. Derivatives (Schedule DB)	0		0	0
8. Other invested assets (Schedule BA)	114,995,654	7,734,825	107,260,829	50,145,836
9. Receivables for securities	77,462		77,462	570,676
10. Securities lending reinvested collateral assets (Schedule DL)			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	872,774,985	7,734,825	865,040,160	797,368,824
13. Title plants less \$ _____ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	2,180,195		2,180,195	2,153,273
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	53,596,091		53,596,091	45,026,391
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ _____ earned but unfiled premiums)			0	0
15.3 Accrued retrospective premiums (\$ _____ 71,980 ) and contracts subject to redetermination (\$ _____ )	71,980		71,980	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	30,992,490		30,992,490	25,225,693
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	82,543,790		82,543,790	78,401,832
18.1 Current federal and foreign income tax recoverable and interest thereon			0	10,382,222
18.2 Net deferred tax asset	16,766,323		16,766,323	900,585
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software	8,121,530	5,346,195	2,775,335	2,966,663
21. Furniture and equipment, including health care delivery assets (\$ _____ )	2,063,377	2,063,377	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	3,080,599	2,045,028	1,035,573	3,070,265
24. Health care (\$ _____ 29,017,216 ) and other amounts receivable	53,918,398	386,599	52,931,799	42,587,496
25. Aggregate write-ins for other-than-invested assets	15,731,652	14,718,652	1,013,000	28,451
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,141,761,410	32,894,674	1,108,866,736	1,008,071,695
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	1,141,761,410	32,894,674	1,108,866,736	1,008,071,695
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Prepaid expenses	9,878,119	9,878,119	0	0
2502. Other assets non-acknowledged	2,098,533	2,098,533	0	0
2503. Refundable state income tax	0	0	0	28,451
2598. Summary of remaining write-ins for Line 25 from overflow page	3,755,000	2,742,000	1,013,000	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	15,731,652	14,718,652	1,013,000	28,451

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ _____ reinsurance ceded)	158,638,252		158,638,252	138,304,048
2. Accrued medical incentive pool and bonus amounts	36,000		36,000	353,231
3. Unpaid claims adjustment expenses	6,366,696		6,366,696	5,927,289
4. Aggregate health policy reserves, including the liability of \$ _____, 1,067,724 for medical loss ratio rebate per the Public Health Service Act	68,775,239		68,775,239	65,771,715
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves	571,237		571,237	543,111
8. Premiums received in advance	30,593,277		30,593,277	25,843,495
9. General expenses due or accrued	47,853,519		47,853,519	55,759,721
10.1 Current federal and foreign income tax payable and interest thereon (including \$ _____ on realized capital gains (losses))	14,500,513		14,500,513	809,131
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	343,838		343,838	156,789
12. Amounts withheld or retained for the account of others	855,944		855,944	435,733
13. Remittances and items not allocated	986,160		986,160	1,360,613
14. Borrowed money (including \$ _____, 8,000,000 current) and interest thereon \$ _____ (including \$ _____ current)	8,000,000		8,000,000	34,500,000
15. Amounts due to parent, subsidiaries and affiliates	8,179,047		8,179,047	16,169,916
16. Derivatives		0	0	0
17. Payable for securities	36,118		36,118	895,504
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ _____ authorized reinsurers, \$ _____ unauthorized reinsurers and \$ _____ certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified (\$ _____) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under unassigned plans	27,341,199		27,341,199	11,918,138
23. Aggregate write-ins for other liabilities (including \$ _____ current)	173,613,844	0	173,613,844	147,273,871
24. Total liabilities (Lines 1 to 23)	546,690,683	0	546,690,683	506,022,465
25. Aggregate write-ins for special surplus funds	XXX	XXX	22,600,000	23,800,000
26. Common capital stock	XXX	XXX		0
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX		0
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other-than-special surplus funds	XXX	XXX	1,000,000	1,000,000
31. Unassigned funds (surplus)	XXX	XXX	538,575,853	377,249,210
32. Less treasury stock, at cost:				
32.1 _____ shares common (value included in Line 26 \$ _____)	XXX	XXX		0
32.2 _____ shares preferred (value included in Line 27 \$ _____)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	562,175,853	502,049,210
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,108,866,736	1,008,071,895
DETAILS OF WRITE-INS				
2301. Unfunded post-retirement benefit obligation	121,205,821		121,205,821	111,323,952
2302. Accrued supplemental retirement plan liability	27,101,102		27,101,102	14,849,125
2303. Accrued pension plan liability	12,310,410		12,310,410	15,709,607
2398. Summary of remaining write-ins for Line 23 from overflow page	12,996,511	0	12,996,511	5,391,187
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	173,613,844	0	173,613,844	147,273,871
2501. ACA Section 9010 Fee - 2014 data year	XXX	XXX		23,800,000
2502. ACA Section 9010 Fee - 2015 data year	XXX	XXX	22,600,000	0
2503. _____	XXX	XXX		0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	22,600,000	23,800,000
3001. Statutory reserve	XXX	XXX	1,000,000	1,000,000
3002. _____	XXX	XXX		
3003. _____	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	1,000,000	1,000,000

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1 Member Months	XXX	4,375,737	4,366,201
2 Net premium income (including \$ 0 non-health premium income)	XXX	1,492,855,862	1,337,631,770
3 Change in unearned premium reserves and reserve for rate credits	XXX	(8,090,140)	10,247,995
4 Fee-for-service (net of \$ medical expenses)	XXX		0
5 Risk revenue	XXX		0
6 Aggregate write-ins for other health care related revenues	XXX	0	0
7 Aggregate write-ins for other non-health revenues	XXX	0	0
8 Total revenues (Lines 2 to 7)	XXX	1,484,765,722	1,347,879,765
<b>Hospital and Medical:</b>			
9 Hospital/medical benefits		1,117,909,389	1,051,260,043
10 Other professional services			0
11 Outside referrals			0
12 Emergency room and out-of-area		30,552,739	26,242,594
13 Prescription drugs		174,949,012	167,686,659
14 Aggregate write-ins for other hospital and medical	0	0	0
15 Incentive pool, withhold adjustments and bonus amounts		35,310	110,839
16 Subtotal (Lines 9 to 15)	0	1,323,446,449	1,245,300,135
<b>Less:</b>			
17 Net reinsurance recoveries		46,453,287	29,175,697
18 Total hospital and medical (Lines 16 minus 17)	0	1,276,993,162	1,216,124,436
19 Non-health claims (net)			0
20 Claims adjustment expenses, including \$ 19,109,234 cost containment expenses		63,116,071	79,261,662
21 General administrative expenses		131,254,863	150,171,909
22 Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)		(5,065,616)	11,223,112
23 Total underwriting deductions (Lines 18 through 22)	0	1,466,279,480	1,456,781,121
24 Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	18,486,242	(108,901,356)
25 Net investment income earned (Exhibit of Net Investment Income, Line 17)		17,173,574	16,311,512
26 Net realized capital gains (losses) less capital gains tax of \$ 2,490,439		(2,914,039)	7,961,565
27 Net investment gains (losses) (Lines 25 plus 26)	0	14,259,535	24,273,077
28 Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ) (amount charged off \$ )]		0	0
29 Aggregate write-ins for other income or expenses	0	(1,592)	20,980
30 Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	32,742,185	(84,607,299)
31 Federal and foreign income taxes incurred	XXX	38,516,538	(2,112,129)
32 Net income (loss) (Lines 30 minus 31)	XXX	(5,774,353)	(82,495,170)
<b>DETAILS OF WRITE-INS</b>			
0601	XXX		0
0602	XXX		0
0603	XXX		0
0690 Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699 Totals (Lines 0601 through 0603 plus 0690) (Line 6 above)	XXX	0	0
0701	XXX		0
0702	XXX		0
0703	XXX		0
0798 Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799 Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401			0
1402			0
1403			0
1498 Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499 Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901 Intercompany interest		(5,921)	20,168
2902 Other Revenue		2,329	812
2903			
2998 Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999 Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	(3,592)	20,980

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year .....	502,049,210	610,233,512
34. Net income or (loss) from Line 32 .....	(5,774,353)	(62,495,170)
35. Change in valuation basis of aggregate policy and claim reserves .....		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ ..... 4,720,477	53,156,997	(7,467,033)
37. Change in net unrealized foreign exchange capital gain or (loss) .....		0
38. Change in net deferred income tax .....	21,970,259	(16,780,428)
39. Change in nonadmitted assets .....	(11,819,402)	30,999,915
40. Change in unauthorized and certified reinsurance .....	0	0
41. Change in treasury stock .....	0	0
42. Change in surplus notes .....	0	0
43. Cumulative effect of changes in accounting principles .....	0	0
44. Capital Changes:		
44.1 Paid in .....	0	0
44.2 Transferred from surplus (Stock Dividend) .....		0
44.3 Transferred to surplus .....		0
45. Surplus adjustments:		
45.1 Paid in .....	0	0
45.2 Transferred to capital (Stock Dividend) .....	0	0
45.3 Transferred from capital .....		0
46. Dividends to stockholders .....		0
47. Aggregate write-ins for gains or (losses) in surplus .....	2,585,222	(32,421,586)
48. Net change in capital and surplus (Lines 34 to 47) .....	60,126,643	(100,184,302)
49. Capital and surplus end of reporting year (Line 33 plus 48)	562,175,853	502,049,210
<b>DETAILS OF WRITE-INS</b>		
4701. Change in supplemental retirement liability .....	(3,734,184)	1,183,654
4702. Change in pension liability .....	9,967,139	(9,177,497)
4703. Change in retiree medical benefit liability .....	(2,399,264)	(2,824,083)
4798. Summary of remaining write-ins for Line 47 from overflow page .....	(1,268,469)	(21,503,060)
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	2,585,222	(32,421,586)

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

CASH FLOW

Cash from Operations	1	2
	Current Year	Prior Year
1. Premiums collected net of reinsurance	1,489,151,013	1,359,580,211
2. Net investment income	19,912,508	19,851,282
3. Miscellaneous income	(3,771,214)	(180,271)
4. Total (Lines 1 through 3)	1,505,292,305	1,379,051,202
5. Benefit and loss related payments	1,268,782,306	1,242,402,375
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	189,972,937	245,282,509
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	17,021,372	14,326,156
10. Total (Lines 5 through 9)	1,475,776,615	1,502,011,040
11. Net cash from operations (Line 4 minus Line 10)	29,515,690	(122,979,838)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	308,626,996	442,440,536
12.2 Stocks	95,397,960	79,979,930
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	4,057,408	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	1,998	1,944
12.7 Miscellaneous proceeds	0	155,458
12.8 Total investment proceeds (Lines 12.1 to 12.7)	408,084,367	522,777,868
13. Cost of investments acquired (long-term only):		
13.1 Bonds	325,965,430	433,775,687
13.2 Stocks	57,822,122	71,424,185
13.3 Mortgage loans	0	0
13.4 Real estate	880,063	7,542,782
13.5 Other invested assets	22,754,048	302,575
13.6 Miscellaneous applications	368,172	3
13.7 Total investments acquired (Lines 13.1 to 13.6)	407,727,835	515,045,232
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	358,532	9,732,636
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	(26,500,000)	31,500,000
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	18,465,735	51,801,609
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(8,034,265)	86,301,909
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	21,837,957	(28,945,293)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	6,188,277	33,131,570
19.2 End of year (Line 18 plus Line 19.1)	28,026,234	6,186,277

**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY  
ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive Hospital & Medical B	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Had premium income	1,422,325,882	1,013,431,182	81,771,250	20,803,000		317,000,015			50,190,274	
2. Change in unearned premium reserves and reserves for rate credit	(9,089,149)	309,239	(881,513)			(7,405,439)				
3. Fee-for-service (net of 3 months expense)										
4. Risk reserve										
5. Aggregate reserves for other health care related revenues										
6. Aggregate reserves for other non-health care related revenues										
7. Total revenues (Lines 1 to 6)	1,413,236,732	1,013,740,421	80,889,737	20,803,000		309,594,576			50,190,274	
8. Hospital/medical benefits	1,119,908,388	587,732,759	43,881,968	15,185,243		283,688,170			81,493,227	
9. Other professional services										
10. Dental related										
11. Other policy, copay and out-of-pocket	31,522,738	30,522,738								
12. Prescription drugs	174,869,015	174,869,015								
13. Aggregate reserves for other hospital and medical										
14. In-house pool, without adjustments and bonus amounts	35,308	35,308								
15. Special (Lines 8 to 14)	1,320,448,447	883,281,570	43,866,227	15,185,243		283,688,170			81,493,227	
16. Net reinsurance recoveries	4,433,285	44,043,375							2,484,981	
17. Total hospital and medical (Lines 8 to 16)	1,278,080,111	848,453,245	43,866,227	15,185,243		283,688,170			84,978,208	
18. Non-health claims (net of reinsurance)										
19. Claims adjustments and other	60,118,089	54,031,265	4,384,608	1,330,029		7,131,065			18,419,925	
20. General administrative expenses	23,264,864	22,022,643	9,817,848	2,765,843		14,828,148			17,689,833	
21. Increase in reserves for accounts and health contracts	(19,089,881)	(186,100)	2,773,384						(17,702,000)	
22. Increase in reserves for life contracts										
23. Total underwriting deductions (Lines 17 to 22)	1,488,778,479	1,029,788,233	59,228,073	18,221,065		305,816,983			51,688,707	
24. Net underwriting gain or (loss) (Lines 7 minus Line 23)	5,458,253	18,653,647	81,787	1,577,013		3,977,798			28,501,567	
<b>DETAILS OF WRITE-INS</b>										
0201.										
0202.										
0203.										
0204. Summary of remaining write-ins for Line 5 from overflow page										
0205. Total Lines 0201 through 0203 plus 0204 (Line 5 above)										
0801.										
0802.										
0803.										
0208. Summary of remaining write-ins for Line 6 from overflow page										
0209. Total Lines 0801 through 0803 plus 0208 (Line 6 above)										
1301.										
1302.										
1303.										
1304. Summary of remaining write-ins for Line 13 from overflow page										
1305. Total Lines 1301 through 1303 plus 1304 (Line 13 above)										

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Col. 1+2-3)
1. Comprehensive (hospital and medical)	1,015,850,151	(1,092)	2,417,877	1,013,341,182
2. Medicare Supplement	51,771,253			61,771,253
3. Dental only	20,603,095			20,603,095
4. Vision only				0
5. Federal Employee Health Benefits Plan	317,000,015			317,000,015
6. Title XVII - Medicare				0
7. Title XIX - Medicaid				0
8. Other health	82,427,029		2,377,555	80,049,474
9. Health subtotal (Lines 1 through 8)	1,497,652,390	(1,092)	4,795,432	1,492,855,826
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	1,497,652,390	(1,092)	4,795,432	1,492,855,826

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

**UNDERWRITING AND INVESTMENT EXHIBIT**  
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVI Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1 Payments during the year:										
1.1 Direct	1,301,035,705	594,664,833	43,549,982	14,950,435		279,119,044			66,612,431	
1.2 Reinsurance assumed	2,974	2,974								
1.3 Reinsurance ceded	46,428,710	44,031,749							2,404,961	
1.4 Net	1,254,607,959	549,646,058	43,549,982	14,950,435		279,119,044			84,197,470	
2 Paid medical incentive pools and bonuses	352,539	352,539								
3 Claim liability December 31, current year from Part 2A:										
3.1 Direct	158,638,230	99,870,067	6,462,165	1,435,000		23,462,330			33,408,088	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	158,638,230	99,870,067	6,462,165	1,435,000		23,462,330			33,408,088	
4 Claim reserve December 31, current year from Part 2D:										
4.1 Direct	571,237	571,237								
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	571,237	571,237								
5 Accrued medical incentive pools and bonuses, current year	38,000	38,000								
6 Net healthcare receivables (a)	6,067,446	6,027,975	3,033	1,408		35,130				
7 Amounts recoverable from reinsurers December 31, current year										
8 Claim liability December 31, prior year from Part 2A:										
8.1 Direct	138,274,484	79,589,868	6,059,857	1,246,784		18,880,874			32,507,292	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded	29,550	29,550								
8.4 Net	138,304,034	79,589,439	6,059,857	1,246,784		18,880,874			32,507,292	
9 Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	543,111	543,111								
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net	543,111	543,111								
10 Accrued medical incentive pools and bonuses, prior year	357,231	357,231								
11 Amounts recoverable from reinsurers December 31, prior year										
12 Incurred benefits:										
12.1 Direct	1,323,411,139	663,166,262	43,950,237	15,135,243		283,656,170			87,603,227	
12.2 Reinsurance assumed		(76,576)								
12.3 Reinsurance ceded	46,428,710	44,027,749							2,404,961	
12.4 Net	1,276,982,653	613,112,935	43,950,237	15,135,243		283,656,170			85,198,266	
13 Incurred medical incentive pools and bonuses	35,308	35,308								

(a) Excludes \$ \_\_\_\_\_ in care or advances to providers not yet expensed.

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

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

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Deepl City	Wich City	Federal Employees Health Benefits Plan	Title XVII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
<b>1. Reported in Process of Adjustment:</b>										
1.1. Direct	15,568,673	9,443,131	650,000	144,358		2,360,321			3,380,763	
1.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
1.3. Reinsurance ceded	15,668,673	9,443,131	650,000	144,358	0	2,360,321	0	0	3,380,763	0
1.4. Net	0	0	0	0	0	0	0	0	0	0
<b>2. Incurred but Unreported:</b>										
2.1. Direct	142,679,577	84,428,938	5,812,065	1,290,942		21,102,809			30,047,305	
2.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
2.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
2.4. Net	142,679,577	84,428,938	5,812,065	1,290,942	0	21,102,809	0	0	30,047,305	0
<b>3. Amounts Withheld from Paid Claims and Capabilities:</b>										
3.1. Direct	0	0	0	0	0	0	0	0	0	0
3.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4. Net	0	0	0	0	0	0	0	0	0	0
<b>4. TOTALS:</b>										
4.1. Direct	158,681,250	93,870,069	6,462,165	1,435,000	0	23,462,930	0	0	33,408,068	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4. Net	158,681,250	93,870,069	6,462,165	1,435,000	0	23,462,930	0	0	33,408,068	0

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claims Reserve and Claim Liability December 31 of Current Year		Claims Incurred in Prior Years (Columns 1 + 2)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	5,777,229	765,089,828	1,739,298	92,702,008	57,516,525	80,141,550
2. Medicare Supplement	4,859,437	39,591,525	985,701	6,276,464	5,144,138	6,058,857
3. Dental Only	1,531,579	13,359,856	5,690	1,429,320	1,557,253	1,248,784
4. Vision Only						
5. Federal Employees Health Benefits Plan	21,224,314	257,894,730	317,357	23,165,573	21,541,671	19,850,674
6. Title XVII - Medicare						
7. Title XIX - Medicaid						
8. Other health	13,837,385	70,359,485	18,669,307	14,738,781	32,507,282	32,507,282
9. Health subtotal (Lines 1 to 8)	59,319,544	1,162,313,425	20,917,341	138,252,146	118,266,855	138,647,157
10. Healthcare receivables (9)	2,391,478	27,912,337			2,091,478	23,935,539
11. Other non-health						
12. Medical incentive pools and bonus amounts	352,541			36,000	352,541	353,331
13. Totals (Lines 9-10+11+12)	65,610,607	1,190,401,988	20,917,341	138,328,146	116,527,869	116,284,913

(9) Excludes § \_\_\_\_\_ claims or advances to providers not yet expensed.

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

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

Section A - Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	4,765,771	4,768,043	4,768,043	4,768,043	4,768,043
2. 2011	591,546	661,365	661,365	661,365	661,365
3. 2012	XI	662,654	739,375	739,372	739,372
4. 2013	XI	XII	655,813	718,071	718,540
5. 2014	XI	XII	XII	739,479	739,540
6. 2015	XI	XII	XII	XII	757,405

Section B - Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Indemnity Pool and Benefits Outstanding, at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	1,101,541	1,100,183	1,100,577	1,100,577	1,100,577
2. 2011	661,725	662,009	661,365	661,365	661,365
3. 2012	XI	740,524	740,658	739,404	739,372
4. 2013	XI	XII	726,878	719,237	718,527
5. 2014	XI	XII	XII	818,777	734,401
6. 2015	XI	XII	XII	XII	851,143

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9) Percent
1. 2011	801,982	661,365	51,521	7.8	712,886	88.9	1,100,577	712,886	712,886	88.9
2. 2012	890,550	739,372	56,262	7.6	795,634	89.4	661,365	795,634	795,634	90.4
3. 2013	869,924	718,540	44,346	5.1	762,886	87.7	739,372	762,886	762,886	87.7
4. 2014	923,172	757,405	70,443	8.9	827,848	89.5	718,540	827,848	827,848	90.7
5. 2015	1,013,431	757,405	55,952	7.4	813,357	80.3	818,777	813,357	813,357	80.3

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

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

**Section A - Paid Health Claims - Medicare Supplement**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	129,338	129,333	129,330	129,333	129,333
2. 2011	30,839	35,078	35,067	35,067	35,067
3. 2012	JUL	31,739	35,642	35,647	35,647
4. 2013	JUL	JUL	33,833	38,440	38,440
5. 2014	JUL	JUL	JUL	36,623	41,647
6. 2015	JUL	JUL	JUL	JUL	38,539

**Section B - Incurred Health Claims - Medicare Supplement**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability: Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	88,783	88,404	88,722	88,722	88,722
2. 2011	35,653	35,591	35,118	35,067	35,067
3. 2012	JUL	35,454	35,718	35,647	35,647
4. 2013	JUL	JUL	38,484	39,495	38,465
5. 2014	JUL	JUL	JUL	42,702	41,808
6. 2015	JUL	JUL	JUL	JUL	44,815

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Medicare Supplement**

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claims Adjustment Expense Payments	(Col. 3) Percent	Claim and Claim Adjustment Expense Payments (Col. 2-5)	(Col. 5) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7-8)	(Col. 9) Percent
1. 2011	51,593	35,067	5,145	14.7	40,712	77.3			40,712	77.3
2. 2012	55,798	35,647	5,376	15.1	41,023	73.5			41,023	73.5
3. 2013	58,572	38,140	3,943	10.3	42,383	74.9	26		42,409	75.0
4. 2014	59,354	41,647	5,097	12.2	46,744	78.8	161	49	46,954	79.1
5. 2015	61,771	38,539	4,091	10.8	42,630	69.0	6,276	383	49,299	79.8

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Dental Only**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	100,651	100,651	100,651	100,651	100,651
2. 2011	9,083	10,152	10,152	10,152	10,152
3. 2012	JUL	10,638	11,555	11,555	11,555
4. 2013	JUL	JUL	13,244	14,319	14,319
5. 2014	JUL	JUL	JUL	13,257	14,813
6. 2015	JUL	JUL	JUL	JUL	13,388

**Section B - Incurred Health Claims - Dental Only**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	18,423	18,427	18,427	18,427	18,427
2. 2011	10,068	10,152	10,152	10,152	10,152
3. 2012	JUL	11,659	11,555	11,555	11,555
4. 2013	JUL	JUL	14,453	14,150	14,184
5. 2014	JUL	JUL	JUL	14,514	14,819
6. 2015	JUL	JUL	JUL	JUL	14,617

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Dental Only**

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claims Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expenses Payments (Col. 2+3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Adjustments Expenses Incurred (Col. 5+7+8)	(Col. 9/1) Percent
1. 2011	14,404	10,153	555	5.4	11,008	76.4			11,008	76.4
2. 2012	16,003	11,555	1,040	9.0	12,595	78.7			12,595	78.7
3. 2013	19,318	14,184	1,015	7.2	15,199	78.7			15,199	78.7
4. 2014	20,157	14,813	1,558	10.5	16,371	81.1	6	14	16,381	81.2
5. 2015	20,853	13,388	1,247	9.3	14,635	71.0	1,429	121	16,185	78.6

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

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

**Section A - Paid Health Claims - Federal Employees Health Benefits Plan Premium**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	2011	2012	2013	2014	2015
1. Prior	1,570,688	1,570,363	1,570,363	1,570,363	1,570,363
2. 2011	261,708	220,093	220,333	220,333	220,333
3. 2012	XII	206,933	226,080	226,080	226,080
4. 2013	XII	XII	221,687	241,972	242,541
5. 2014	XII	XII	XII	235,119	246,834
6. 2015	XII	XII	XII	XII	257,710

**Section B - Incurred Health Claims - Federal Employees Health Benefits Plan Premium**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Benefits Outstanding at End of Year				
	2011	2012	2013	2014	2015
1. Prior	307,694	307,284	317,234	317,234	317,234
2. 2011	220,107	220,078	220,333	220,093	220,333
3. 2012	XII	227,267	226,135	226,063	228,093
4. 2013	XII	XII	240,634	241,973	242,580
5. 2014	XII	XII	XII	254,069	256,132
6. 2015	XII	XII	XII	XII	260,855

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Federal Employees Health Benefits Plan Premium**

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3) Percent	Claim and Claims Adjustment Expenses Payments (Col. 2-3)	(Col. 5) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expenses Incurred (Col. 9+8)	(Col. 9) Percent
1. 2011	253,844	220,333	6,012	2.7	226,345	90.2			226,345	90.2
2. 2012	244,539	228,093	6,095	2.7	232,178	95.0			232,178	95.0
3. 2013	253,264	242,541	5,140	2.1	247,681	97.8	85		247,766	97.8
4. 2014	255,634	255,634	6,559	3.6	262,173	98.9	258	76	262,249	99.1
5. 2015	317,300	257,710	6,771	2.6	264,481	83.4	23,146	643	265,124	90.9

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

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

**Section A - Paid Health Claims - Title XIX Medicaid**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	28,523	0	0	0	0
2. 2011	0	0	0	0	0
3. 2012	0	0	0	0	0
4. 2013	0	0	0	0	0
5. 2014	0	0	0	0	0
6. 2015	0	0	0	0	0

**Section B - Incurred Health Claims - Title XIX Medicaid**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability Claim Reserve and Medical Incentive Pool and Benefits Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	NONE	0	0	0	0
2. 2011	0	0	0	0	0
3. 2012	0	0	0	0	0
4. 2013	0	0	0	0	0
5. 2014	0	0	0	0	0
6. 2015	0	0	0	0	0

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX Medicaid**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claims Adjustment Expense Payments	4 (Col 3/2)	5 Claims and Claim Adjustment Expense Payments (Col 2+3)	6 (Col 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expenses Incurred (Col 5+7+8)	10 (Col 9/1) Percent
1. 2011	0	0	0	NONE	0	0.0	0	0	0	0.0
2. 2012	0	0	0	0	0	0.0	0	0	0	0.0
3. 2013	0	0	0	0	0	0.0	0	0	0	0.0
4. 2014	0	0	0	0	0	0.0	0	0	0	0.0
5. 2015	0	0	0	0	0	0.0	0	0	0	0.0

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

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

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	2011	2012	2013	2014	2015
1 Prior	124,455	124,455	124,455	124,455	124,455
2 2011	20,431	34,486	34,486	34,486	34,486
3 2012		20,951	28,183	28,183	28,183
4 2013			58,876	75,509	75,509
5 2014				54,640	78,478
6 2015					70,359

Section B - Incurred Health Claims - Other

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	2011	2012	2013	2014	2015
1 Prior	41,475	47,805	42,805	42,805	42,805
2 2011	34,924	36,593	34,456	34,456	34,456
3 2012		38,083	28,201	28,183	28,183
4 2013			72,352	82,370	75,509
5 2014				50,288	57,147
6 2015					85,058

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Other

Years in which Premiums were Earned and Claims were Incurred	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3) Percent	Claims and Claim Adjustment Expense Payments (Col. 2+3)	(Col. 5) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claim Adjustment Expenses Incurred (Col. 2+7+8)	(Col. 9) Percent
1 2011	29,111	34,486	(3,053)	(8.9)	31,433	108.0			31,433	132.0
2 2012	31,217	28,183	(11)	0.0	28,172	84.8			28,172	84.8
3 2013	50,012	75,509	6,340	3.4	81,849	163.7			81,849	163.7
4 2014	67,264	78,478	(359)	(0.5)	78,119	116.1	10,688	(7.4)	88,807	131.5
5 2015	80,050	70,359	(7,827)	(10.3)	72,532	78.3	14,738	(5.4)	87,270	95.0

**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY**

**UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Grand Total**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	2011	2012	2013	2014	2015
1. Prior	6,521,436	6,602,896	6,602,896	6,602,896	6,602,896
2. 2011	853,607	961,404	961,404	961,404	961,404
3. 2012		1,040,840	1,040,812	1,040,840	1,040,840
4. 2013			965,115	1,068,037	1,068,037
5. 2014				1,089,386	1,153,712
6. 2015					1,137,431

**Section B - Incurred Health Claims - Grand Total**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability Claim Reserve and Medical Incentive Paid and Bonuses Outstanding at End of Year				
	2011	2012	2013	2014	2015
1. Prior	1,632,132	1,627,113	1,627,113	1,627,325	1,627,325
2. 2011	962,508	965,213	961,453	961,104	961,404
3. 2012		1,059,197	1,051,665	1,040,872	1,040,840
4. 2013			1,092,621	1,086,246	1,088,665
5. 2014				1,220,350	1,204,307
6. 2015					1,276,728

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total**

Years in which Premiums were Earned and Claims were Incurred	Claims and Claims Adjustment Expense Ratio									
	1	2	3	4	5	6	7	8	9	10
1. 2011	1,148,314	961,404	80,488	6.3	1,071,894	89.0	0	0	1,071,894	93.0
2. 2012	1,250,877	1,040,840	58,702	6.6	1,192,138	95.2	0	0	1,192,138	92.1
3. 2013	1,249,080	1,068,523	60,484	5.6	1,188,039	95.1	323	684	1,190,423	96.5
4. 2014	1,337,632	1,185,712	85,876	7.2	1,299,360	94.9	20,586	684	1,299,360	96.5
5. 2015	1,462,655	1,137,401	60,409	5.3	1,397,810	80.2	1,638,328	5,387	1,342,035	83.9

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Tribal XMB Medicare	Tribal XDC Medicaid	Other
1. Unearned premium reserve	184,504								184,504
2. Additional policy reserves (a)	37,819,402		26,019,237						11,800,165
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including 5. Reserve for investment income)	42,756,002	6,079,783	889,513			35,782,706			
5. Aggregate write-ins for other policy reserves	0	0	0			0			0
6. Totals (gross)	60,589,906	6,079,783	26,912,750			35,782,706			11,784,669
7. Reinsurance ceded	11,784,669								11,784,669
8. Totals (Net) (Page 3, Line 4)	68,775,239	6,079,783	26,912,750			35,782,706			0
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	571,237	571,237							0
11. Aggregate write-ins for other claim reserves	0	0	0			0			0
12. Totals (gross)	571,237	571,237				0			0
13. Reinsurance ceded	0								0
14. Totals (Net) (Page 3, Line 7)	571,237	571,237	0			0			0
DETAILS OF WRITINGS									
0501.	0								
0502.	0								
0503.	0								
0599. Summary of remaining write-ins for Line 6 from overflow page	0	0	0			0			0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0			0			0
1101.	0								
1102.	0								
1103.	0								
1199. Summary of remaining write-ins for Line 11 from overflow page	0	0	0			0			0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0			0			0

(a) includes \$ 0 premium deficiency reserve.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ _____ 2,009,244 for occupancy of own building)		2,537,815	5,222,977		7,760,792
2. Salaries, wages and other benefits	15,973,811	56,503,740	72,008,444		144,486,003
3. Commissions (less \$ _____ ceded plus \$ _____ assumed)			82,187,029		82,187,029
4. Legal fees and expenses	2,106,289	3,860	1,222,840		3,332,989
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	1,663,783	1,242,765	3,333,693		6,240,221
7. Traveling expenses	301,252	773,182	1,620,935		2,195,369
8. Marketing and advertising			6,844,752		6,844,752
9. Postage, express and telephone		1,881,026	4,042,533		5,923,559
10. Printing and office supplies		477,391	1,252,515		1,729,906
11. Occupancy, depreciation and amortization	5,770	470,415	676,194		1,152,379
12. Equipment	5,974	1,070	6,603		13,647
13. Cost or depreciation of EDP equipment and software	12,340,207	10,892,105	16,608,579		40,240,891
14. Outsourced services including EDP, claims, and other services					0
15. Boards, bureaus and association fees		40,088	1,074,473		1,114,561
16. Insurance, except on real estate		99,921	909,248		1,009,167
17. Collection and bank service charges	48	599	2,265,088		2,265,625
18. Group service and administration fees		2,964	(137,727)		(134,763)
19. Reimbursements by uninsured plans	(26,916,463)	(41,974,242)	(42,820,954)		(111,711,659)
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses	106,199	448,837	611,108		1,243,994
22. Real estate taxes		66,355	84,615		154,970
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes		(1,605,626)	(758,803)		(1,364,429)
23.2 State premium taxes			8,262,321		8,262,321
23.3 Regulatory authority licenses and fees	21,682	14,160,132	19,034,428		33,224,242
23.4 Payroll taxes	835,304	2,434,947	2,590,137		5,860,388
23.5 Other (excluding federal income and real estate taxes)		5,876,180	7,500,698		13,376,878
24. Investment expenses not included elsewhere				2,424,129	2,424,129
25. Aggregate write-ins for expenses	11,995,398	(10,430,515)	(42,390,781)	0	(40,825,898)
26. Total expenses incurred (Lines 1 to 25)	19,109,234	44,008,837	131,254,563	2,424,129	196,797,063
27. Less expenses unpaid December 31, current year	1,929,109	4,437,587	47,308,119	545,400	54,220,215
28. Add expenses unpaid December 31, prior year	1,837,453	4,089,816	55,202,421	557,300	61,686,990
29. Amounts receivable relating to uninsured plans, prior year	18,032,421	26,656,823	33,712,768	0	78,401,832
30. Amounts receivable relating to uninsured plans, current year	19,893,053	31,036,465	31,614,272		82,543,790
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	20,878,210	48,040,908	137,050,649	2,436,029	208,405,796
<b>DETAILS OF WRITE-INS</b>					
2501 Other reimbursements	(1,599,774)	(11,039,937)	(42,868,864)		(55,506,575)
2502 Bluecard access fees	13,594,881				13,594,881
2503 Unpaid claims processing expense		439,427			439,427
2598 Summary of remaining write-ins for Line 25 from overflow page	291	169,995	476,083	0	646,369
2599 Totals (Line 2501 through 2503 plus 2598) (Line 25 above)	11,995,398	(10,430,515)	(42,390,781)	0	(40,825,898)

(a) Includes management loss of \$ \_\_\_\_\_ (24,521,940) to affiliates and \$ \_\_\_\_\_ 45,542,018 to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1 U.S. Government bonds	(a) 918,509	944,521
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 10,303,143	10,228,332
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 191,424	181,141
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	6,892,359	6,888,984
2.21 Common stocks of affiliates	0	0
3. Mortgage loans	(c) 2,009,224	2,009,244
4. Real estate	(e)	
5. Contract loans	(e) 28,560	39,014
6. Cash, cash equivalents and short-term investments	(e)	
7. Derivative instruments	(f) 718,851	718,851
8. Other invested assets	0	102,000
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	21,060,070	21,109,067
11. Investment expenses		(g) 2,324,268
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 99,881
13. Interest expense		(h) 214,290
14. Depreciation on real estate and other invested assets		(i) 1,297,874
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		3,935,493
17. Net investment income (Line 10 minus Line 16)		17,173,574
<b>DETAILS OF WRITE-INS</b>		
0901. Intercompany note		102,000
0902.		
0903.		
0906. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0906) (Line 9 above)	0	102,000
1501.		
1502.		
1503.		
1506. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 through 1503 plus 1506) (Line 15 above)		0

(a) Includes \$ 1,778,575 accrual of discount less \$ 2,131,199 amortization of premium and less \$ 835,036 paid for accrued interest on purchases.  
 (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.  
 (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.  
 (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.  
 (e) Includes \$ 1,094 accrual of discount less \$ 36,950 amortization of premium and less \$ 41,715 paid for accrued interest on purchases.  
 (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.  
 (g) Includes \$ 0 investment expense and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
 (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.  
 (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	15,583		15,583	(2,776)	
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)	802,905		802,905	159,630	
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	26,100	0	26,100	(8,654)	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	6,292,731	0	6,292,731	(3,094,814)	0
2.21 Common stocks of affiliates	0	0	0	7,115,818	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	1,998		1,998	0	0
7. Derivative instruments			0		
8. Other invested assets	(7,554,897)	0	(7,554,897)	53,788,071	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	(415,600)	0	(415,600)	57,877,474	0
<b>DETAILS OF WRITE-INS</b>					
0901.			0		
0902.			0		
0903.			0		
0906. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0906) (Line 9 above)	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D1)	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB)	0	0	0
8. Other invested assets (Schedule BA)	7,734,825	0	(7,734,825)
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL)	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotal, cash and invested assets (Lines 1 to 11)	7,734,825	0	(7,734,825)
13. Title plants (for Title insurers only)	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	577,381	577,381
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software	5,346,195	7,290,815	1,944,620
21. Furniture and equipment, including health care delivery assets	2,063,377	1,245,508	(817,869)
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	2,045,026	1,943,028	(102,000)
24. Health care and other amounts receivable	986,599	1,492,242	505,643
25. Aggregate write-ins for other-than-invested assets	14,718,852	8,528,240	(6,190,612)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	32,894,674	21,075,192	(11,819,482)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
28. Total (Lines 26 and 27)	32,894,674	21,075,192	(11,819,482)
<b>DETAILS OF WRITE-INS</b>			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Intangible asset	2,742,000	0	(2,742,000)
2502. Prepaid expenses	9,878,119	5,685,547	(4,212,572)
2503. Other assets non-admitted	2,098,533	2,060,693	782,160
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	14,718,652	8,528,240	(6,190,412)

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	6 Current Year Member Months
1 Health Maintenance Organizations	0					
2 Provider Service Organizations	0					
3 Preferred Provider Organizations	340,878	339,628	336,464	343,759	347,042	4,051,269
4 Point of Service	0					
5 Indemnity Only	22,769	22,865	22,933	23,204	23,221	276,102
6 Aggregate write-ins for other lines of business	703	700	697	696	691	8,336
7 Total	364,370	363,393	360,114	367,649	370,954	4,375,737
<b>DETAILS OF WRITE-INS</b>						
0601 Long-Term Care	703	700	697	696	691	8,336
0602						
0603						
0699 Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699 Totals (Lines 0601 through 0603 plus 0699) (Line 6 above)	703	700	697	696	691	8,336

## NOTES TO FINANCIAL STATEMENTS

## ANNUAL STATEMENT FOR THE YEAR 2015 OF BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

## 1. Summary of Significant Accounting Policies

## A. Accounting Practices

The financial statements of Blue Cross and Blue Shield of Kansas City (the Company) are presented on the basis of accounting practices prescribed or permitted by the Missouri Department of Insurance, Financial Institutions & Professional Registration (the Department).

The Department recognizes only statutory accounting practices prescribed or permitted by the state of Missouri for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Missouri Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Missouri.

The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, 1) Missouri statute 376.297.1 limits individual stock holdings based on various percentages of total admitted assets as reported on the most recent prior quarter filing, and 2) Missouri statute 376.300.2 limits aggregate non-affiliated stock holdings based on various percentages of total admitted assets as reported on the most recent prior quarter filing.

The state has adopted no prescribed accounting practices that differ from those found in NAIC SAP that affect the Company's financial statements.

	State of Domicile	2015	2014
<b>NET INCOME</b>			
(1) Company state basis (Pg 4, Ln 32, Col 2 & 3)	MO	(\$5,774,353)	(\$82,495,170)
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:		0	0
(3) State Permitted Practices that increase/(decrease) NAIC SAP:		0	0
(4) NAIC SAP (1 - 2 - 3 = 4)	MO	(\$5,774,353)	(\$82,495,170)
<b>SURPLUS</b>			
(5) Company state basis (Pg 3, Ln 33, Col 3 & 4)	MO	\$562,175,853	\$502,049,210
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:		0	0
(7) State Permitted Practices that increase/(decrease) NAIC SAP:		0	0
(8) NAIC SAP (5 - 6 - 7 = 8)	MO	\$562,175,853	\$502,049,210

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

## C. Accounting Policy

Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the scientific method.
- (3) Common Stocks at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stocks are stated in accordance with guidance provided in SSAP No. 32.
- (5) The Company has no mortgage loans.
- (6) Loan-backed securities are stated at amortized cost. The retrospective adjustment method is used to value all loan-backed securities.
- (7) The Company reports its common stock interest in its insurance subsidiaries on the equity basis as described in the Purposes and Procedures Manual of the NAIC Securities Valuation Office. The Company owns 100% of the following insurance subsidiaries: Missouri Valley Life and Health Insurance Company (MVLH) and Good Health HMO, Inc. (GoodHealth). The Company owns 100% of Canopy, Inc., a non-insurance subsidiary. The

## NOTES TO FINANCIAL STATEMENTS

Company reports its common stock interest in Canopy, Inc. based on the underlying GAAP equity of the investee, adjusted to a statutory basis.

- (8) The Company has ownership interests in limited liability companies. The Company carries these interests based on the underlying GAAP equity of the investees, subject to the limits of Missouri statute 382-020.3(1).
- (9) The Company has no investments in derivatives.
- (10) The Company did not utilize anticipated investment income as a factor in the premium deficiency calculation.
- (11) The Company establishes liabilities for claims arising from services to members in the process of review, claims for services which have been incurred but not reported, and for expenses to process these claims when received. The determination of these amounts is actuarially estimated based on the current historical paid claims experience, changes in the number of members, and such other factors which in management's judgment merit recognition in estimating possible unpaid claims. These reserves are subject to continuous review by management and changes in the reserve estimate are reflected in operations currently.
- (12) The Company has not modified its capitalization policy from the prior year.
- (13) The Company estimates pharmaceutical rebate receivables taking into account projected per prescription data provided by a pharmacy benefit manager and the actual number of prescriptions filled for the estimated period. Estimated amounts are adjusted to take into account the Company's actual collection experience relative to prior estimates provided by the pharmacy benefit manager.

## D. Going Concern

Management has no doubt about the Company's ability to continue as a going concern.

## 2. Accounting Changes and Corrections of Errors

The Company adopted SSAP No. 92 and SSAP No. 102 effective January 1, 2013. The Company elected to recognize the surplus impact over a period not to exceed 10 years with accelerated recognition for significant amounts of the transition obligation in 2013 and 2014. As a result of the adoption of SSAP No. 92 and SSAP No. 102, the Company reported a decrease to capital and surplus of \$111,565,061. This decrease was reported as a cumulative effect of change in accounting principle in the statements of changes in capital and surplus. The remaining unamortized transition obligation was \$2,420,945 and \$4,372,436 as of December 31, 2015 and December 31, 2014, respectively.

In February 2014, the NAIC adopted amendments to Statement of Statutory Accounting Principles No. 35 – Revised (SSAP 35R). The Affordable Care Act (ACA) imposes a mandatory annual fee on health insurers that write certain types of health insurance on U. S. risks for each calendar year beginning on or after January 1, 2014. The annual fee will be allocated to health insurers based on the ratio of the amount of an insurer's net premium revenues to the amount of health insurance for all U.S. health risk for those certain lines of business that are written during the preceding calendar year.

SSAP 35R addresses how this fee should be recognized and classified in the income statements of health insurers and stipulates that the liability for the fee should be estimated and recorded once the insurer provides qualifying health insurance in the applicable year in which the fee is payable. The total amount collected from allocations to all health insurers in 2015 and 2014 was \$11,300,000,000 and \$8,000,000,000, respectively. The Company's portion of the 2015 and 2014 fee was \$22,554,835 and \$16,348,234, respectively. The total amount to be collected from allocations to all health insurers in 2016 is \$11,300,000,000. The Company's portion of the 2016 fee is currently estimated to be \$22,600,000.

In December 2014, the NAIC adopted SSAP No. 107-Accounting for the Risk-Sharing Provisions of the Affordable Care Act. The ACA imposes fees and premium stabilization provisions on health insurance issuers offering commercial health insurance. SSAP 107 provides accounting for three programs known as risk adjustment, reinsurance and risk corridors that took effect in 2014. Risk adjustment is a permanent risk-spreading program (ACA Section 1343). The temporary transitional reinsurance program (ACA Section 1341) and temporary risk corridors program (ACA Section 1342) are for years 2014 through 2016.

In 2014, the Company recorded receivables of \$16,000,000, \$25,225,693 and \$-0- from the risk adjustment, reinsurance and risk corridor programs, respectively. In 2015, the Company recorded receivables of \$24,303,269, \$29,391,487 and \$71,980 from the risk adjustment, reinsurance and risk corridor programs, respectively. The risk adjustment receivable is reflected as an increase to premium income and the reinsurance receivable is reflected as a decrease to claims. The company was assessed \$11,784,607 and \$17,052,538 in fees under the reinsurance program in 2015 and 2014, respectively. The Company recorded \$1,651,083 of the 2015 assessment as a reduction to premium income and \$10,097,524 as administrative expense. The Company recorded \$1,129,334 of the 2014 assessment as a reduction to premium income and \$15,923,202 as administrative expense.

## 3. Business Combinations and Goodwill

The Company was not involved in any business combinations during the reporting period.

## 4. Discontinued Operations

The Company had no discontinued operations during the reporting period.

## 5. Investments

## A. Mortgage Loans

The Company has no mortgage loans.

## B. Debt Restructuring

## NOTES TO FINANCIAL STATEMENTS

The Company has no investments in restructured debt.

### C. Reverse Mortgages

The Company has no investments in reverse mortgages.

### D. Loan-Backed Securities

1) Prepayment assumptions for single class and multi-class mortgage-backed /asset-backed securities were obtained from broker or investment manager survey values.

2) The Company has no recognized other-than-temporary impairment on mortgage-backed or asset-backed securities.

3) The Company has no recognized other-than-temporary impairment on mortgage-backed or asset-backed securities.

4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss:

- a) The aggregate amount of unrealized losses: \$2,005,263
  - 1. Less than 12 Months \$1,088,212
  - 2. 12 Months or Longer \$917,051
- b) The aggregate related fair values of securities with unrealized losses: \$81,797,385
  - 1. Less than 12 Months \$58,501,412
  - 2. 12 Months or Longer \$23,295,973

5) The Company evaluates the credit quality and the probability of the loan-backed and structured securities being able to collect all contractually required payments in its determination of recognizing an Other Than Temporary Impairment.

### E. Repurchase Agreements

- 1) For repurchase agreements, Company policies require a minimum of 102% of the fair value of securities purchased under repurchase agreements to be maintained as collateral. On December 31, 2015 the Company has an Overnight Repurchase Agreement in which the amount transferred was \$425,000 and the market value of the collateral received was \$433,500. Collateral received is reported in short term investments.
- 2) The Company has pledged \$8,640,000 in bonds as collateral for outstanding borrowings on a line of credit. The market value of securities pledged as collateral is equal to 108% of the outstanding principle balance of \$8,000,000.
- 3) Collateral Received

**NOTES TO FINANCIAL STATEMENTS**

a) Aggregate Amount Collateral Received		<u>Fair Value</u>
1) Repurchase Agreement		
a) Open	\$	_____
b) 30 Days or Less		433,500
c) 31 to 60 Days		_____
d) 61 to 90 Days		_____
e) Greater Than 90 Days		_____
f) Sub-Total	\$	433,500
g) Securities Received		_____
h) Total Collateral Received	\$	433,500
2) Securities Lending		
a) Open	\$	_____
b) 30 Days or Less		_____
c) 31 to 60 Days		_____
d) 61 to 90 Days		_____
e) Greater Than 90 Days		_____
f) Sub-Total	\$	-
g) Securities Received		_____
h) Total Collateral Received	\$	-
3) Dollar Repurchase Agreement		
a) Open	\$	_____
b) 30 Days or Less		_____
c) 31 to 60 Days		_____
d) 61 to 90 Days		_____
e) Greater Than 90 Days		_____
f) Sub-Total	\$	-
g) Securities Received		_____
h) Total Collateral Received	\$	-
b) The fair value of that collateral and of the portion of that collateral that it has sold or repledged		
	\$	_____

- 4) The Company has no Security Lending Agreements.
- 5) The Company has no Collateral Reinvestment Agreements.
- 6) The Company has not accepted any collateral that it is not permitted by contract to sell or repledge.
- 7) The Company has no Security Lending transactions that extend beyond one year from the reporting date.

**F. Real Estate**

- (1) The Company recognized no impairment losses.
- (2) The Company has not sold or classified real estate investments as held for sale during the reporting period.
- (3) The Company has no plan of sales.
- (4) The Company does not engage in retail land sales operations.
- (5) The Company does not hold real estate investments with participating mortgage loan features.

**G. Investments in Low-Income Housing Tax Credits (LIHTC)**

The Company has no investments in LIHTC's.

**H. Restricted Assets**

- 1) Restricted Assets

NOTES TO FINANCIAL STATEMENTS

Restricted Asset Category	1	2	3	4	5	6
	Total Gross Restricted from Current Year	Total Gross Restricted From prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -		
b. Collateral held under security lending agreements						
c. Subject to repurchase agreements	\$ 425,000	\$ 527,000	\$ (102,000)	\$ 425,000	0.04%	0.04%
d. Subject to reverse repurchase agreements						
e. Subject to dollar repurchase agreements						
f. Subject to dollar reverse repurchase agreements						
g. Placed under option contracts						
h. Letter stock or securities restricted as to sale-excluding FHLB capital stock						
i. FHLB capital stock						
j. On deposit with states	\$ 3,334,538	\$ 3,555,216	\$ (20,678)	\$ 3,334,538	0.32%	0.32%
k. On deposit with other regulatory bodies						
l. Pledged collateral to FHLB (including assets backing funding agreements)						
m. Pledged as collateral not captured in other categories	\$ 8,640,000	\$ 37,260,000	\$ (28,620,000)	\$ 8,640,000	0.78%	0.78%
n. Other restricted assets						
o. Total Restricted Assets	\$ 12,599,538	\$ 41,342,216	\$ (28,742,678)	\$ 12,599,538	1.14%	1.14%

2) The Company has pledged \$8,640,000 in bonds as collateral for outstanding borrowings on a line of credit. See Note 11A.

3) The Company has no "Other Restricted Assets".

I. Working Capital Finance Investments

The Company has no working capital finance investments.

J. Offsetting and Netting of Assets and Liabilities

The Company has no offsetting or netting of assets or liabilities.

K. Structured Notes

The Company has no structured notes.

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships, or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Company had no impairment write-downs of investments in Joint Ventures, Partnerships and Limited Liability Companies in 2015 or 2014.

7. Investment Income

No due and accrued income was excluded from investment income.

8. Derivative Instruments

The Company has no derivative instruments.

9. Income Taxes

NOTES TO FINANCIAL STATEMENTS

9.A(1) The components of the net deferred tax asset/(liability) at December 31 are as follows:

	Dec. 31, 2015			Dec. 31, 2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	77,015,498	0	77,015,498	70,302,417	0	70,302,417	6,713,081	0	6,713,081
(b) Statutory valuation allowance	37,240,209		37,240,209	51,172,905		51,172,905	(13,932,696)	0	(13,932,696)
Adjusted gross deferred tax assets	39,775,289	0	39,775,289	19,129,512	0	19,129,512	20,645,777	0	20,645,777
(c) Deferred Tax assets									
(d) Nonadmitted							0	0	0
Subtotal Net Admitted	39,775,289	0	39,775,289	19,129,512	0	19,129,512	20,645,777	0	20,645,777
(e) Deferred Tax Asset	57,940	22,951,026	23,008,966	55,987	18,172,940	18,228,927	1,953	4,778,086	4,780,039
(f) Deferred Tax Liabilities									
Net admitted deferred tax asset	39,717,349	(22,951,026)	16,766,323	19,073,525	(18,172,940)	900,585	20,643,824	(4,778,086)	15,865,738

9.A(2)

	Dec. 31, 2015			Dec. 31, 2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission Calculation Components SSAP No. 101									
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	16,766,323	0	16,766,323	900,585	0	900,585	15,865,738	0	15,865,738
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets from 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	0	0	0	0	0	0	0	0	0
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	0	0	0	0	0	0	0	0	0
2. Adjusted Gross Deferred Tax Assets allowed per Limitation Threshold.	XXXXX	XXXXX	81,243,179	XXXXX	XXXXX	74,724,294	XXXXX	XXXXX	6,518,885
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets from 2(a) and 2(d) above) Offset by Gross Deferred Tax Liabilities.	57,940	22,951,026	23,008,966	55,987	18,172,940	18,228,927	1,953	4,778,086	4,780,039
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.	16,824,263	22,951,026	39,775,289	958,572	18,172,940	19,129,512	15,867,691	4,778,086	20,645,777

9.A(3)

	2015	2014
(a) Ratio Percentage Used to Determine Recovery Period And Threshold Limitation Amount	803%	781%
(b) Amount of Adjusted Capital And Surplus Used to Determine Recovery Period And Threshold Limitation in 2(b)2 Above.	541,621,194	498,161,562

9.A(4)

(a) Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, By Tax Character as a Percentage	Dec. 31, 2015		Dec. 31, 2014		Change	
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
1. Adjusted Gross DTAs Amount From Note 9A1(c)	39,775,289	-	19,129,512	-	20,645,777	-
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%	0%	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	39,775,289	-	19,129,512	-	20,645,777	-
4. Percentage of Adjusted Gross DTAs By Tax Character Admitted Because of the Impact of Tax Planning Strategies	0%	0%	0%	0%	0%	0%
(b) Does the Company's tax-planning strategies include the use of reinsurance?	Yes _____ No <u>  x  </u>					

9.B. The Company has no items for which it has not recognized a deferred tax liability.

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

## NOTES TO FINANCIAL STATEMENTS

	2015	2014	Change
1. Current Income Tax			
(a) Federal	38,516,538	(2,112,129)	40,628,667
(b) Foreign			-
(c) Subtotal	38,516,538	(2,112,129)	40,628,667
(d) Federal income tax on net capital gains	2,498,439	4,286,997	(1,788,558)
(e) Utilization of capital loss carry-forwards			-
(f) Other			-
(g) Federal and foreign taxes incurred	41,014,977	2,174,668	38,840,109
2. Deferred Tax Assets			
(a) Ordinary			
{ 1) Discounting of unpaid losses	9,563,120	6,662,671	900,249
{ 2) Unearned premium reserves			-
{ 3) Policyholder reserves			-
{ 4) Investments			-
{ 5) Deferred acquisition costs			-
{ 6) Policyholder dividends accrual			-
{ 7) Fixed assets	4,170,887	3,558,100	614,787
{ 8) Compensation and benefits accrual	47,548,893	41,328,123	6,219,770
{ 9) Pension accrual	6,388,682	6,565,332	1,803,330
{ 10) Receivables - nonadmitted	4,251,964	1,818,504	2,433,460
{ 11) Net operating loss carryforward			-
{ 12) Tax credit carry-forward		839,203	(839,203)
{ 13) Other - amortizable intangible assets	177,354	886,774	(709,420)
{ 13) Other-Prepaid expenses	1,778,640	520,728	1,255,912
{ 13) Other-Premium deficiency reserve		2,751,000	(2,751,000)
{ 13) Other	1,159,978	3,373,782	(2,213,804)
(99) Subtotal	77,015,498	70,302,417	6,713,081
(b) Statutory valuation allowance adjustment	37,240,209	51,172,905	(13,932,696)
(c) Non admitted			-
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	39,775,289	19,129,512	20,645,777
(e) Capital			
{ 1) Investments			-
{ 2) Net capital loss carry-forward			-
{ 3) Real estate			-
{ 4) Other			-
(99) Subtotal			-
(f) Statutory valuation allowance adjustment			-
(g) Non admitted			-
(h) Admitted capital deferred tax assets (2a99-2f-2g)			-
(i) Admitted deferred tax assets (2d+2h)	39,775,289	19,129,512	20,645,777
3. Deferred Tax Liabilities			
(a) Ordinary			
{ 1) Investments			-
{ 2) Fixed assets			-
{ 3) Deferred and uncollected premium			-
{ 4) Policyholder reserves			-
{ 5) Other - Pension			-
{ 5) Other	57,940	55,987	1,953
(99) Subtotal	57,940	55,987	1,953
(b) Capital			
{ 1) Investments	22,951,028	18,172,940	4,778,086
{ 2) Real estate			-
{ 3) Other			-
(99) Subtotal	22,951,028	18,172,940	4,778,086
(c) Deferred tax liabilities (3a99+3b99)	23,008,968	18,228,927	4,780,039
4. Net deferred assets/liabilities (2i-3c)	16,766,323	900,585	15,865,738

There were no adjustments to DTAs or DTLs due to enacted changes in tax laws or rates or a change in the tax status of the Company.

As of December 31, 2015 and December 31, 2014, the Company was in a period of cumulative net losses and based on this negative evidence could not assert that it is more likely than not that deferred tax assets in excess of those that can be realized through loss carrybacks and reversing temporary differences will be realized. Therefore, the Company maintained a statutory valuation allowance in an amount necessary to reduce the gross DTAs to the amount that would be supported by reversals of existing temporary differences and tax available for recoupment in the carryback period.

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	2015	2014	Change
Total adjusted deferred tax assets	39,775,289	19,129,512	20,645,777
Total deferred tax liabilities	(23,008,968)	(18,228,927)	(4,780,039)
Net deferred tax asset (liability)	16,766,323	900,585	15,865,738
Tax effect of transition obligation recognized			(683,022)
Tax effect of unrealized gains (losses)			4,720,477
Tax effect of change in minimum			(2,010,713)
Tax effect of change in pension liability			5,377,690
Tax effect of post retirement			(1,291,912)
Change in net deferred income tax			21,978,258

## NOTES TO FINANCIAL STATEMENTS

9.D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate of 35% to income before income taxes. The significant items causing this difference are as follows:

	December 31, 2015	Effective Tax Rate
Net income after capital gains tax	32,742,185	
Capital gains tax	2,498,439	
Net income	35,240,624	
Provision computed at statutory rate	12,334,218	35.00%
Nonadmitted assets	(3,177,119)	-9.02%
Earnings from flow through entities	15,446,590	43.83%
Tax-exempt interest, net of proration	(369,423)	-1.05%
Non-deductible expenses	2,744,580	7.79%
Health insurer fee	7,894,192	22.40%
Dividends received deduction, net of proration	(928,454)	-2.63%
Tax on subsidiary temporary differences	(3,808,107)	-10.81%
Statutory loss on subsidiary liquidation	2,644,214	7.50%
Statutory valuation allowance	(13,932,696)	-39.54%
Other	188,723	0.54%
Total	19,036,718	54.02%
Federal and foreign income taxes incurred	41,014,977	116.39%
Change in net deferred income taxes	(21,978,259)	-62.37%
Total	19,036,718	54.02%

9.E(1) The company has no tax carryforwards.

9.E(2) The Company has incurred taxes available for recoupment in the event of future net losses of \$16,766,323 and \$900,585 for the years ended December 31, 2015 and December 31, 2014, respectively.

9.E(3) The Company has no amount of deposits under section 6603 of the Internal Revenue Code reported as admitted assets.

9.F(1) The Company's federal income tax return is consolidated with the following entities: Good Health HMO, Inc., Blue-Advantage Plus of Kansas City, Inc., Missouri Valley Life and Health Insurance Company, Canopy, Inc., Capri Holding Company, LLC, and Cobalt Astra, Inc.

9.F(2) The Company has a written agreement authorized by the appropriate officers of each company, which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidation. Amounts due to or from the subsidiary entities to the Company is based on a separate return calculation without regard to subsidiary temporary differences, with full credit for net losses to the extent there is sufficient taxable income to absorb such losses. Pursuant to this agreement the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses that it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes to the extent and in the year the benefit of such losses are realized.

9.G The Company has no federal or foreign income tax loss contingencies.

#### 10. Information Concerning Parent, Subsidiaries, Affiliates and other Related Parties

##### A.B.C.

On January 20, 2015, the Company, as sole shareholder of BA Plus, adopted amendments to the Articles of Incorporation and Bylaws of BA Plus providing for the conversion of BA Plus to non-profit status under the Missouri Nonprofit Corporation Act (RSMo. Chapter 355). The Missouri Secretary of State issued a Certificate of Acceptance of BA Plus' Articles of Acceptance of the terms of RSMo. Chapter 355 on February 11, 2015. The Company's 10,000 shares of BA Plus' stock were redeemed for their actual cost of \$22,200,000 and cancelled. Contemporaneously, BA Plus issued the Company a Surplus Note in the amount of \$22,200,000 and the Company became the sole member of BA Plus, a mutual benefit corporation.

Effective December 31, 2015, the Company liquidated Capri Holding Company, LLC (Capri). The Company was the sole 100% member of Capri. The Company reported its investment in Capri based on the underlying GAAP equity of Capri, which was \$4,060,731 at December 31, 2014. In connection with the liquidation, the Company recognized a \$7,554,897 realized loss and a \$7,551,572 reduction in unrealized loss, for a net \$3,325 reduction in surplus at December 31, 2015.

The Company is the sole 100% member of Cobalt Ventures, LLC (Cobalt Ventures), a holding company for several subsidiary investments. The Company reports its investment in Cobalt Ventures based on the underlying GAAP equity of Cobalt Ventures, adjusted to a statutory basis, which was \$90,460,352 and \$44,506,024 at December 31, 2015 and December 31, 2014, respectively.

The Company has contracted with several of its subsidiaries to provide cash management of intercompany payables and receivables for the Company's subsidiaries. Under the terms of the agreement the Company recorded \$5,921 interest expense for the year ending December 31, 2014. The Company recorded \$20,168 interest income for the year ending December 31, 2014.

The Company has contracted with EPOCH to provide administrative services to the Company. Under the terms of the agreement, the Company paid EPOCH \$3,535,775 and \$2,676,792 for the years ending December 31, 2015 and December 31, 2014, respectively.

## NOTES TO FINANCIAL STATEMENTS

The Company has contracted with GoodHealth to provide management and administrative services to GoodHealth. Under the terms of the agreement, GoodHealth reimbursed the Company \$26,460,057 and \$34,457,985 for the years ending December 31, 2015 and December 31, 2014, respectively.

The Company has contracted with MVLH to provide management and administrative services to MVLH. Under the terms of the agreement, MVLH reimbursed the Company \$45,610 and \$44,264 for the years ending December 31, 2015 and December 31, 2014, respectively.

The Company has contracted with BA Plus to provide management and administrative services to BA Plus. Under the terms of the agreement, BA Plus reimbursed the Company \$9,128,639 and \$2,167,204 for the years ending December 31, 2015 and December 31, 2014, respectively.

The Company has contracted with EPOCH to provide management and administrative services to EPOCH. Under the terms of the agreement, EPOCH reimbursed the Company \$6,280 and \$89,833 for the years ending December 31, 2015 and December 31, 2014, respectively.

The Company has contracted with Cobalt Ventures to provide management and administrative services to Cobalt Ventures. Under the terms of the agreement, Cobalt Ventures reimbursed the Company \$533,088 and \$1,713,659 for the years ending December 31, 2015 and December 31, 2014, respectively.

The Company has contracted with Healthy Fit, LLC (Healthy Fit) to provide management and administrative services to Healthy Fit. Under the terms of the agreement, Healthy Fit reimbursed the Company \$81,205 and \$340,352 for the years ending December 31, 2015 and December 31, 2014, respectively.

The Company has contracted with PWC to provide management and administrative services to PWC. Under the terms of the agreement, PWC reimbursed the Company \$0 and \$1,884 for the years ending December 31, 2015 and December 31, 2014, respectively.

The Company has contracted with Cobalt Talon, LLC (Cobalt Talon) to provide data analytics services to the Company. Under the terms of the agreement the Company paid Cobalt Talon \$1,036,558 and \$2,029,490 for the years ending December 31, 2015 and December 31, 2014, respectively.

The Company has contracted with PHP to provide administrative services to the Company. Under the terms of the agreement the Company paid PHP \$225,508 and \$96,230 for the years ending December 31, 2015 and December 31, 2014, respectively.

The Company has contracted with PHP to provide administrative services and access to the Company's provider networks to PHP. Under the terms of the agreement, PHP paid the Company \$1,802,598 and \$4,842,607 for the years ending December 31, 2015 and December 31, 2014, respectively.

The Company has contracted with NDBH to provide administrative services to the Company and to provide mental health and/or substance abuse services to the Company's subscribers. Under the terms of the agreement, the Company paid NDBH \$8,077,389 and \$7,936,132 for the years ending December 31, 2015 and December 31, 2014, respectively.

The Company files a consolidated Federal income tax return and has entered into a tax sharing agreement with its taxable subsidiaries (see Note 9F). Under the terms of the agreement, the Company recorded payments totaling \$3,301,223 and \$1,490,132 for the years ending December 31, 2015 and December 31, 2014, respectively.

- D. At December 31, 2015 and December 31, 2014, respectively, the Company reported \$8,179,047 and \$16,169,916 as amounts due to subsidiaries and affiliates and reported \$1,035,573 and \$3,070,265 as amounts due from subsidiaries and affiliates.
- E. The Company has agreed to provide GoodHealth and BA Plus, with whatever guarantee or coverage is necessary to meet all applicable requirements of a state-qualified health maintenance organization. The Company will provide any contributions to the capital and surplus of MVLH necessary to maintain statutory and regulatory requirements.
- F. The Company provides administrative services to most of its subsidiaries using cost allocation arrangements.

### G, H

& I. The Company owns a 100% interest in GoodHealth. The Company carries GoodHealth at statutory equity. The statement value of GoodHealth as of 12/31/15 and 12/31/2014, respectively, was \$56,003,754 and \$51,787,356. GoodHealth's net gain was \$467,439 for the year ended 12/31/15. GoodHealth's net loss was \$6,810,705 for the year ended 12/31/2014.

The Company owns a 100% interest in MVLH. The Company carries MVLH at statutory equity. The statement value of MVLH as of 12/31/15 and 12/31/14 was \$16,091,901 and \$15,465,928, respectively. MVLH's net income was \$625,032 and \$690,437 for the years ended 12/31/15 and 12/31/14, respectively.

- J. The Company recorded no impairment write-down in subsidiary or affiliate investments in 2015 or 2014.
- K. The Company has no investment in a foreign insurance subsidiary.
- L. The Company holds investments in one downstream noninsurance holding company, Cobalt Ventures. The carrying value of this investment is based on the underlying GAAP equity of the investees, adjusted to a statutory basis. The

## NOTES TO FINANCIAL STATEMENTS

Company's audited consolidated financial statements encompass its investment in its downstream noninsurance holding company.

- M. The Company has investments in non-insurance SCA's. These investments are valued under SSAP No. 97, paragraph 8b. The aggregate values of the Company's investments in non-insurance SCA's at 12/31/15 are as follows:

Aggregate value of non-insurance SCA's	93,245,934
Aggregate non-admitted assets of non-insurance SCA's	1,291,140
Aggregate admitted value of non-insurance SCA's	91,954,794

- N. The Company has no investments in insurance SCA's for which the audited statutory equity reflects a departure from the NAIC statutory accounting practices and procedures.

11. Debt

A. Debt, Including Capital Notes

1. The note was issued August 12, 2015.
2. The note is a line of credit.
3. The face amount of the note is \$100,000,000.
4. The carrying value of the note at 12/31/2015 was \$8,000,000.
5. Interest accrues at the 30 day London Interbank Offered rate plus 1.25 percentage points.
6. The effective interest rate at 12/31/2015 was 1.5805%.
7. The market value of securities pledged as collateral must equal 108% of the outstanding principal balance of the note.
8. Interest paid in 2015 was \$216,760.
9. There have been no violations of debt covenants.
10. The note is interest only with principal due at the maturity date of August 1, 2016.
11. The note was not considered to be extinguished.
12. There are no reverse repurchase agreements included as part of the debt.

B. Federal Home Loan Bank (FHLB) Agreements

At the statement date, the Company has no FHLB agreements.

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

*Defined Benefit Pension Plan* – The Company participates jointly in the Blue Cross and Blue Shield Association National Retirement Program (the "Retirement Program"), a noncontributory defined benefit program. All employees meeting certain requirements as defined by the program documents are eligible to participate with contributions funded solely by the employer. It is the policy of the Company to fund amounts to the program sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as the employer may determine to be appropriate from time to time.

*Retiree Medical Benefit Plan* – The Company provides certain health care and life insurance benefits for retired employees. Employees, as defined by the program document, may become eligible for these benefits if they reach normal retirement age while working for the Company. The Company continues to fund benefit costs on a pay-as-you-go basis.

*Supplemental Executive Retirement Plan ("SERP")* – Effective January 1, 1998, the Company adopted a non-qualified defined benefit plan to provide supplemental retirement benefits to certain executives. It is the Company's policy to fund benefit costs on a pay-as-you-go basis.

A. Defined Benefit Plans

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 2015 and 2014:

NOTES TO FINANCIAL STATEMENTS

(1) Change in benefit obligation  
a. Pension Benefits

	Overfunded		Underfunded	
	2015	2014	2015	2014
1. Benefit obligation at beginning of year			223,395,802	211,650,559
2. Service cost			12,476,251	10,981,708
3. Interest cost			9,677,003	10,349,131
4. Contribution by plan participants			-	-
5. Actuarial gain (loss)			(12,318,415)	37,018,063
6. Foreign currency exchange rate changes			-	-
7. Benefits paid			(5,784,591)	(1,668,473)
8. Plan amendments			-	-
9. Business combinations, divestitures, curtailments, settlements and special termination benefits			-	(44,935,186)
10. Benefit obligation at end of year			227,446,050	223,395,802

b. Postretirement Benefits

	Overfunded		Underfunded	
	2015	2014	2015	2014
1. Benefit obligation at beginning of year			111,323,952	92,435,123
2. Service cost			3,395,051	4,404,334
3. Interest cost			5,375,072	5,775,230
4. Contribution by plan participants			-	-
5. Actuarial gain (loss)			5,725,358	54,065,561
6. Foreign currency exchange rate changes			-	-
7. Benefits paid			(4,613,612)	(2,379,566)
8. Plan amendments			-	(46,803,144)
9. Business combinations, divestitures, curtailments, settlements and special termination benefits			-	7,926,414
10. Benefit obligation at end of year			121,205,821	111,323,952

c. Postemployment & Compensated Absence

	Overfunded		Underfunded	
	2015	2014	2015	2014
1. Benefit obligation at beginning of year	0	0	0	0
2. Service cost	0	0	0	0
3. Interest cost	0	0	0	0
4. Contribution by plan participants	0	0	0	0
5. Actuarial gain (loss)	0	0	0	0
6. Foreign currency exchange rate changes	0	0	0	0
7. Benefits paid	0	0	0	0
8. Plan amendments	0	0	0	0
9. Business combinations, divestitures, curtailments, settlements and special termination benefits	0	0	0	0
10. Benefit obligation at end of year	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

(2) Change in plan assets

	Pension Benefits		Postretirement Benefits		Postemployment	
	2015	2014	2015	2014	2015	2014
a. Fair value of plan assets at beginning of year	188,464,634	214,343,605	-	-		
b. Actual return on plan assets	2,782,823	15,987,430	-	-		
c. Foreign currency exchange rate changes	-	-	-	-		
d. Reporting entity contribution	-	-	4,613,612	2,379,566		
e. Plan participants' contributions	-	-	663,469	538,446		
f. Benefits paid	(5,633,864)	(1,517,746)	(5,277,081)	(2,918,012)		
g. Business combinations, divestitures and settlements	-	(40,350,655)	-	-		
h. Fair value of plan assets at end of year	185,613,593	188,464,634	-	-		

(3) Funded status

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
<b>Overfunded</b>				
a. Assets (nonadmitted)				
1. Prepaid benefit costs				
2. Overfunded plan assets				
3. Total assets (nonadmitted)				
<b>Underfunded</b>				
b. Liabilities recognized				
1. Accrued benefit costs	16,489,412	11,933,823	82,148,778	75,958,085
2. Liability for pension benefits	22,922,100	18,624,909	39,057,043	35,365,867
3. Total liabilities recognized	39,411,512	30,558,732	121,205,821	111,323,952
c. Unrecognized liabilities	2,420,945	4,372,436	-	-

NOTES TO FINANCIAL STATEMENTS

(4) Components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits		Postemployment & Compensated Absence	
	2015	2014	2015	2014	2015	2014
a. Service cost	12,476,251	10,981,708	3,395,051	4,404,334	0	0
b. Interest cost	9,677,003	10,349,131	5,375,072	5,775,230	0	0
c. Expected return on plan assets	(12,901,985)	(14,273,986)	-	-	0	0
d. Transition asset or	-	-	-	-	0	0
e. Gains and losses	6,862,820	4,637,785	3,747,466	323,089	0	0
f. Prior service cost or credit	557,859	1,476,372	(1,713,284)	3,494,587	0	0
g. Gain or loss recognized due to settlement or curtailment	-	19,400,611	-	2,926,414	0	0
h. Total net periodic benefit	16,671,948	32,571,621	10,804,305	16,923,654	0	0

(5) Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
a. Items not yet recognized as a component of net periodic cost - prior year	83,965,172	71,636,186	35,365,867	31,021,126
b. Net transition asset or obligation recognized	-	-	-	(46,803,144)
c. Net prior service cost or credit arising during the period	-	-	-	-
d. Net prior service cost or credit recognized	(557,859)	(1,476,372)	1,713,284	(3,494,587)
e. Net gain and loss arising during the period	(2,199,253)	35,304,619	5,725,358	54,965,561
f. Net gain and loss recognized	(6,862,820)	(21,499,261)	(3,747,466)	(323,089)
g. Items not yet recognized as a component of net periodic cost - current year	74,345,240	83,965,172	39,057,043	35,365,867

(6) Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
a. Net transition asset or	-	-	-	-
b. Net prior service cost or	(194,000)	558,000	(1,710,000)	(1,526,921)
c. Net recognized gains and	5,468,000	5,577,000	2,820,000	2,648,198

(7) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
a. Net transition asset or	-	-	-	-
b. Net prior service cost or	(639,904)	(82,045)	(12,399,158)	(14,112,442)
c. Net recognized gains and	74,985,144	84,047,217	51,456,201	49,478,309

(8) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31

	2015	2014
a. Weighted-average	4.25%	5.25%
b. Expected long-term rate of return	7.00%	7.00%
c. Rate of compensation	4.50%	4.50%

Weighted-average assumptions used to determine projected benefit

	2015	2014
d. Weighted-average	4.75%	4.25%
e. Rate of compensation	4.50%	4.50%

NOTES TO FINANCIAL STATEMENTS

(9) The amount of the accumulated benefit obligation for defined benefit pension plans was \$166,528,400 for the current year and \$162,533,021 for the prior year.

(10) The company has multiple non-pension postretirement benefit plans. The health care plan and the life insurance plan are noncontributory. The assumed rate of increase in the per capita cost of covered benefits is summarized as follows:

Medical (pre-65)	7.25% in 2016 grading to 5.00% in 2024
Medical (post-65)	8.00% in 2016 grading to 5.00% in 2024
Prescription Drug (pre-65)	7.25% in 2016 grading to 5.00% in 2024
Prescription Drug (post-65)	8.00% in 2016 grading to 5.00% in 2024

(11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care cost trend rates would have the following

	1 Percentage Point Increase	1 Percentage Point Decrease
a. Effect on total of service and interest cost components	1,720,995	(1,286,600)
b. Effect on postretirement benefit obligation	17,583,132	(13,951,331)

(12) The following estimated future payments, which reflect expected future service, as appropriate are

Year(s)	Amount
a. 2016	14,681,000
b. 2017	15,878,000
c. 2018	20,176,000
d. 2019	20,931,000
e. 2020	21,159,000
f. 2021 through 2024	133,904,000

13) The Company does not have any regulatory contribution requirements for 2016. The Company currently intends to make no voluntary contributions to the defined benefit pension plan in 2016.

The Company expects to fund 2016 actuarial benefit payments as they become due, for the Retiree Medical Benefit Plan and the SERP.

14) There are no employer or related parties' securities included in plan assets.

15) The amortization of actuarial losses/(gains) for the SERP is based on the entire unrecognized net gain or loss without applying the allowable corridor that is based on 10% of the greater of the projected benefit obligation or the market-related value of program assets.

16) The Company has no substantive commitments used as the basis for accounting for the benefit obligation.

17) The Company offered an early retirement plan to active retirement eligible employees in 2014. The cost of providing special benefits was \$2,539,135 and \$2,926,414 for the pension and retiree medical plans, respectively. The Company recognized no costs during 2015 related to providing special or contractual termination benefits.

18) There are no significant changes in benefit obligation or plan assets not already disclosed.

19) No plan assets are expected to be returned to the employer.

20) Accumulated benefit obligation and fair value of plan assets:

	Pension Benefits		Retiree Medical Benefits		SERP	
	2015	2014	2015	2014	2015	2014
Accumulated Benefit Obligation	187,534,003	204,174,241	121,208,821	111,323,652	29,522,047	19,221,561
Fair Value of Plan Assets	183,613,603	188,464,634	-	-	-	-
Funded/(Underfunded Status)	(12,310,410)	(15,709,607)	(121,208,821)	(111,323,652)	(29,522,047)	(19,221,561)
Surplus impact necessary to reflect full benefit obligation	-	-	-	-	2,420,945	4,372,436

(21) SSAP 92 and 102 Transition impact:

	Pension Benefits		Retiree Medical Benefits		SERP	
	2015	2014	2015	2014	2015	2014
Transition Surplus Impact	89,656,484	89,656,484	51,315,174	51,315,174	9,229,223	9,229,223
Amortization	89,656,484	89,656,484	51,315,174	51,315,174	6,608,278	4,658,787
Unamortized balance	-	-	-	-	2,420,945	4,372,436
Expected remaining amortization	-	-	-	-	2,420,945	4,372,436
2015					922,922	922,922
2016					1,648,000	622,922
2017					872,646	622,922
2018					-	622,622
2019					-	680,748

## NOTES TO FINANCIAL STATEMENTS

## B. Investment Policies and Strategies

The Company's Pension Plan assets are invested in the National Retirement Trust.

The investment program for the National Retirement Trust is based on the precepts of capital market theory that are generally accepted and followed by institutional investors, who by definition are long-term oriented investors. This philosophy holds that:

1. Increasing risk is rewarded with compensating returns over time and therefore, prudent risk taking is justifiable for long-term investors.
2. Risk can be controlled through diversification of asset classes and investment approaches as well as diversification of individual securities.
3. Risk is reduced by time, and over time the relative performance of different asset classes is reasonably consistent. Over the long term, equity investments have provided and should continue to provide superior returns over other security types. Fixed-income securities can dampen volatility and provide liquidity in periods of depressed economic activity. Lengthening duration of fixed income securities may reduce surplus volatility.
4. The strategic or long-term allocation of assets among various asset classes is an important driver of long term returns.
5. Relative performance of various asset classes is unpredictable in the short-term and attempts to shift tactically between asset classes are unlikely to be rewarded.

Investments will be made for the sole interest of the participants and beneficiaries of the programs participating in the National Retirement Trust. Accordingly, the assets of the National Retirement Trust shall be invested in accordance with these objectives:

1. To ensure assets are available to meet current and future obligations of the participating programs when due.
2. To earn the maximum return that can be realistically achieved in the markets over the long term at a specified and controlled level of risk in order to minimize future contributions.
3. To invest assets with consideration of the liability characteristics in order to better align asset and liabilities.
4. To invest the assets with the care, skill and diligence that a prudent person acting in a like capacity would undertake. The Committee acknowledges that, in the process, it has the objective of controlling the costs involved with administering and managing the investments of the National Retirement Trust.

## C. Fair Value Measurements of Plan Assets

## 1) Fair Value Measurements of Plan Assets at Reporting Date

Asset Category	Level 1	Level 2	Level 3	Total
<b>Equity</b>				
Domestic Large Cap	\$3,247	\$34,432,312	0	\$34,435,559
Domestic Mid Cap	192,169	3,839,481	0	4,031,650
Domestic Small Cap	0	9,905,221	0	9,905,221
Global	15,569	0	0	15,569
International Large Cap	0	30,76,924	0	30,736,924
International Small Cap	4,651,772	0	0	4,651,772
Emerging Markets	0	6,130,298	0	6,130,298
<b>Fixed Income</b>				
Core	222,928	29,241,381	0	29,464,309
High Yield	602,099	7,821,297	0	8,423,396
Long Credit	41,198	17,533,841	0	17,575,039
Long Government	43,870	7,393,261	0	7,437,131
Absolute Return	4,066,098	5,317,975	0	9,384,073
<b>Real Estate</b>				
Real Estate	2,830,470	132,324	9,289,355	12,252,149
<b>Opportunistic</b>				
Managed Futures	0	6,912,548	0	6,912,548
<b>Total assets measured at FV</b>	<b>\$12,669,420</b>	<b>\$159,396,863</b>	<b>\$9,289,355</b>	<b>\$181,355,638</b>
Investments				181,355,638
Accrued Income				381,725
Receivables				6,343,891
Payables				(2,467,661)
<b>Net Assets</b>				<b>\$185,613,593</b>

## NOTES TO FINANCIAL STATEMENTS

## 2) Fair Value Measurements in Level 3 of the Fair Value Hierarchy

Description	Beginning Balance at 01/01/2015	Transfers into Level 3	Transfers out of Level 3	Return on Assets Still Held	Return on Assets Sold	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/15
Venture	\$1,613,177	\$0	\$0	\$143,825	(\$57,001)	\$117,457	\$0	\$0	(\$1,014,457)	\$802,001
Real Estate	9,116,793	0	0	333,315	935,199	1,931,261	0	0	(\$4,049,214)	\$8,487,354
Total	\$10,729,970	\$0	\$0	\$696,140	\$878,198	\$2,048,718	\$0	\$0	(\$5,063,671)	\$9,289,355

## D. Expected Long-Term Rate of Return

At December 31, 2013, the basis of the overall expected long-term rate of return on assets assumption is a forward-looking approach based on the current long-term capital market outlook assumptions of the asset categories the trust invests in and the trust's target asset allocation.

At December 31, 2013, the assumed target asset allocation for the program is: 44% - 56% equity securities, 34% - 46% debt securities, and 6% - 14% other securities. Using a mean-variance model to project returns over a 30 year horizon under the target asset allocation, the 35th to 65th percentile range of annual rates of return is 6.2% - 7.8%. The company selected the expected return on asset assumption of 7.00% for 2014. This rate is net of both investment related expenses and a 0.10% reduction for other administrative expenses charged to the Trust.

At December 31, 2014, the basis of the overall expected long-term rate of return on assets assumption is a forward-looking approach based on the current long-term capital market outlook assumptions of the asset categories the trust invests in and the trust's target asset allocation.

At December 31, 2014, the assumed target asset allocation for the program is: 44% - 56% equity securities, 34% - 46% debt securities, and 6% - 14% other securities. Using a mean-variance model to project returns over a 30 year horizon under the target asset allocation, the 35th to 65th percentile range of annual rates of return is 5.7% - 7.4%. The company selected the expected return on asset assumption of 7.00% for 2015. This rate is net of both investment related expenses and a 0.10% reduction for other administrative expenses charged to the Trust.

At December 31, 2015, the basis of the overall expected long-term rate of return on assets assumption is a forward-looking approach based on the current long-term capital market outlook assumptions of the asset categories the trust invests in and the trust's target asset allocation.

At December 31, 2015, the assumed target asset allocation for the program is: 44% - 56% equity securities, 34% - 46% debt securities, and 6% - 14% other securities. Using a mean-variance model to project returns over a 30 year horizon under the target asset allocation, the 35th to 65th percentile range of annual rates of return is 6.2% - 7.7%. The company selected the expected return on asset assumption of 7.00% for 2016. This rate is net of both investment related expenses and a 0.10% reduction for other administrative expenses charged to the Trust.

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

- 1) The Company has no common stock outstanding.
- 2) The Company has no preferred stock outstanding.
- 3) The Company pays no dividends.
- 4) The Company pays no dividends.
- 5) The Company pays no dividends.
- 6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- 7) The Company has no advances to surplus.
- 8) At the statement date, the Company held no stock for special purposes.
- 9) At December 31, 2015 the Company had special surplus funds of \$22,600,000 for ACA Section 9010 Fee.
- 10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and (losses) at 12/31/15 and 12/31/14 were \$184,393,833 and \$126,516,359, respectively.
- 11) The Company has issued no surplus debentures
- 12) The Company was involved in no quasi-reorganizations.
- 13) The Company was involved in no quasi-reorganizations.

## 14. Contingencies

## A. Contingent Commitments

The Company has agreed to provide GoodHealth and BA Plus with whatever guarantee or coverage is necessary to meet all applicable requirements of a state-qualified health maintenance organization. The Company will provide any contributions to the capital and surplus of MVLH necessary to maintain statutory and regulatory requirements. As of the reporting date, the Company's assessed performance risk of the guarantee is low.

## B. Assessments

The Company has not been notified of any insolvencies that would result in material guaranty fund assessments against the Company.

## C. The Company has no material gain contingencies.

**NOTES TO FINANCIAL STATEMENTS**

- D. **Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming From Lawsuits**  
The Company has no claims related extra contractual obligations or bad faith losses stemming from lawsuits.
- E. **Joint and Several Liabilities**  
The Company has no joint and several liabilities.
- F. **All Other Contingencies**  
The Company is subject to other legal proceedings that arise in the ordinary course of its business. Included in these proceedings are cases that involve disputes between the Company and some of its members and providers. In the opinion of management, ultimate disposition of these actions will not have a material effect on the Company's financial position.

15. **Leases**

A. **Lessee Operating Leases**

- 1) The Company leases office space under various noncancelable operating lease agreements that expire through September 2019. Rental expense for 2015 and 2014 was \$1,477,833 and \$2,272,555, respectively.
- 2) At January 1, 2016, the minimum aggregate rental commitments are as follows:  
(Dollars in thousands)

Year Ending December 31	Operating Leases
2016	\$779
2017	570
2018	523
2019	257
2020	0
Thereafter	0

- 3) The Company is not involved in any material sales-leaseback transactions.

B. **Lessor Leases**

Leasing is not a significant part of the Companies business activities.

16. **Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations Of Credit Risk**

At the statement date, the Company has no financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk.

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

The Company had no sale, transfer, or servicing of financial assets, or extinguishments of liabilities.

C. **Wash Sales**

For the reporting period ending 12/31/15, the Company had no wash sales involving transactions for securities with a NAIC designation of 3 or below, or unrated.

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

A. **ASO Plans**

The gain from operations from ASO uninsured plans and the uninsured portion of partially insured plans was as follows during 2014:

	(1) <u>ASO Uninsured Plans</u>	(2) <u>Uninsured Portion of Partially Insured Plan</u>	(3) <u>Total ASO</u>
Net reimbursement for administrative Expenses (including administrative fees) in excess of actual expenses	\$(1,542,847)		\$(1,542,847)
Total net other income or expenses (including interest paid to or received from plan)	0		0
Net gains or (loss) from operations	(1,542,847)		(1,542,847)
Total claim payment volume	507,862,950		507,862,950

B. **ASC Plans**

	(1) <u>ASC Uninsured Plans</u>	(2) <u>Uninsured Portion of Partially Insured Plan</u>	(3) <u>Total ASC</u>
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## NOTES TO FINANCIAL STATEMENTS

Gross reimbursement for medical cost incurred		613,784,483	613,784,483
Gross administrative fees accrued		61,717,822	61,717,822
Other income or expenses (including interest paid to or received from plans)		(7,081)	(7,081)
Gross expenses incurred (claims and administrative)		675,869,386	675,869,386
Total net gain or (loss) from operations		(374,162)	(374,162)

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

The Company has no direct premium written or produced by managing general agents or third party administrators.

## 20. Fair Value Measurements

## A.

## 1) Fair Value Measurements at Reporting Date

## a. Assets at Fair Value

Description for each class of Asset or Liability	(Level 1)	(Level 2)	(Level 3)	Total
<b>a. Assets at Fair Value</b>				
<b>Bond</b>				
INDUSTRIAL & MISCELLANEOUS	0	7,509,796	0	7,509,796
Total Bond:	0	7,509,796	0	7,509,796
<b>CMO</b>				
INDUSTRIAL & MISCELLANEOUS / Res Mortg Non-Prime	0	485,223	0	485,223
Total CMO:	0	485,223	0	485,223
<b>Perpetual Preferred Stocks</b>				
INDUSTRIAL & MISCELLANEOUS	115,916	0	0	115,916
Total Perpetual Preferred Stocks:	115,916	0	0	115,916
<b>Redeemable Preferred Stocks</b>				
INDUSTRIAL & MISCELLANEOUS	122,803	0	0	122,803
Total Redeemable Preferred Stocks:	122,803	0	0	122,803
<b>Common Stock</b>				
INDUSTRIAL & MISCELLANEOUS	225,216,338	27,221,063	0	252,437,401
PARENTS, SUBSIDIARIES AND AFFILIATES	0	73,590,098	0	73,590,098
Total Common Stock:	225,216,338	100,811,161	0	326,027,499
Total a. Assets at Fair Value:	225,435,057	108,806,180	0	334,261,237

## b. The Company does not value liabilities at fair value

- 2) The Company had no purchases, sales, or transfers in or out of Level III for the quarter ended December 31, 2015.
- 3) The Company had no purchases, sales, or transfers in or out of Level III for the quarter ended December 31, 2015.
- 4) The carrying values reported for cash equivalents approximate fair values due to the relatively short-term nature of the respective instruments. Debt securities are recorded at amortized cost for statutory-basis presentation. Fair value for debt securities are based on quoted market prices. Equity securities are recorded at fair value and based on quoted market prices where available or SVO published price. If quoted market prices are not available, fair values are estimated using quoted market prices for similar instruments.
- 5) The Company had no derivative assets or liabilities.

## C. Aggregate Fair Value by Hierarchical Level

## NOTES TO FINANCIAL STATEMENTS

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Not Practicable			
			Level 1	Level 2	Level 3 (Carrying Value)	
Bond	221,543,527	221,237,116	81,574,045	139,969,482	0	0
CMO	116,737,849	110,346,279	0	116,737,849	0	0
MBS	45,290,361	44,790,604	0	45,290,361	0	0
Redeemable Preferred Stock	1,459,567	1,309,828	1,459,567	0	0	0
Perpetual Preferred Stocks	440,866	399,666	440,866	0	0	0
Common Stock	326,027,499	326,027,499	225,216,338	100,811,161	0	0
Short Term	29,506,350	29,506,953	25,878,978	3,627,372	0	0
<b>Total Assets:</b>	<b>743,006,019</b>	<b>733,617,945</b>	<b>334,569,794</b>	<b>406,436,225</b>	<b>0</b>	<b>0</b>

## 21. Other Items

## A. Unusual or Infrequent Items

The Company has no unusual or infrequent items during the reporting period.

## B. Troubled Debt Restructuring

The Company has no troubled debt restructuring during the reporting period.

## C. Other Disclosures

The Company has no other items requiring disclosure during the reporting period.

## D. Business Interruption Insurance Recoveries

The Company had no business interruption insurance recoveries.

## E. State Transferable Tax Credits

The Company has no state transferable tax credits.

## F. Subprime Mortgage Related Risk Exposure

The Company has no subprime mortgage related risk.

## G. Retained Assets

The Company does not use retained assets for beneficiaries.

## H. Insurance-Linked Securities

The Company has no insurance-linked securities.

## 22. Events Subsequent

## Type I - Recognized Subsequent Events

Subsequent events have been considered through 2/26/16 for the statutory statement issued on 2/26/16.

The Company has no Type I subsequent events.

## Type II - Nonrecognized Subsequent Events

Subsequent events have been considered through 2/26/16 for the statutory statement issued on 2/26/16.

On January 1, 2016, the Company will be subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of the health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2015, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2016, and estimates their portion of the annual health insurance industry fee to be payable on September

## NOTES TO FINANCIAL STATEMENTS

30, 2016, to be \$22,600,000. This amount is reflected in special surplus. This assessment is expected to impact risk based capital (RBC) by a reduction of 34%. Reporting the ACA assessment as of December 31, 2015, would not have triggered an RBC action level.

	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act (YES/NO)?	YES	
B. ACA fee assessment payable for the upcoming year	\$22,600,000	\$23,800,000
C. ACA fee assessment paid	\$22,554,835	\$16,348,234
D. Premium written subject to ACA 9010 assessment	\$1,353,453,264	\$1,214,583,173
E. Total Adjusted Capital before surplus adjustment	\$562,217,576	
F. Total Adjusted Capital after surplus adjustment	\$539,617,576	
G. Authorized Control Level	\$67,926,737	
H. Would reporting the ACA assessment as of December 31, 2015 have triggered an RBC action level (YES/NO)?	NO	

## 23. Reinsurance

## A. Ceded Reinsurance Report

## Section 1 – General Interrogatories

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

## Section 2 – Ceded Reinsurance Report – Part A

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

## Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.  
\$11,784,669
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?  
Yes ( ) No (X)  
If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$\_\_\_\_\_

## B. Uncollectible Reinsurance

The Company has no uncollectible reinsurance.

## C. Commutation of Ceded Reinsurance

The Company had no commutation of ceded reinsurance.

## D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

## NOTES TO FINANCIAL STATEMENTS

The Company had no reinsurers whose rating was downgraded or whose status is subject to revocation.

## 24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. The Company estimates accrued retrospective premium adjustments for its group health insurance business through a mathematical approach using an algorithm of the company's underwriting rules and experience rating practices.  
 B. The Company records accrued retrospective premium as an adjustment to earned premium.  
 C. No net premiums written by the Company are subject to retrospective rating features.  
 D. Medical loss ratio (MLR) rebates required pursuant to the Public Health Service Act.

	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year to-Date					
(1) MLR rebates incurred	(6,472)	3,050,282	0	0	3,043,810
(2) MLR rebates paid	1,175,528	2,395,282	0	0	3,570,810
(3) MLR rebates unpaid	0	2,000,000	0	0	2,000,000
(4) Plus Reinsurance assumed amounts	XXX	XXX	XXX	XXX	0
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	0
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	2,000,000
Current Reporting Year					
(1) MLR rebates incurred	0	819,594	0	0	819,594
(2) MLR rebates paid	0	1,731,870	0	0	1,731,870
(3) MLR rebates unpaid	0	1,087,724	0	0	1,087,724
(4) Plus Reinsurance assumed amounts	XXX	XXX	XXX	XXX	0
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	0
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	1,087,724

## E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

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

(2) Impact of Risk-Sharing Provisions of the ACA on Admitted Assets, Liabilities and Revenue for the Current Year

Permanent ACA Risk Adjustment Program	(in thousands)
<b>Assets</b>	
1. Premium adjustments receivable due to ACA Risk Adjustment	\$25,507
<b>Liabilities</b>	
2. Risk adjustment user fees payable for ACA Risk Adjustment	0
3. Premium adjustments payable due to ACA Risk Adjustment	1,204
<b>Operations (Revenue &amp; Expense)</b>	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	36,491
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)	3,605
<b>Transitional ACA Reinsurance Program</b>	
<b>Assets</b>	
1. Amounts recoverable for claims paid due to ACA Reinsurance	29,391
2. Amounts recoverable for claims unpaid due to ACA Reinsurance	0
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	0
<b>Liabilities</b>	
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	2,524
5. Ceded reinsurance premiums payable due to ACA Reinsurance	413
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	0
<b>Operations (Revenue &amp; Expense)</b>	
7. Ceded reinsurance premiums due to ACA Reinsurance	1,651
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	41,613
9. ACA Reinsurance contributions – not reported as ceded premium	10,098
<b>Temporary ACA Risk Corridors Program</b>	
<b>Assets</b>	
1. Accrued retrospective premium due to ACA Risk Corridors	72
<b>Liabilities</b>	
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	0
<b>Operations (Revenue &amp; Expense)</b>	
3. Effect of ACA Risk Corridors on net premium income (paid/received)	63
4. Effect of ACA Risk Corridors on change in reserves for rate credits	0

NOTES TO FINANCIAL STATEMENTS

(3) Roll-forward of Prior Year ACA Risk-Sharing Provisions on Asset and Liability Balances

	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		
	1	2	3	4	Prior Year Accrued Less Payments	Prior Year Accrued Less Payments	To Prior Year Balances	To Prior Year Balances	Cumulative Balance from Prior Years (Col 9)	Cumulative Balance from Prior Years	
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
(000's)											
Permanent ACA Risk Adjustment Program											
1. Premium adjustments	\$ 0.000	\$ -	\$ 28,274	\$ -	\$ (12,274)	\$ -	\$ 14,369	\$ -	\$ 2,001	\$ -	
2. Premium adjustments	\$ -	\$ -	\$ -	\$ (88)	\$ -	\$ 88	\$ -	\$ (88)	\$ -	\$ -	
3. Subtotal ACA	\$ 0.000	\$ -	\$ 28,274	\$ (88)	\$ (12,274)	\$ 88	\$ 14,369	\$ (88)	\$ 2,001	\$ -	
Permanent Risk Adjustment											
Transitional ACA											
1. Amounts recoverable for	\$ 26,226	\$ -	\$ 37,447	\$ -	\$ (12,220)	\$ -	\$ 12,221	\$ -	\$ -	\$ -	
2. Amounts recoverable for claims up aid (contra)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
3. Amounts recoverable relating to uninsured plans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
4. Liabilities for contributions payable due to ACA Reinsurers - not	\$ -	\$ (3,283)	\$ -	\$ (3,283)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
5. Ceded reinsurance	\$ -	\$ (88)	\$ -	\$ (88)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6. Liability for amounts held under uninsured plans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
7. Subtotal ACA	\$ 26,226	\$ (3,283)	\$ 37,447	\$ (3,283)	\$ (12,220)	\$ -	\$ 12,221	\$ -	\$ -	\$ -	
Transitional Reinsurance											
Temporary ACA Risk											
1. Accrued retrospective	\$ -	\$ -	\$ 441	\$ -	\$ (440)	\$ -	\$ 50	\$ -	\$ 72	\$ -	
2. Reserve for rate credits or policy experience rating	\$ -	\$ -	\$ -	\$ (440)	\$ -	\$ 440	\$ -	\$ (440)	\$ -	\$ -	
3. Subtotal ACA Risk	\$ -	\$ -	\$ 441	\$ (440)	\$ (440)	\$ 440	\$ 50	\$ (440)	\$ 72	\$ -	
d. Total for ACA Risk Sharing	\$ 4,125	\$ (3,283)	\$ 68,02	\$ (3,808)	\$ (24,916)	\$ 68	\$ 27,000	\$ (935)	\$ 2,073	\$ -	

25. Change in Incurred Claims and Claim Adjustment Expenses

Activity in the liability for claims incurred and unreported is summarized as follows:

	2015 In Thousands	2014 In Thousands
Balance, beginning of year	\$ 138,847	\$ 119,389
Less HealthCare (HC) Receivables	(23,936)	(3,193)
Plus Accrued Medical Incentive	353	670
Net Liability and HC Receivables	115,264	116,866
Total incurred related to:		
Current year	1,275,729	1,220,348
Prior years	1,264	(4,223)
Total incurred	1,276,993	1,216,125
Total paid related to:		
Current year	1,165,667	1,113,753
Prior year	97,349	103,974
Total paid	1,263,016	1,217,727
Plus HC Receivables – end of year	30,004	23,936
Less Accrued Medical Incentive – end of year	(36)	(353)
Balance, end of year	\$ 159,209	\$ 138,847

NOTES TO FINANCIAL STATEMENTS

As a result of changes in estimates of insured events in prior years, the provision for incurred and unreported claims increased by \$1,264,000 in 2015, due to higher-than-anticipated loss experience and decreased by \$4,223,000 in 2014, due to lower-than-anticipated loss experience.

26. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangements.

27. Structured Settlements

This note is not applicable to Health Entities.

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

The Company estimates pharmaceutical rebate receivables taking into account projected per prescription data provided to it by a pharmacy benefit manager and the actual number of prescriptions filled for the estimated period. Estimated amounts are adjusted to take into account the Company's actual collection experience relative to prior estimates provided by the pharmacy benefit manager.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More than 180 Days After Invoicing/ Confirmation
12/31/2015	4,713,000	4,744,273	1,328,949	0	0
09/30/2015	4,415,700	4,413,939	4,201,433	797,653	115,943
06/30/2015	3,296,300	4,175,387	3,294,288	703,208	357,013
03/31/2015	3,410,200	4,288,952	2,697,614	1,143,075	396,440
12/31/2014	6,447,360	6,436,294	6,758,621	267,795	58,120
09/30/2014	3,237,000	3,250,026	2,454,075	904,090	289,374
06/30/2014	3,090,000	3,110,757	2,009,639	677,098	723,694
03/31/2014	2,478,000	2,490,804	1,706,535	692,932	204,672
12/31/2013	2,469,000	2,598,947	2,617,415	131,296	11,654
09/30/2013	2,464,000	2,590,224	2,236,832	441,461	(26,857)
06/30/2013	2,192,000	2,533,608	2,151,332	358,480	82,031
03/31/2013	2,360,601	2,751,356	2,279,949	474,753	10,951

B. Risk Sharing Receivables

The Company has no risk sharing receivables.

29. Participating Policies

The Company has no participating policies.

30. Premium Deficiency Reserves

The Company reported \$0 premium deficiency reserve at December 31, 2015, and reported \$7,860,000 premium deficiency reserves at December 31, 2014. Anticipated investment income was not utilized as a factor in the premium deficiency calculation. The date of evaluation for premium deficiency reserves is December 31, 2015.

1. Liability carried for premium deficiency reserves: \$0
2. Date of most recent evaluation of this liability: 12/31/15
3. Was anticipated investment income utilized in this calculation? Yes \_\_\_ No X

31. Anticipated Salvage and Subrogation

The Company took into account anticipated salvage and subrogation in its determination of the liability for unpaid claims/losses and reduced such liability by \$6,720,928 and \$17,783,968 at December 31, 2015 and December 31, 2014, respectively.

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

**GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes  No   
 If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes  No  N/A
- 1.3 State Regulating? Missouri \_\_\_\_\_
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes  No
- 2.2 If yes, date of change: \_\_\_\_\_
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. \_\_\_\_\_12/31/2012
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile of the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. \_\_\_\_\_12/31/2012
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). \_\_\_\_\_01/02/2014
- 3.4 By what department or departments? Missouri Department of Insurance, Financial Institutions and Professional Registration \_\_\_\_\_
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes  No  N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes  No  N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
     4.11 sales of new business? Yes  No   
     4.12 renewals? Yes  No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
     4.21 sales of new business? Yes  No   
     4.22 renewals? Yes  No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes  No
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes  No
- 6.2 If yes, give full information \_\_\_\_\_
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes  No
- 7.2 If yes, \_\_\_\_\_

- 7.21 State the percentage of foreign control \_\_\_\_\_
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young, LLP, Kansas City, MO

- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes  No

10.2 If the response to 10.1 is yes, provide information related to this exemption:

- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes  No

10.4 If the response to 10.3 is yes, provide information related to this exemption:

- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes  No  N/A
- 10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (office/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Darrin D. Knapp, MAAA, Ernst & Young, LLP, Kansas City, MO

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes  No
- 12.11 Name of real estate holding company \_\_\_\_\_
- 12.12 Number of parcels involved \_\_\_\_\_
- 12.13 Total book/adjusted carrying value \$ \_\_\_\_\_

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes  No

- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes  No

- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes  No  N/A

- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes  No

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.

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

- 14.2 Has the code of ethics for senior managers been amended? Yes  No

14.21 If the response to 14.2 is yes, provide information related to amendment(s)

- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes  No

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

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

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

BOARD OF DIRECTORS

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

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes  No
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$ \_\_\_\_\_
  - 20.12 To stockholders not officers \$ \_\_\_\_\_
  - 20.13 Trustees, supreme or grand (Fraternal only) \$ \_\_\_\_\_
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$ \_\_\_\_\_
  - 20.22 To stockholders not officers \$ \_\_\_\_\_
  - 20.23 Trustees, supreme or grand (Fraternal only) \$ \_\_\_\_\_
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes  No
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$ \_\_\_\_\_
  - 21.22 Borrowed from others \$ \_\_\_\_\_
  - 21.23 Leased from others \$ \_\_\_\_\_
  - 21.24 Other \$ \_\_\_\_\_
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes  No
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ \_\_\_\_\_ (1,001,740)
  - 22.22 Amount paid as expenses \$ \_\_\_\_\_ (175,526)
  - 22.23 Other amounts paid \$ \_\_\_\_\_
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes  No
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ \_\_\_\_\_

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes  No
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes  No  NA
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs: \$ \_\_\_\_\_
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs: \$ \_\_\_\_\_
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes  No  NA
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes  No  NA
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes  No  NA
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ \_\_\_\_\_
  - 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ \_\_\_\_\_
  - 24.103 Total payable for securities lending reported on the liability page \$ \_\_\_\_\_

GENERAL INTERROGATORIES

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [ X ] No [ ]

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements	\$ 425,000
25.22 Subject to reverse repurchase agreements	\$
25.23 Subject to dollar repurchase agreements	\$
25.24 Subject to reverse dollar repurchase agreements	\$
25.25 Placed under option agreements	\$
25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$
25.27 FHLB Capital Stock	\$
25.28 On deposit with states	\$ 534,538
25.29 On deposit with other regulatory bodies	\$
25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$ 640,000
25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$
25.32 Other	\$

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [ X ]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes [ ] No [ ] N/A [ X ]

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [ X ]

27.2 If yes, state the amount thereof at December 31 of the current year. \$

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

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

1 Name of Custodian(s)	2 Custodian's Address
Commerce Trust	Kansas City, MO

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

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

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

GENERAL INTERROGATORIES

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

1 Central Registration Depository Number(s)	2 Name	3 Address
107105	Blackrock Financial Management	New York, NY
109149	Fiduciary Management Inc.	MissisAuge, WI
104652	Janus Capital Management	Denver, CO
104571	Metropolitan West Asset Management	Los Angeles, CA
105436	T.Boe Price Associates Inc.	Baltimore, MD

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 (Section 5 (b) (1)))?  
 29.2 If yes, complete the following schedule:

Yes [ ] No [ X ]

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2889 TOTAL		0

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	405,890,953	413,078,007	7,187,154
30.2 Preferred Stocks	1,709,494	1,900,433	190,939
30.3 Totals	407,600,447	414,978,520	7,378,073

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

Interactive Data Corporation and JPM-PD

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [ X ] No [ ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [ X ] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed?

Yes [ X ] No [ ]

32.2 If no, list exceptions:

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 1,053,288

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

1 Name	2 Amount Paid
Blue Cross Blue Shield Association	\$ 1,053,288

34.1 Amount of payments for legal expenses, if any? \$ 4,472,963

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Crowell & Moring LP	\$ 1,182,124

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 46,350

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

1 Name	2 Amount Paid
The Giddens Group	\$ 24,000

**GENERAL INTERROGATORIES**  
**PART 2 - HEALTH INTERROGATORIES**

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes  No   
 1.2 If yes, indicate premium earned on U. S. business only. \$ 81,771,293  
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$

1.31 Reason for excluding \_\_\_\_\_ \$  
 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above \$  
 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$ 43,950,239

1.6 Individual policies:  
 Most current three years:  
 1.61 Total premium earned \$ 13,023,792  
 1.62 Total incurred claims \$ 10,393,205  
 1.63 Number of covered lives 6,006  
 All years prior to most current three years:  
 1.64 Total premium earned \$ 48,747,501  
 1.65 Total incurred claims \$ 13,557,034  
 1.66 Number of covered lives 17,225

1.7 Group policies:  
 Most current three years:  
 1.71 Total premium earned \$ 0  
 1.72 Total incurred claims \$ 0  
 1.73 Number of covered lives 0  
 All years prior to most current three years:  
 1.74 Total premium earned \$ 0  
 1.75 Total incurred claims \$ 0  
 1.76 Number of covered lives 0

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	\$ 1,492,655,662	\$ 1,337,631,770
2.2 Premium Denominator	\$ 1,492,655,662	\$ 1,337,631,770
2.3 Premium Ratio (2.1/2.2)	1.000	1.000
2.4 Reserve Numerator	\$ 228,020,728	\$ 204,972,105
2.5 Reserve Denominator	\$ 228,020,728	\$ 204,972,105
2.6 Reserve Ratio (2.4/2.5)	1.000	1.000

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

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

5.3 Maximum retained risk (see instructions)  
 5.31 Comprehensive Medical \$ 2,000,000  
 5.32 Medical Only \$  
 5.33 Medicare Supplement \$  
 5.34 Dental and Vision \$  
 5.35 Other Limited Benefit Plan \$  
 5.36 Other \$

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:  
 Blue Cross Blue Shield of Kansas City (BCBSKC) members are held harmless from general creditors and providers through BCBSKC provider contracts.

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

8. Provide the following information regarding participating providers:  
 8.1 Number of providers at start of reporting year 5,850  
 8.2 Number of providers at end of reporting year 5,288

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

**GENERAL INTERROGATORIES**  
**PART 2 - HEALTH INTERROGATORIES**

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes  No
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ \_\_\_\_\_
- 10.22 Amount actually paid for year bonuses \$ \_\_\_\_\_
- 10.23 Maximum amount payable withholds \$ \_\_\_\_\_
- 10.24 Amount actually paid for year withholds \$ \_\_\_\_\_
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes  No
- 11.13 An Individual Practice Association (IPA), or, Yes  No
- 11.14 A Mixed Model (combination of above) ? Yes  No
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes  No
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus. Missouri \_\_\_\_\_
- 11.4 If yes, show the amount required. \$ 245,227,683
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes  No
- 11.6 If the amount is calculated, show the calculation  
2 months claim and administrative expenses based on the average of the preceding 12 months (1,278,993,162 + 63,118,071 + 131,254,863) / 12 \* 2
12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Andrew County, MO
Atchison County, MO
Bates County, MO
Benton County, MO
Buchanan County, MO
Caldwell County, MO
Carroll County, MO
Cass County, MO
Clay County, MO
Clinton County, MO
Davies County, MO
DeKalb County, MO
Gentry County, MO
Grundy County, MO
Harrison County, MO
Henry County, MO
Holt County, MO
Jackson County, MO
Johnson County, MO
Lafayette County, MO
Livingston County, MO
Mercer County, MO
Nodaway County, MO
Patterson County, MO
Platte County, MO
Ray County, MO
St Clair County, MO
Saline County, MO
Vernon County, MO
Worth County, MO
Johnson County, KS
Wyandotte County, KS

- 13.1 Do you act as a custodian for health savings accounts? Yes  No
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ \_\_\_\_\_
- 13.3 Do you act as an administrator for health savings accounts? Yes  No
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ \_\_\_\_\_
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers? Yes  No  N/A
- 14.2 If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other

**GENERAL INTERROGATORIES**  
**PART 2 - HEALTH INTERROGATORIES**

15. Provide the following for individual ordinary life insurance\* policies (U.S. business Only) for the current year:

15.1 Direct Premiums Written (prior to reinsurance ceded) \$ \_\_\_\_\_  
 15.2 Total Incurred claims \$ \_\_\_\_\_  
 15.3 Number of covered lives \_\_\_\_\_

Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, or issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, or issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

FIVE - YEAR HISTORICAL DATA

	1 2015	2 2014	3 2013	4 2012	5 2011
<b>Balance Sheet (Pages 2 and 3)</b>					
1 Total admitted assets (Page 2, Line 28)	1,108,888,736	1,008,071,695	986,750,640	1,039,501,117	1,007,432,022
2 Total liabilities (Page 3, Line 24)	546,690,883	506,022,485	178,517,128	387,639,032	357,665,338
3 Statutory minimum capital and surplus requirement	249,227,680	240,926,335	218,214,939	205,713,867	185,816,308
4 Total capital and surplus (Page 3, Line 33)	562,175,853	502,049,210	610,233,512	651,862,085	649,566,684
<b>Income Statement (Page 4)</b>					
5 Total revenues (Line 8)	1,434,765,722	1,347,879,785	1,255,373,431	1,226,071,461	1,128,580,533
6 Total medical and hospital expenses (Line 18)	1,276,993,162	1,216,124,438	1,085,365,948	1,059,793,473	954,943,194
7 Claims adjustment expenses (Line 20)	63,118,071	79,261,662	58,574,107	63,939,108	54,877,649
8 Total administrative expenses (Line 21)	131,254,865	150,171,909	185,449,520	110,550,621	105,077,004
9 Net underwriting gain (loss) (Line 24)	18,486,242	(108,901,356)	(51,687,937)	(116,212,139)	11,140,052
10 Net investment gain (loss) (Line 27)	14,299,535	24,273,077	31,810,085	31,965,609	21,905,454
11 Total other income (Lines 28 plus 29)	(3,592)	20,980	9,762	15,052	90,407
12 Net income or (loss) (Line 32)	(5,774,353)	(82,495,170)	(19,427,128)	26,805,765	29,286,233
<b>Cash Flow (Page 6)</b>					
13 Net cash from operations (Line 11)	29,515,890	(122,979,838)	(38,466,105)	40,536,674	28,248,279
<b>Risk-Based Capital Analysis</b>					
14 Total adjusted capital	562,217,576	502,096,720	610,284,012	651,877,527	649,573,482
15 Authorized control level risk-based capital	67,928,738	64,383,304	62,612,836	58,571,418	55,767,973
<b>Enrollment (Exhibit 1)</b>					
16 Total members at end of period (Column 5, Line 7)	370,954	364,370	370,080	371,579	347,294
17 Total members months (Column 6, Line 7)	4,375,737	4,366,201	4,338,115	4,232,684	4,024,899
<b>Operating Percentage (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18 Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19 Total hospital and medical plus other non-health (Lines 18 plus Line 19)	86.0	90.2	86.4	86.4	84.6
20 Cost containment expenses	1.3	1.8	1.6	1.9	1.8
21 Other claims adjustment expenses	3.0	4.1	3.0	3.3	3.0
22 Total underwriting deductions (Line 23)	98.8	108.1	104.1	101.3	99.0
23 Total underwriting gain (loss) (Line 24)	1.2	(8.1)	(4.1)	(1.3)	1.0
<b>Unpaid Claims Analysis</b>					
(US1 Exhibit, Part 2B)					
24 Total claims incurred for prior years (Line 13, Col. 5)	116,527,948	112,642,807	115,828,890	111,378,010	96,321,242
25 Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	115,264,019	116,665,323	124,381,911	110,781,354	103,885,391
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
26 Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27 Affiliated preferred stocks (Sch. D Summary, Line 16, Col. 1)	0	0	0	0	0
28 Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	73,590,098	92,429,280	104,327,513	114,079,986	115,376,263
29 Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30 Affiliated mortgage loans on real estate	0	0	0	0	0
31 All other affiliated	112,600,352	148,568,755	148,604,505	36,079,952	39,869,795
32 Total of above Lines 26 to 31	186,250,450	240,998,035	252,932,018	150,159,938	155,246,058
33 Total investment in parent included in Lines 26 to 31 above	0	0	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	
1. Alabama AL	N							0	0
2. Alaska AK	N							0	0
3. Arizona AZ	N							0	0
4. Arkansas AR	N							0	0
5. California CA	N							0	0
6. Colorado CO	N							0	0
7. Connecticut CT	N							0	0
8. Delaware DE	N							0	0
9. District of Columbia DC	N							0	0
10. Florida FL	N							0	0
11. Georgia GA	N							0	0
12. Hawaii HI	N							0	0
13. Idaho ID	N							0	0
14. Illinois IL	N							0	0
15. Indiana IN	N							0	0
16. Iowa IA	N							0	0
17. Kansas KS	L	398,216,843			95,100,006			493,316,849	0
18. Kentucky KY	N							0	0
19. Louisiana LA	N							0	0
20. Maine ME	N							0	0
21. Maryland MD	N							0	0
22. Massachusetts MA	N							0	0
23. Michigan MI	N							0	0
24. Minnesota MN	N							0	0
25. Mississippi MS	N							0	0
26. Missouri MO	L	782,435,528			221,900,009			1,004,335,537	0
27. Montana MT	N							0	0
28. Nebraska NE	N							0	0
29. Nevada NV	N							0	0
30. New Hampshire NH	N							0	0
31. New Jersey NJ	N							0	0
32. New Mexico NM	N							0	0
33. New York NY	N							0	0
34. North Carolina NC	N							0	0
35. North Dakota ND	N							0	0
36. Ohio OH	N							0	0
37. Oklahoma OK	N							0	0
38. Oregon OR	N							0	0
39. Pennsylvania PA	N							0	0
40. Rhode Island RI	N							0	0
41. South Carolina SC	N							0	0
42. South Dakota SD	N							0	0
43. Tennessee TN	N							0	0
44. Texas TX	N							0	0
45. Utah UT	N							0	0
46. Vermont VT	N							0	0
47. Virginia VA	N							0	0
48. Washington WA	N							0	0
49. West Virginia WV	N							0	0
50. Wisconsin WI	N							0	0
51. Wyoming WY	N							0	0
52. American Samoa AS	N							0	0
53. Guam GU	N							0	0
54. Puerto Rico PR	N							0	0
55. U.S. Virgin Islands VI	N							0	0
56. Northern Mariana Islands MP	N							0	0
57. Canada CAN	N							0	0
58. Aggregate other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	1,180,652,371	0	0	317,000,015	0	0	1,497,652,386	0
60. Reporting entity contributions for Employer Benefit Plans	XXX							0	0
61. Total (Direct Business)	(a)	2 1,180,652,371	0	0	317,000,015	0	0	1,497,652,386	0
DETAILS OF WRITE-INS									
58001	XXX								
58002	XXX								
58003	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entity eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.  
 Explanation of basis of allocation by state, premiums by state, etc. Premiums are allocated based on the location of the group (for group business) and on the location of the individual (for individual business)

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

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

BLUE CROSS AND BLUE SHIELD OF KANSAS CITY  
EIN #43-1257251  
NAIC #47171, MO

GOOD HEALTH HMO, INC. (1) (A)  
EIN #43-1495359  
NAIC #95315, MO

NEW DIRECTIONS BEHAVIORAL HEALTH, LLC (4)  
EIN #43-1698690

THE EPOCH GROUP, LC (4)  
EIN #43-1728777

BLUE-ADVANTAGE PLUS OF KANSAS CITY, INC (2) (A)  
EIN #20-2728609  
NAIC #10753, MO

MISSOURI VALLEY LIFE AND HEALTH INSURANCE COMPANY (1) (B)  
EIN #43-1476776  
NAIC #76040, MO

COBALT VENTURES, LLC (1)  
EIN #45-1059466

PREFERRED HEALTH PROFESSIONALS, LLC (1)  
EIN #43-1392560

COMPALLIANCE, LLC (6)  
EIN #36-4740515

PREMIER WORKERS COMP NETWORKS, LLC (1)  
EIN #43-1596579

COMPRESENTS, LLC (1)  
EIN # 80-0845061

THE EPOCH GROUP, LC (3)  
EIN #43-1728777

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

ND8H HOLDING COMPANY, LLC (S)  
EIN #43-1257251

NEW DIRECTIONS BEHAVIORAL HEALTH, LLC (S)  
EIN #43-1698690

COBALT TALON, LLC (I)  
EIN #45-2950109

COBALT ASTRA, INC. (I)  
EIN #48-1221424

HEALTHY FIT, LLC (I)  
EIN #90-0927699

SOFT 10, INC (T)  
EIN # 68-0682752

CANOPIY, INC. (I)  
EIN #51-0471121

- (1) 100% Ownership
- (2) 100% Control
- (3) 99% Ownership
- (4) 1% Ownership
- (5) 33.3% Ownership
- (6) 79.9% Ownership
- (7) 23.7% Ownership

- (A) State Qualified HMO
- (B) Life Insurance Company

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**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE BLUE CROSS AND BLUE SHIELD OF KANSAS CITY**