



# HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2019  
OF THE CONDITION AND AFFAIRS OF THE

## HUMANA HEALTH PLANS OF PUERTO RICO, INC.

NAIC Group Code 0119 0119 NAIC Company Code 95721 Employer's ID Number 66-0406896  
(Current) (Prior)

Organized under the Laws of Puerto Rico, State of Domicile or Port of Entry PR

Country of Domicile United States of America

Licensed as business type: Health Maintenance Organization

Is HMO Federally Qualified? Yes [  ] No [  ]

Incorporated/Organized 12/08/1983 Commenced Business 05/01/1986

Statutory Home Office 383 FD Roosevelt Avenue, San Juan, PR, US 00918-2131  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 383 FD Roosevelt Avenue  
(Street and Number)  
San Juan, PR, US 00918-2131, 787-282-7900  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 383 FD Roosevelt Avenue, San Juan, PR, US 00918-2131  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 383 FD Roosevelt Avenue  
(Street and Number)  
San Juan, PR, US 00918-2131, 787-622-5553  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.humana.com

Statutory Statement Contact Wilma Rodriguez, 787-622-5553  
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### OFFICERS

President Luis Angel Torres Acting Secretary William Mark Preston #  
 Chief Financial Officer Brian Andrew Kane

### OTHER

Alan James Bailey, VP & Treasurer Douglas Allen Edwards, Vice President Bruno Roger Piquin, Regional President  
William Mark Preston, VP, Investments Timothy Alan Wheatley, Segment President, Retail

### DIRECTORS OR TRUSTEES

Christopher Howal Hunter Jose Ivan Mercado Luis Felipe Montaner, M.D.  
Luis Angel Torres Timothy Alan Wheatley (Chairman)

State of \_\_\_\_\_ SS:  
 County of \_\_\_\_\_

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

Luis Angel Torres Olivera  
 President

William Mark Preston #  
 Acting Secretary

Alan James Bailey  
 VP & Treasurer

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Humana Health Plans of Puerto Rico Inc.

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	82,378,727	0	82,378,727	65,771,840
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	0	0	0	0
2.2 Common stocks .....	0	0	0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....	0	0	0	0
3.2 Other than first liens .....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ .....0 encumbrances) .....	0	0	0	0
4.2 Properties held for the production of income (less \$ .....0 encumbrances) .....	0	0	0	0
4.3 Properties held for sale (less \$ .....0 encumbrances) .....	0	0	0	0
5. Cash (\$ .....45,915,314 , Schedule E - Part 1), cash equivalents (\$ .....2,490,351 , Schedule E - Part 2) and short-term investments (\$ .....0 , Schedule DA) .....	48,405,665	0	48,405,665	33,804,121
6. Contract loans, (including \$ .....0 premium notes) .....	0	0	0	0
7. Derivatives (Schedule DB) .....	0	0	0	0
8. Other invested assets (Schedule BA) .....	0	0	0	0
9. Receivables for securities .....	62,430	0	62,430	0
10. Securities lending reinvested collateral assets (Schedule DL) .....	0	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	130,846,822	0	130,846,822	99,575,961
13. Title plants less \$ .....0 charged off (for Title insurers only) .....	0	0	0	0
14. Investment income due and accrued .....	448,505	0	448,505	365,064
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	4,773,615	1,917,148	2,856,466	2,887,578
15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$ .....0 earned but unbilled premiums) .....	0	0	0	0
15.3 Accrued retrospective premiums (\$ .....48,263 ) and contracts subject to redetermination (\$ .....2,703,223 ) .....	2,751,486	0	2,751,486	9,844,712
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	0	0	0	0
16.2 Funds held by or deposited with reinsured companies .....	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts .....	0	0	0	0
17. Amounts receivable relating to uninsured plans .....	8,401,325	0	8,401,325	4,121,395
18.1 Current federal and foreign income tax recoverable and interest thereon .....	2,622,877	0	2,622,877	2,625,502
18.2 Net deferred tax asset .....	0	0	0	0
19. Guaranty funds receivable or on deposit .....	0	0	0	0
20. Electronic data processing equipment and software .....	3,017,156	3,017,156	0	0
21. Furniture and equipment, including health care delivery assets (\$ .....0 ) .....	3,436,885	3,436,885	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates .....	0	0	0	0
24. Health care (\$ .....6,052,465 ) and other amounts receivable .....	6,939,597	218,288	6,721,309	9,065,305
25. Aggregate write-ins for other than invested assets .....	2,094,681	2,094,681	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	165,332,947	10,684,157	154,648,790	128,485,517
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0	0
28. Total (Lines 26 and 27) .....	165,332,947	10,684,157	154,648,790	128,485,517
<b>DETAILS OF WRITE-INS</b>				
1101. ....	0	0	0	0
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) .....	0	0	0	0
2501. Prepaid Expenses .....	1,570,382	1,570,382	0	0
2502. Prepaid Commissions .....	426,949	426,949	0	0
2503. Deposits .....	97,350	97,350	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	2,094,681	2,094,681	0	0

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ .....0 reinsurance ceded).....	43,604,433	1,162,147	44,766,580	30,819,352
2. Accrued medical incentive pool and bonus amounts.....	15,727	0	15,727	0
3. Unpaid claims adjustment expenses.....	303,238	0	303,238	456,700
4. Aggregate health policy reserves, including the liability of \$ .....0 for medical loss ratio rebate per the Public Health Service Act.....	58,068,672	0	58,068,672	38,375,897
5. Aggregate life policy reserves.....	0	0	0	0
6. Property/casualty unearned premium reserves.....	0	0	0	0
7. Aggregate health claim reserves.....	37,000	0	37,000	100,000
8. Premiums received in advance.....	108,343	0	108,343	102,582
9. General expenses due or accrued.....	14,234,403	0	14,234,403	10,305,588
10.1 Current federal and foreign income tax payable and interest thereon (including \$ .....0 on realized capital gains (losses)).....	0	0	0	0
10.2 Net deferred tax liability.....	0	0	0	0
11. Ceded reinsurance premiums payable.....	0	0	0	0
12. Amounts withheld or retained for the account of others.....	2,059,876	0	2,059,876	883,481
13. Remittances and items not allocated.....	149,555	0	149,555	120,317
14. Borrowed money (including \$ .....0 current) and interest thereon \$ .....0 (including \$ .....0 current).....	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates.....	6,851,963	0	6,851,963	14,700,967
16. Derivatives.....	0	0	0	0
17. Payable for securities.....	0	0	0	0
18. Payable for securities lending.....	0	0	0	0
19. Funds held under reinsurance treaties (with \$ .....0 authorized reinsurers, \$ .....0 unauthorized reinsurers and \$ .....0 certified reinsurers).....	0	0	0	0
20. Reinsurance in unauthorized and certified (\$ .....0 ) companies.....	0	0	0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0	0	0
22. Liability for amounts held under uninsured plans.....	1,980,608	0	1,980,608	8,077,041
23. Aggregate write-ins for other liabilities (including \$ .....0 current).....	885,520	0	885,520	1,484,033
24. Total liabilities (Lines 1 to 23).....	128,299,336	1,162,147	129,461,483	105,425,958
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	7,599,701	0
26. Common capital stock.....	XXX	XXX	142,525	142,525
27. Preferred capital stock.....	XXX	XXX	0	0
28. Gross paid in and contributed surplus.....	XXX	XXX	62,787,516	29,787,516
29. Surplus notes.....	XXX	XXX	16,000,000	16,000,000
30. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	(600,000)	(600,000)
31. Unassigned funds (surplus).....	XXX	XXX	(60,742,435)	(22,270,482)
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$ .....0 ).....	XXX	XXX	0	0
32.2 .....0 shares preferred (value included in Line 27 \$ .....0 ).....	XXX	XXX	0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	25,187,307	23,059,559
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	154,648,790	128,485,517
<b>DETAILS OF WRITE-INS</b>				
2301. Miscellaneous Liability.....	604,868	0	604,868	604,868
2302. Unclaimed Property.....	261,706	0	261,706	879,165
2303. OPM Contract Reserves.....	18,946	0	18,946	0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above).....	885,520	0	885,520	1,484,033
2501. Special Surplus - Projected HCRL Assessment for the Upcoming Year.....	XXX	XXX	7,599,701	0
2502. ....	XXX	XXX		
2503. ....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above).....	XXX	XXX	7,599,701	0
3001. State Required Contingent Funds.....	XXX	XXX	(600,000)	(600,000)
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 thru 3003 plus 3098)(Line 30 above).....	XXX	XXX	(600,000)	(600,000)

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	552,697	518,654
2. Net premium income ( including \$ .....0 non-health premium income).....	XXX	382,089,676	324,575,784
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	0	0
4. Fee-for-service (net of \$ .....0 medical expenses).....	XXX	0	0
5. Risk revenue.....	XXX	0	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	382,089,676	324,575,784
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits.....	6,747,867	259,931,803	221,987,021
10. Other professional services.....	229,183	8,828,273	8,175,722
11. Outside referrals.....	0	0	0
12. Emergency room and out-of-area.....	260,337	10,028,344	9,147,915
13. Prescription drugs.....	1,622,476	62,884,663	53,776,746
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....	0	17,620	0
16. Subtotal (Lines 9 to 15).....	8,859,863	341,690,704	293,087,404
<b>Less:</b>			
17. Net reinsurance recoveries.....	0	0	0
18. Total hospital and medical (Lines 16 minus 17).....	8,859,863	341,690,704	293,087,404
19. Non-health claims (net).....	0	0	0
20. Claims adjustment expenses, including \$ .....16,618,092 cost containment expenses.....	0	17,461,205	13,536,297
21. General administrative expenses.....	0	41,275,319	45,657,911
22. Increase in reserves for life and accident and health contracts (including \$ .....0 increase in reserves for life only).....	0	11,752,000	3,374,000
23. Total underwriting deductions (Lines 18 through 22).....	8,859,863	412,179,228	355,655,612
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	(30,089,553)	(31,079,828)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	0	2,183,176	1,629,381
26. Net realized capital gains (losses) less capital gains tax of \$ .....0.....	0	28,366	126,832
27. Net investment gains (losses) (Lines 25 plus 26).....	0	2,211,542	1,756,213
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ .....0 ) (amount charged off \$ .....0 )].....	0	0	0
29. Aggregate write-ins for other income or expenses.....	0	3,230,451	5,727,599
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	(24,647,559)	(23,596,016)
31. Federal and foreign income taxes incurred.....	XXX	35,304	0
32. Net income (loss) (Lines 30 minus 31).....	XXX	(24,682,863)	(23,596,016)
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX	0	0
0602. ....	XXX	0	0
0603. ....	XXX	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above).....	XXX	0	0
0701. ....	XXX	0	0
0702. ....	XXX	0	0
0703. ....	XXX	0	0
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above).....	XXX	0	0
1401. ....	0	0	0
1402. ....	0	0	0
1403. ....	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above).....	0	0	0
2901. Miscellaneous Income.....	0	3,295,641	5,724,099
2902. Gain/(Loss) on Disposal.....	0	(65,189)	3,500
2903. ....	0	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above).....	0	3,230,451	5,727,599

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

	1 Current Year	2 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year.....	23,059,559	32,976,351
34. Net income or (loss) from Line 32.....	(24,682,863)	(23,596,016)
35. Change in valuation basis of aggregate policy and claim reserves.....	0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ ..... 0	189,510	(174,687)
37. Change in net unrealized foreign exchange capital gain or (loss).....	0	0
38. Change in net deferred income tax.....	0	0
39. Change in nonadmitted assets.....	(2,679,128)	(2,024,433)
40. Change in unauthorized and certified reinsurance.....	0	0
41. Change in treasury stock.....	0	0
42. Change in surplus notes.....	0	16,000,000
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	0
44.3 Transferred to surplus.....	0	0
45. Surplus adjustments:		
45.1 Paid in.....	33,000,000	(121,656)
45.2 Transferred to capital (Stock Dividend).....	0	0
45.3 Transferred from capital.....	0	0
46. Dividends to stockholders.....	0	0
47. Aggregate write-ins for gains or (losses) in surplus.....	(3,699,772)	0
48. Net change in capital and surplus (Lines 34 to 47).....	2,127,747	(9,916,792)
49. Capital and surplus end of reporting period (Line 33 plus 48)	25,187,306	23,059,559
<b>DETAILS OF WRITE-INS</b>		
4701. Correction of Prior Period Errors.....	(3,699,772)	0
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	(3,699,772)	0

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	393,152,907	317,794,804
2. Net investment income .....	2,118,918	1,829,483
3. Miscellaneous income .....	0	0
4. Total (Lines 1 through 3) .....	395,271,825	319,624,287
5. Benefit and loss related payments .....	327,901,182	298,937,828
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	61,023,426	50,434,217
8. Dividends paid to policyholders .....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... 0 tax on capital gains (losses) .....	32,679	2,625
10. Total (Lines 5 through 9) .....	388,957,287	349,374,670
11. Net cash from operations (Line 4 minus Line 10) .....	6,314,538	(29,750,383)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	21,015,025	29,625,904
12.2 Stocks .....	0	0
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0
12.7 Miscellaneous proceeds .....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	21,015,025	29,625,904
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	37,423,220	29,549,394
13.2 Stocks .....	0	0
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	0	0
13.5 Other invested assets .....	0	0
13.6 Miscellaneous applications .....	62,430	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	37,485,649	29,549,394
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) .....	(16,470,625)	76,510
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	16,000,000
16.2 Capital and paid in surplus, less treasury stock .....	33,000,000	0
16.3 Borrowed funds .....	0	0
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) .....	(8,242,369)	5,718,653
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	24,757,630	21,718,653
<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) .....	14,601,544	(7,955,220)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	33,804,121	41,759,341
19.2 End of year (Line 18 plus Line 19.1) .....	48,405,665	33,804,121

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

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ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Humana Health Plans of Puerto Rico Inc.

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

	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 XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	382,089,676	8,601,218	0	0	0	23,489,116	349,999,341	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	0	0	0	0	0	0	0	0	0	0
3. Fee-for-service (net of \$ medical expenses)	0	0	0	0	0	0	0	0	0	XXX
4. Risk revenue	0	0	0	0	0	0	0	0	0	XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	382,089,676	8,601,218	0	0	0	23,489,116	349,999,341	0	0	0
8. Hospital/medical benefits	259,931,803	3,358,821	0	0	0	16,389,815	237,984,262	2,198,905	0	XXX
9. Other professional services	8,828,273	0	0	0	0	0	8,828,273	0	0	XXX
10. Outside referrals	0	0	0	0	0	0	0	0	0	XXX
11. Emergency room and out-of-area	10,028,344	1,193,025	0	0	0	0	8,835,319	0	0	XXX
12. Prescription drugs	62,884,663	2,067,272	0	0	0	6,365,374	54,453,461	(1,444)	0	XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	17,620	0	0	0	0	0	17,620	0	0	XXX
15. Subtotal (Lines 8 to 14)	341,690,704	6,619,119	0	0	0	22,755,189	310,118,936	2,197,460	0	XXX
16. Net reinsurance recoveries	0	0	0	0	0	0	0	0	0	XXX
17. Total medical and hospital (Lines 15 minus 16)	341,690,704	6,619,119	0	0	0	22,755,189	310,118,936	2,197,460	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ 16,618,092 cost containment expenses	17,461,205	208,021	0	0	0	572,811	16,675,413	0	4,959	0
20. General administrative expenses	41,275,318	700,807	0	0	0	1,971,922	38,432,423	(195,600)	365,766	0
21. Increase in reserves for accident and health contracts	11,752,000	(63,000)	0	0	0	0	11,815,000	0	0	XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
23. Total underwriting deductions (Lines 17 to 22)	412,179,227	7,464,947	0	0	0	25,299,923	377,041,773	2,001,860	370,725	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	(30,089,552)	1,136,271	0	0	0	(1,810,806)	(27,042,432)	(2,001,860)	(370,725)	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS**

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical) .....	8,601,218	0	0	8,601,218
2. Medicare Supplement .....	0	0	0	0
3. Dental only .....	0	0	0	0
4. Vision only .....	0	0	0	0
5. Federal Employees Health Benefits Plan .....	23,489,116	0	0	23,489,116
6. Title XVIII - Medicare .....	349,999,341	0	0	349,999,341
7. Title XIX - Medicaid .....	0	0	0	0
8. Other health .....	0	0	0	0
9. Health subtotal (Lines 1 through 8) .....	382,089,676	0	0	382,089,676
10. Life .....	0	0	0	0
11. Property/casualty .....	0	0	0	0
12. Totals (Lines 9 to 11)	382,089,676	0	0	382,089,676

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Humana Health Plans of Puerto Rico Inc.

**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 XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	328,440,641	6,517,042	0	0	0	21,875,092	297,259,114	2,789,393	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
1.4 Net	328,440,641	6,517,042	0	0	0	21,875,092	297,259,114	2,789,393	0	0
2. Paid medical incentive pools and bonuses	1,894	0	0	0	0	0	1,894	0	0	0
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	44,766,580	1,072,519	0	0	0	2,444,942	41,091,051	158,067	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	44,766,580	1,072,519	0	0	0	2,444,942	41,091,051	158,067	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	37,000	37,000	0	0	0	0	0	0	0	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	37,000	37,000	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	15,727	0	0	0	0	0	15,727	0	0	0
6. Net healthcare receivables (a)	651,785	(113,616)	0	0	0	(21,228)	786,629	0	0	0
7. Amounts recoverable from reinsurers December 31, current year	0	0	0	0	0	0	0	0	0	0
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	30,819,352	1,021,059	0	0	0	1,586,073	27,462,220	750,000	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	30,819,352	1,021,059	0	0	0	1,586,073	27,462,220	750,000	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	100,000	100,000	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	100,000	100,000	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0
12. Incurred Benefits:										
12.1 Direct	341,673,085	6,619,119	0	0	0	22,755,189	310,101,316	2,197,460	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	341,673,085	6,619,119	0	0	0	22,755,189	310,101,316	2,197,460	0	0
13. Incurred medical incentive pools and bonuses	17,620	0	0	0	0	0	17,620	0	0	0

(a) Excludes \$ 8,308 loans or advances to providers not yet expensed.

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Humana Health Plans of Puerto Rico Inc.

**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 & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	5,845,075	414,840	.0	.0	.0	321,059	5,109,176	.0	.0	.0
1.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.4 Net .....	5,845,075	414,840	.0	.0	.0	321,059	5,109,176	.0	.0	.0
2. Incurred but Unreported:										
2.1 Direct .....	30,753,648	657,680	.0	.0	.0	2,103,792	27,834,108	158,067	.0	.0
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 .....	30,753,648	657,680	.0	.0	.0	2,103,792	27,834,108	158,067	.0	.0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....	8,167,858	.0	.0	.0	.0	20,091	8,147,767	.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 .....	8,167,858	.0	.0	.0	.0	20,091	8,147,767	.0	.0	.0
4. TOTALS:										
4.1 Direct .....	44,766,580	1,072,519	.0	.0	.0	2,444,942	41,091,051	158,067	.0	.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 .....	44,766,580	1,072,519	.0	.0	.0	2,444,942	41,091,051	158,067	.0	.0

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Humana Health Plans of Puerto Rico Inc.

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE**

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred In Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	884,716	5,632,326	(75,044)	1,184,563	809,673	1,121,059
2. Medicare Supplement .....	0	0	0	0	0	0
3. Dental Only .....	0	0	0	0	0	0
4. Vision Only .....	0	0	0	0	0	0
5. Federal Employees Health Benefits Plan .....	2,043,866	19,831,226	117,970	2,326,972	2,161,836	1,586,073
6. Title XVIII - Medicare .....	20,722,080	276,537,033	630,390	40,460,661	21,352,471	27,462,220
7. Title XIX - Medicaid .....	2,789,393	0	158,067	0	2,947,460	750,000
8. Other health .....	0	0	0	0	0	0
9. Health subtotal (Lines 1 to 8) .....	26,440,056	302,000,585	831,385	43,972,196	27,271,440	30,919,352
10. Healthcare receivables (a) .....	0	6,262,445	0	0	0	5,610,660
11. Other non-health .....	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts .....	0	1,894	0	15,727	0	0
13. Totals (Lines 9 - 10 + 11 + 12)	26,440,056	295,740,034	831,385	43,987,922	27,271,440	25,308,692

(a) Excludes \$ 8,308 loans or advances to providers not yet expensed.

## UNDERWRITING AND INVESTMENT EXHIBIT

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
(\$000 Omitted)

**Section A - Paid Health Claims - Comprehensive (Hospital & Medical)**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior .....	1,012	986	968	961	958
2.	2015 .....	3,932	4,586	4,568	4,495	4,487
3.	2016 .....	XXX	10,072	10,782	10,811	10,795
4.	2017 .....	XXX	XXX	6,371	7,390	7,394
5.	2018 .....	XXX	XXX	XXX	7,230	8,136
6.	2019 .....	XXX	XXX	XXX	XXX	5,632

**Section B - Incurred Health Claims - Comprehensive (Hospital & Medical)**

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior .....	1,024	986	968	961	958
2.	2015 .....	4,822	4,589	4,568	4,495	4,487
3.	2016 .....	XXX	11,264	10,784	10,811	10,795
4.	2017 .....	XXX	XXX	7,428	7,393	7,395
5.	2018 .....	XXX	XXX	XXX	8,348	8,061
6.	2019 .....	XXX	XXX	XXX	XXX	6,817

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital & Medical)**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim 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 Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015 .....	11,075	4,487	43	1.0	4,530	40.9	0	0	4,530	40.9
2. 2016 .....	10,680	10,795	103	1.0	10,898	102.0	0	0	10,898	102.0
3. 2017 .....	8,845	7,394	70	1.0	7,465	84.4	1	0	7,465	84.4
4. 2018 .....	8,716	8,136	77	1.0	8,214	94.2	(76)	(2)	8,136	93.3
5. 2019 .....	8,601	5,632	54	1.0	5,686	66.1	1,185	30	6,901	80.2

## 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				
		1 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior .....	1,036	1,036	1,036	1,036	1,036
2.	2015 .....	18,082	19,487	19,487	19,487	19,487
3.	2016 .....	XXX	15,782	16,909	16,909	16,909
4.	2017 .....	XXX	XXX	14,391	15,789	15,789
5.	2018 .....	XXX	XXX	XXX	15,769	17,813
6.	2019 .....	XXX	XXX	XXX	XXX	19,831

#### 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 Bonuses Outstanding at End of Year				
		1 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior .....	1,067	1,036	1,036	1,036	1,036
2.	2015 .....	19,394	19,491	19,487	19,487	19,487
3.	2016 .....	XXX	17,029	16,914	16,909	16,909
4.	2017 .....	XXX	XXX	15,850	15,795	15,789
5.	2018 .....	XXX	XXX	XXX	17,349	17,931
6.	2019 .....	XXX	XXX	XXX	XXX	22,158

#### 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 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim 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 Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015 .....	18,627	19,487	185	1.0	19,672	105.6	0	0	19,672	105.6
2. 2016 .....	19,336	16,909	161	1.0	17,070	88.3	0	0	17,070	88.3
3. 2017 .....	18,812	15,789	150	1.0	15,939	84.7	0	0	15,939	84.7
4. 2018 .....	22,287	17,813	169	1.0	17,982	80.7	118	0	18,100	81.2
5. 2019 .....	23,489	19,831	189	1.0	20,020	85.2	2,327	0	22,347	95.1

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

#### Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior .....	36,769	37,126	36,356	36,510	36,513
2.	2015 .....	321,391	357,375	358,219	358,493	358,446
3.	2016 .....	XXX	241,028	261,642	261,827	261,899
4.	2017 .....	XXX	XXX	233,833	258,797	259,129
5.	2018 .....	XXX	XXX	XXX	244,764	264,741
6.	2019 .....	XXX	XXX	XXX	XXX	276,539

#### Section B - Incurred Health Claims - Title XVIII

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior .....	37,478	37,246	36,356	36,510	36,513
2.	2015 .....	361,425	357,967	358,317	358,493	358,446
3.	2016 .....	XXX	267,775	262,384	261,948	261,899
4.	2017 .....	XXX	XXX	262,535	259,381	259,194
5.	2018 .....	XXX	XXX	XXX	271,520	265,306
6.	2019 .....	XXX	XXX	XXX	XXX	317,015

#### Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim 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 Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015 .....	390,752	358,446	3,409	1.0	361,855	92.6	0	0	361,855	92.6
2. 2016 .....	282,210	261,899	2,491	1.0	264,389	93.7	0	0	264,389	93.7
3. 2017 .....	276,516	259,129	2,464	1.0	261,593	94.6	65	0	261,659	94.6
4. 2018 .....	293,573	265,126	2,521	1.0	267,648	91.2	565	4	268,217	91.4
5. 2019 .....	349,999	276,539	2,630	1.0	279,169	79.8	40,476	271	319,916	91.4

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

#### Section A - Paid Health Claims - Title XIX

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior .....	7,769	8,662	8,687	8,687	8,687
2.	2015 .....	0	0	0	0	0
3.	2016 .....	XXX	0	0	0	0
4.	2017 .....	XXX	XXX	0	(250)	(250)
5.	2018 .....	XXX	XXX	XXX	0	2,789
6.	2019 .....	XXX	XXX	XXX	XXX	0

#### Section B - Incurred Health Claims - Title XIX

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 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior .....	8,124	8,812	8,687	8,687	8,687
2.	2015 .....	0	0	0	0	0
3.	2016 .....	XXX	0	0	0	0
4.	2017 .....	XXX	XXX	0	500	(250)
5.	2018 .....	XXX	XXX	XXX	0	2,947
6.	2019 .....	XXX	XXX	XXX	XXX	0

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim 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 Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015 .....	(3,055)	0	0	0.0	0	0.0	0	0	0	0.0
2. 2016 .....	(458)	0	0	0.0	0	0.0	0	0	0	0.0
3. 2017 .....	0	(250)	0	0.0	(250)	0.0	0	0	(250)	0.0
4. 2018 .....	0	2,789	27	1.0	2,816	0.0	158	0	2,974	0.0
5. 2019 .....	0	0	0	0.0	0	0.0	0	0	0	0.0

## 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				
		1 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior .....	46,586	47,810	47,047	47,194	47,195
2.	2015 .....	343,405	381,448	382,274	382,475	382,420
3.	2016 .....	XXX	266,882	289,333	289,547	289,603
4.	2017 .....	XXX	XXX	254,595	281,726	282,062
5.	2018 .....	XXX	XXX	XXX	267,763	293,479
6.	2019 .....	XXX	XXX	XXX	XXX	302,002

#### 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 Pool and Bonuses Outstanding at End of Year				
		1 2015	2 2016	3 2017	4 2018	5 2019
1.	Prior .....	47,693	48,080	47,047	47,194	47,195
2.	2015 .....	385,641	382,047	382,372	382,475	382,420
3.	2016 .....	XXX	296,068	290,082	289,668	289,603
4.	2017 .....	XXX	XXX	285,813	283,069	282,128
5.	2018 .....	XXX	XXX	XXX	297,217	294,245
6.	2019 .....	XXX	XXX	XXX	XXX	345,990

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim 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 Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015 .....	417,399	382,420	3,637	1.0	386,057	92.5	0	0	386,057	92.5
2. 2016 .....	311,768	289,603	2,754	1.0	292,357	93.8	0	0	292,357	93.8
3. 2017 .....	304,173	282,062	2,685	1.0	284,747	93.6	66	0	284,814	93.6
4. 2018 .....	324,576	293,865	2,795	1.0	296,660	91.4	765	2	297,427	91.6
5. 2019 .....	382,090	302,002	2,872	1.0	304,875	79.8	43,988	301	349,163	91.4

12.GT

**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 Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....	0	0	0	0	0	0	0	0	0
2. Additional policy reserves (a) .....	15,189,000	0	0	0	0	0	15,189,000	0	0
3. Reserve for future contingent benefits .....	0	0	0	0	0	0	0	0	0
4. Reserve for rate credits or experience rating refunds (including \$ .....0 ) for investment income .....	5,107,442	1,389	0	0	0	0	5,106,053	0	0
5. Aggregate write-ins for other policy reserves .....	37,772,230	0	0	0	0	0	37,772,230	0	0
6. Totals (gross) .....	58,068,672	1,389	0	0	0	0	58,067,283	0	0
7. Reinsurance ceded .....	0	0	0	0	0	0	0	0	0
8. Totals (Net)(Page 3, Line 4) .....	58,068,672	1,389	0	0	0	0	58,067,283	0	0
9. Present value of amounts not yet due on claims .....	0	0	0	0	0	0	0	0	0
10. Reserve for future contingent benefits .....	37,000	37,000	0	0	0	0	0	0	0
11. Aggregate write-ins for other claim reserves .....	0	0	0	0	0	0	0	0	0
12. Totals (gross) .....	37,000	37,000	0	0	0	0	0	0	0
13. Reinsurance ceded .....	0	0	0	0	0	0	0	0	0
14. Totals (Net)(Page 3, Line 7) .....	37,000	37,000	0	0	0	0	0	0	0
<b>DETAILS OF WRITE-INS</b>									
0501. Risk Adjustment Premium Payable .....	37,772,230	0	0	0	0	0	37,772,230	0	0
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) .....	37,772,230	0	0	0	0	0	37,772,230	0	0
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above) .....	0	0	0	0	0	0	0	0	0

(a) Includes \$ .....15,189,000 premium deficiency reserve.

**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 (\$ .....0 for occupancy of own building) .....	195,680	5,523	589,329	0	790,533
2. Salary, wages and other benefits .....	7,393,493	414,688	22,694,572	0	30,502,753
3. Commissions (less \$ .....0 ceded plus \$ .....0 assumed) .....	0	0	1,519,771	0	1,519,771
4. Legal fees and expenses .....	59,391	1,704	832,807	0	893,902
5. Certifications and accreditation fees .....	548	187	20,191	0	20,925
6. Auditing, actuarial and other consulting services .....	262,480	12,137	658,006	0	932,623
7. Traveling expenses .....	202,423	8,335	536,184	0	746,941
8. Marketing and advertising .....	888,375	26,683	2,630,749	0	3,545,807
9. Postage, express and telephone .....	648,741	21,512	1,809,850	0	2,480,104
10. Printing and office supplies .....	173,019	6,863	465,577	0	645,459
11. Occupancy, depreciation and amortization .....	99,710	2,810	1,263,777	0	1,366,297
12. Equipment .....	104,016	2,935	313,344	0	420,295
13. Cost or depreciation of EDP equipment and software .....	228,081	6,623	(227,243)	0	7,460
14. Outsourced services including EDP, claims, and other services .....	5,354,063	262,731	9,641,881	0	15,258,674
15. Boards, bureaus and association fees .....	60,846	6,166	58,464	0	125,476
16. Insurance, except on real estate .....	52,861	1,705	153,174	0	207,740
17. Collection and bank service charges .....	130,058	3,671	391,736	0	525,465
18. Group service and administration fees .....	381,885	48,003	106,272	0	536,159
19. Reimbursements by uninsured plans .....	0	0	(5,192,696)	0	(5,192,696)
20. Reimbursements from fiscal intermediaries .....	0	0	0	0	0
21. Real estate expenses .....	177,868	5,020	535,674	0	718,562
22. Real estate taxes .....	0	0	0	0	0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....	0	0	460	0	460
23.2 State premium taxes .....	0	0	90,016	0	90,016
23.3 Regulatory authority licenses and fees .....	0	0	227,633	0	227,633
23.4 Payroll taxes .....	0	0	1,288,759	0	1,288,759
23.5 Other (excluding federal income and real estate taxes) .....	1,667	89	34,848	0	36,604
24. Investment expenses not included elsewhere .....	48,423	1,364	145,912	0	195,699
25. Aggregate write-ins for expenses .....	154,465	4,363	686,274	0	845,101
26. Total expenses incurred (Lines 1 to 25) .....	16,618,092	843,113	41,275,319	0	(a) 58,736,524
27. Less expenses unpaid December 31, current year .....	0	303,238	14,234,403	0	14,537,641
28. Add expenses unpaid December 31, prior year .....	0	456,700	10,305,588	0	10,762,288
29. Amounts receivable relating to uninsured plans, prior year .....	0	0	4,121,395	0	4,121,395
30. Amounts receivable relating to uninsured plans, current year .....	0	0	8,401,325	0	8,401,325
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	16,618,092	996,575	41,626,434	0	59,241,101
<b>DETAILS OF WRITE-INS</b>					
2501. Miscellaneous Administrative Expenses .....	154,465	4,363	686,274	0	845,101
2502. ....					
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	154,465	4,363	686,274	0	845,101

(a) Includes management fees of \$ .....(16,601,392) to affiliates and \$ .....0 to non-affiliates.

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds	(a) 30,707	36,874
1.1 Bonds exempt from U.S. tax	(a) 0	0
1.2 Other bonds (unaffiliated)	(a) 2,025,541	2,168,441
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 0	0
2.11 Preferred stocks of affiliates	(b) 0	0
2.2 Common stocks (unaffiliated)	0	0
2.21 Common stocks of affiliates	0	0
3. Mortgage loans	(c) 0	0
4. Real estate	(d) 0	0
5. Contract Loans	0	0
6. Cash, cash equivalents and short-term investments	(e) 45,592	45,592
7. Derivative instruments	(f) 0	0
8. Other invested assets	0	0
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	2,101,840	2,250,907
11. Investment expenses		(g) 0
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 0
14. Depreciation on real estate and other invested assets		(i) 0
15. Aggregate write-ins for deductions from investment income		67,731
16. Total deductions (Lines 11 through 15)		67,731
17. Net investment income (Line 10 minus Line 16)		2,183,176
<b>DETAILS OF WRITE-INS</b>		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501. Miscellaneous Investment Expenses		67,731
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		67,731

- (a) Includes \$ 163,819 accrual of discount less \$ 183,002 amortization of premium and less \$ 116,297 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 \$ 33,136 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses 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	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	30,170	0	30,170	0	0
1.1 Bonds exempt from U.S. tax	0	0	0	0	0
1.2 Other bonds (unaffiliated)	(1,803)	0	(1,803)	189,510	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	0	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	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	28,366	0	28,366	189,510	0
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

**EXHIBIT OF NON-ADMITTED 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 D) .....	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) .....	0	0	0
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. Subtotals, cash and invested assets (Lines 1 to 11) .....	0	0	0
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 .....	1,917,148	2,058,211	141,063
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	0	0
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 .....	3,017,156	1,293,402	(1,723,754)
21. Furniture and equipment, including health care delivery assets .....	3,436,885	2,478,989	(957,896)
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
23. Receivable from parent, subsidiaries and affiliates .....	0	0	0
24. Health care and other amounts receivable .....	218,288	227,539	9,251
25. Aggregate write-ins for other than invested assets .....	2,094,681	1,946,888	(147,793)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	10,684,157	8,005,029	(2,679,128)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0
28. Total (Lines 26 and 27) .....	10,684,157	8,005,029	(2,679,128)
<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 thru 1103 plus 1198)(Line 11 above) .....	0	0	0
2501. Prepaid Expenses .....	1,570,382	1,370,543	(199,839)
2502. Prepaid Commissions .....	426,949	450,971	24,022
2503. Deposits .....	97,350	125,374	28,024
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	2,094,681	1,946,888	(147,793)

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations .....	43,155	45,923	46,548	47,044	47,236	552,697
2. Provider Service Organizations .....	0	0	0	0	0	0
3. Preferred Provider Organizations .....	0	0	0	0	0	0
4. Point of Service .....	0	0	0	0	0	0
5. Indemnity Only .....	0	0	0	0	0	0
6. Aggregate write-ins for other lines of business .....	0	0	0	0	0	0
7. Total	43,155	45,923	46,548	47,044	47,236	552,697
<b>DETAILS OF WRITE-INS</b>						
0601. ....						
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

**STATEMENT AS OF December 31, 2019 OF Humana Health Plans of Puerto Rico, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Insurance Commissioner of Puerto Rico.

The Insurance Commissioner of Puerto Rico (the Commissioner) recognizes only statutory accounting practices prescribed or permitted by the Commonwealth of Puerto Rico for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Puerto Rico Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual (NAIC SSAP) has been adopted as a component of prescribed or permitted practices by the Commonwealth of Puerto Rico. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices. No deviations from the Codification currently exist.

A reconciliation of the Company's net income and capital and surplus between NAIC SSAP and practices prescribed and permitted by the Commonwealth of Puerto Rico is shown below:

	SSAP #	F/S Page	F/S Line #	2019	2018
Net Loss					
1. Humana Health Plans of Puerto Rico, Inc. Puerto Rico basis	xxx	xxx	xxx	\$ (24,682,863)	\$ (23,596,016)
2. State Prescribed Practices that is an increase/(decrease) NAIC SSAP				-	-
3. State Permitted Practices that is an increase/(decrease) NAIC SSAP				-	-
4. NAIC SSAP	xxx	xxx	xxx	\$ <u>(24,682,863)</u>	\$ <u>(23,596,016)</u>
Surplus					
5. Humana Health Plans of Puerto Rico, Inc. Puerto Rico basis	xxx	xxx	xxx	\$ 25,187,307	\$ 23,059,559
6. State Prescribed Practices that is an increase/(decrease) NAIC SSAP				-	-
7. State Permitted Practices that is an increase/(decrease) NAIC SSAP				-	-
8. NAIC SSAP	xxx	xxx	xxx	\$ <u>25,187,307</u>	\$ <u>23,059,559</u>

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. These estimates are based on knowledge of current events and anticipated future events, and accordingly, actual results could differ from those estimates.

C. Accounting Policy

Premiums are reported as earned in the period in which members are entitled to receive services, and are net of retroactive membership adjustments. Retroactive membership adjustments result from enrollment changes not yet processed, or not yet reported by an employer group or the government. Premiums received prior to such period are recorded as advance premiums.

Benefits incurred and loss adjustment expenses include claim payments, capitation payments, pharmacy costs net of rebates, allocations of certain centralized expenses, legal and administrative costs to settle claims, and various other costs incurred to provide health insurance coverage to members, as well as estimates of future payments to hospitals and others for medical care provided prior to the date of the statements of admitted assets, liabilities and surplus. Capitation payments represent monthly contractual fees disbursed to participating primary care physicians, and other providers who are responsible for providing medical care to members. Pharmacy costs represent payments for members' prescription drug benefits, net of rebates from drug manufacturers.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments include investments mainly in U.S. Government obligations with a maturity of twelve months or less from the date of purchase. Short-term investments are recorded at amortized cost. The carrying value of short-term investments approximates fair value due to the short-term maturities of the investments.
- (2-4) Investments are valued and classified in accordance with methods prescribed by the NAIC. Bonds with an NAIC rating of 1 or 2 are carried at amortized cost, with all other bonds being recorded at the lower of amortized cost or fair value; redeemable preferred stocks are carried at amortized cost; and non-redeemable preferred stocks are carried at fair value. Common stocks are carried at fair value.

The Company regularly evaluates investment securities for impairment. For all securities other than loan-backed and structured securities, the Company considers factors affecting the investee, factors affecting the industry the investee operates within, and general debt and equity market trends. The Company also considers the length of time an investment's fair value has been below carrying value, the near term prospects for recovery to carrying value, and the Company's intent and ability to hold the investment until maturity or market recovery is realized. If and when a determination is made that a decline in fair value below the cost basis is other-than-temporary, the related investment is written down to its estimated fair value through earnings.

Amortization of bond premium or discount is computed using the scientific interest method.

STATEMENT AS OF December 31, 2019 OF Humana Health Plans of Puerto Rico, Inc.

NOTES TO THE FINANCIAL STATEMENTS

Income from investments is recorded on an accrual basis. For the purpose of determining realized gains and losses, the cost of securities sold is based upon specific identification. Investment income due and accrued over 90 days past due is nonadmitted.

- (5) Not Applicable.
- (6) For loan backed and structured securities where the securities fair value is less than the amortized cost, the Company considers several factors to determine if the security's impairment is other-than-temporary. If the Company has the intent to sell the security or if the Company does not have the intent and ability to retain the security until recovery of its fair value, the related investment is written down to its estimated fair value through earnings. If, however, the Company has the intent and ability to retain the security until recovery of its fair value, the Company considers factors affecting the investee, factors affecting the industry the investee operates within, and general debt and equity market trends. The Company also considers the length of time an investment's fair value has been below carrying value and the near term prospects for recovery to carrying value. If the determination is made, based on these factors, that the Company does expect to recover the entire amortized cost of the security, then an other-than-temporary impairment has not occurred. If, however, the determination is made that the Company does not expect to recover the entire amortized cost of the security based on the factors noted above, the Company recognizes a realized loss in earnings for the non-interest related decline. No loss is recognized for the interest impairment.
- (7) Not Applicable.
- (8) Not Applicable.
- (9) Not Applicable.
- (10-11) The estimates of future medical benefit payments are developed using actuarial methods and assumptions based upon claim payment patterns, medical cost inflation, historical development such as claim inventory levels and claim receipt patterns, and other relevant factors. Corresponding administrative costs to process outstanding claims are estimated and accrued. Estimates of future payments relating to services incurred in the current and prior periods are continually reviewed by management and adjusted as necessary.

The Company assesses the profitability of its contracts for providing health insurance coverage to its members when current operating results or forecasts indicate probable future losses. The Company records a premium deficiency liability in current operations to the extent that the sum of expected future medical costs, claim adjustment expenses and maintenance costs exceed related future premiums. Investment income is not contemplated in the calculation of the premium deficiency liability.

Management believes the Company's benefits payable and loss adjustment expense are adequate to cover future claims and loss adjustment expense payments required, however, such estimates are based on knowledge of current events and anticipated future events and, therefore, the actual liability could differ from the amounts provided.

- (12) The Company has not modified its capitalization policy from the prior period.

Equipment is stated at cost less accumulated depreciation. Depreciation expense is computed using the straight-line method over estimated useful lives generally ranging from three to five years. Improvements to leased facilities are depreciated over the shorter of the remaining lease term or the anticipated life of the improvement.

The Company recognizes an asset or liability for the deferred tax consequences of temporary differences between the tax basis of assets or liabilities and their reported amounts in the financial statements. The temporary differences will result in taxable or deductible amounts in future years when the reported amounts of the assets or liabilities are recovered or settled.

- (13) The Company estimates anticipated Pharmacy Rebate Receivables using the analysis of historical recovery patterns.
- (14) Not Applicable.
- (15) Not Applicable.

D. Going Concern

Management of the Company has evaluated the Company's ability to continue as a going concern under SSAP No. 1, *Accounting Policies, Risks & Uncertainties, and Other Disclosures* (SSAP No. 1). The Company has experienced significant operating losses in recent periods requiring a surplus note from Humana Insurance Company of Puerto Rico, Inc., as discussed in Note 13. As a result of these losses, Humana has agreed through a parental guarantee to provide additional capital as necessary for the Company to remain in compliance with the capital requirements mandated by the Commonwealth of Puerto Rico. After consideration of the parental guarantee by Humana, management of the Company has determined that there is no substantial doubt about its ability to continue as a going concern.

2. Accounting Changes and Corrections of Errors

During 2019, the Company determined that its accruals associated with Medicare Part D Risk Corridor for the prior year were understated which resulted in the prior year net premium income to be overstated by \$4,085,706 and benefits incurred and loss adjustment expense to be overstated by \$385,935. The impact of the error resulted in a net overstatement of surplus of \$3,699,772 at December 31, 2018. Consistent with SSAP No. 3, *Accounting Changes and Corrections of Errors* (SSAP No. 3), the net impact of the Medicare Part D Risk Corridor error was recorded as an adjustment to unassigned surplus.

NOTES TO THE FINANCIAL STATEMENTS

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not Applicable.

B. Statutory Merger

Not Applicable.

C. Assumption Reinsurance

Not Applicable.

D. Impairment Loss

Not Applicable.

4. Discontinued Operations

Not Applicable.

5. Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

Not Applicable.

B. Debt Restructuring

Not Applicable.

C. Reverse Mortgages

Not Applicable.

D. Loan-Backed Securities

- (1) Prepayment assumptions for mortgage-backed/loan-backed and structured securities were obtained from industry market sources.
- (2) Not Applicable.
- (3) Not Applicable.
- (4) The Company does not have any investments in an other-than-temporary impairment position at December 31, 2019.

Gross unrealized losses and related fair value of temporarily impaired securities that have been in a continuous unrealized loss position were as follows at December 31, 2019:

(a) The aggregate amount of unrealized losses:

1. Less than Twelve Months	\$	(2,291)
2. Twelve Months or Longer	\$	(8,355)

(b) The aggregate related fair value of securities with unrealized losses:

1. Less than Twelve Months	\$	318,350
2. Twelve Months or Longer	\$	2,241,645

- (5) Unrealized losses are primarily due to increases in market interest rates and tighter liquidity conditions in the current markets than when the securities were purchased. All issuers of securities trading at an unrealized loss remain current on all contractual payments and the Company believes it is probable that all amounts due according to the contractual terms of the debt securities are collectible. After taking into account these and other factors, including the severity of the decline and the Company's ability and intent to hold these securities until recovery or maturity, the Company determined the unrealized losses on these investment securities were temporary and, as such, no impairment was required.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

- (1) The Company has no repurchase agreements or securities lending transactions.
- (2) The Company has not pledged any of its assets as collateral.
- (3-7) Not Applicable.

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

STATEMENT AS OF December 31, 2019 OF Humana Health Plans of Puerto Rico, Inc.

NOTES TO THE FINANCIAL STATEMENTS

Not Applicable.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not Applicable.

H. Repurchase Agreements Transactions Accounted for as a Sale

Not Applicable.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not Applicable.

J. Real Estate

Not Applicable.

K. Low-Income Housing Tax Credits (LIHTC)

Not Applicable.

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	1	2	3	4	5	6	7
	Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Admitted Restricted (1 minus 4)	Percentage Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	Percentage Admitted Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	-%	-%
b. Collateral held under security lending agreements	-	-	-	-	-	-	-
c. Subject to repurchase agreements	-	-	-	-	-	-	-
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 to sale – excluding FHLB capital stock	-	-	-	-	-	-	-
i. FHLB capital stock	-	-	-	-	-	-	-
j. On deposit with states	23,283,804	6,046,095	17,237,709	-	23,283,804	14.08%	15.06%
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	-	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-	-
<b>o. Total Restricted Assets</b>	<b>\$ 23,283,804</b>	<b>\$ 6,046,095</b>	<b>\$ 17,237,709</b>	<b>-</b>	<b>\$ 23,283,804</b>	<b>14.08%</b>	<b>15.06%</b>

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

Not Applicable.

(3) Detail of Other Restricted Assets Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

Not Applicable.

(4) Collateral Received and Reflected as Assets Within the Reporting Entity’s Financial Statements

Not Applicable.

STATEMENT AS OF December 31, 2019 OF Humana Health Plans of Puerto Rico, Inc.

NOTES TO THE FINANCIAL STATEMENTS

M. Working Capital Finance Investments

Not Applicable.

N. Offsetting and Netting of Assets and Liabilities

Not Applicable.

O. 5GI\* Securities

Not Applicable.

P. Short Sales

Not Applicable.

Q. Prepayment Penalty and Acceleration Fees

(1) Number of CUSIPS			2
(2) Aggregate Amount of Investment Income	\$		19,664

6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10.0 percent of its admitted assets.

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. Investment Income

A. Due and accrued income was excluded from surplus on the following basis:

All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.

B. The total amount excluded was \$0.

8. Derivative Instruments

Not Applicable.

9. Income Taxes

A. Deferred Tax Assets/(Liabilities)

(1) The components of the net admitted deferred tax asset/(liability) by tax character were as follows:

	December 31, 2019		
	Ordinary	Capital	Total
a. Gross deferred tax assets	\$ 50,850,029	\$ -	\$ 50,850,029
b. Statutory valuation allowance adjustments	(50,850,029)	-	(50,850,029)
c. Adjusted gross deferred tax assets	-	-	-
d. Deferred tax assets nonadmitted	-	-	-
e. Net admitted deferred tax assets	-	-	-
f. Deferred tax liabilities	-	-	-
g. Net admitted deferred tax asset/(liability)	\$ -	\$ -	\$ -

	December 31, 2018		
	Ordinary	Capital	Total
a. Gross deferred tax assets	\$ 41,067,453	\$ -	\$ 41,067,453
b. Statutory valuation allowance adjustments	(41,067,453)	-	(41,067,453)
c. Adjusted gross deferred tax assets	-	-	-
d. Deferred tax assets nonadmitted	-	-	-
e. Net admitted deferred tax assets	-	-	-
f. Deferred tax liabilities	-	-	-
g. Net admitted deferred tax asset/(liability)	\$ -	\$ -	\$ -

	Change		
	Ordinary	Capital	Total
a. Gross deferred tax assets	\$ 9,782,576	\$ -	\$ 9,782,576
b. Statutory valuation allowance adjustments	(9,782,576)	-	(9,782,576)
c. Adjusted gross deferred tax assets	-	-	-
d. Deferred tax assets nonadmitted	-	-	-
e. Net admitted deferred tax assets	-	-	-
f. Deferred tax liabilities	-	-	-
g. Net admitted deferred tax asset/(liability)	\$ -	\$ -	\$ -

**STATEMENT AS OF December 31, 2019 OF Humana Health Plans of Puerto Rico, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS**

The amount of admitted adjusted gross deferred tax assets under SSAP No. 101 were as follows:

	December 31, 2019		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ -	\$ -
b. Adjusted gross deferred tax assets expected to be realized after application of the threshold limitation	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the Balance Sheet date	XXX	XXX	-
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	-
c. Adjusted gross deferred tax assets offset by gross deferred tax liabilities	-	-	-
d. Deferred tax assets admitted as the result of application of SSAP No. 101. Total	\$ -	\$ -	\$ -

	December 31, 2018		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ -	\$ -
b. Adjusted gross deferred tax assets expected to be realized after application of the threshold limitation	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the Balance Sheet date	XXX	XXX	-
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	-
c. Adjusted gross deferred tax assets offset by gross deferred tax liabilities	-	-	-
d. Deferred tax assets admitted as the result of application of SSAP No. 101. Total	\$ -	\$ -	\$ -

	Change		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ -	\$ -
b. Adjusted gross deferred tax assets expected to be realized after application of the threshold limitation	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the Balance Sheet date	XXX	XXX	-
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	-
c. Adjusted gross deferred tax assets offset by gross deferred tax liabilities	-	-	-
d. Deferred tax assets admitted as the result of application of SSAP No. 101. Total	\$ -	\$ -	\$ -

(3) The ratio percentage used to determine recovery period and threshold limitation amount was as follows:

	December 31, 2019	December 31, 2018
a. Ratio percentage used to determine recovery period and threshold limitation amount	245%	249%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2 b.2 above	25,187,307	23,059,559

(4) The impact of tax planning strategies on adjusted gross DTAs and net admitted DTAs was as follows:

	December 31, 2019		
	Ordinary	Capital	Total
a. Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage			
1. Adjusted gross DTAs amount from note 9A1(c)	\$ -	\$ -	-
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.00%	0.00%	0.00%
3. Net admitted adjusted gross DTAs amount from note 9A1(e)	\$ -	\$ -	-
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.00%	0.00%	0.00%

STATEMENT AS OF December 31, 2019 OF Humana Health Plans of Puerto Rico, Inc.

NOTES TO THE FINANCIAL STATEMENTS

		December 31, 2018	
		Ordinary	Capital
a.	Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage		
1.	Adjusted gross DTAs amount from note 9A1(c)	\$ -	\$ -
2.	Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.00%	0.00%
3.	Net admitted adjusted gross DTAs amount from note 9A1(e)	\$ -	\$ -
4.	Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.00%	0.00%
		Change	
		Ordinary	Capital
a.	Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage		
1.	Adjusted gross DTAs amount from note 9A1(c)	\$ -	\$ -
2.	Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.00%	0.00%
3.	Net admitted adjusted gross DTAs amount from note 9A1(e)	\$ -	\$ -
4.	Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.00%	0.00%

b. Does the Company's tax planning strategies include the use of reinsurance? Yes [ ] No [ X ]

B. There are no temporary differences for which a DTL has not been established.

C. Current and deferred income taxes

(1) Current income taxes incurred consist of the following major components:

		December 31, 2019	December 31, 2018	Change
a.	Federal	\$ -	\$ -	\$ -
b.	Foreign	35,304	-	35,304
c.	Subtotal	35,304	-	35,304
d.	Federal income tax on net capital gains	-	-	-
e.	Utilization of capital loss carryforwards	-	-	-
f.	Other	-	-	-
g.	Federal and foreign income taxes incurred	\$ 35,304	\$ -	\$ 35,304

(2-3) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

**STATEMENT AS OF December 31, 2019 OF Humana Health Plans of Puerto Rico, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS**

DTAs resulting from Book/Tax Differences in:

	December 31, 2019	December 31, 2018	Change
a. Ordinary			
1. Discounting of unpaid losses	\$ 5,695,875	\$ 1,265,250	\$ 4,430,625
2. Unearned premium reserve	-	-	-
3. Policyholder reserves	-	-	-
4. Investments and other	-	-	-
5. Deferred acquisition costs	-	-	-
6. Policyholder dividends accrual	-	-	-
7. Fixed assets	208,097	147,716	60,381
8. Compensation and benefit accruals	-	-	-
9. Pension accruals	-	-	-
10. Receivables – nonadmitted	4,006,559	3,001,886	1,004,673
11. Net operating loss carry-forward	37,592,294	35,207,890	2,384,404
12. Tax credit carry-forward	-	-	-
13. Other	92,349	86,452	5,897
14. Bad debts	333,186	-	333,186
15. Accrued litigation	-	-	-
16. CMS Rx reserve	-	-	-
17. CMS risk corridor -ACA	-	-	-
18. Medicare risk adjustment data	-	-	-
19. Miscellaneous reserves	2,921,848	1,358,260	1,563,589
20. Accrued lease	-	-	-
21. Section 197 intangible	-	-	-
22. Reinsurance fee	-	-	-
23. Provider contracts	-	-	-
24. Premium Acquisition Expense	-	-	-
99. Subtotal	50,850,029	41,067,453	9,782,576
b. Statutory valuation allowance adjustment	(50,850,029)	(41,067,453)	(9,782,576)
c. Nonadmitted	-	-	-
d. Admitted Ordinary DTAs	-	-	-
e. Capital			
1. Investments	-	-	-
2. Net capital loss carry-forward	-	-	-
3. Real estate	-	-	-
4. Other	-	-	-
99. Subtotal	-	-	-
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	-	-	-
h. Admitted capital DTAs	-	-	-
i. Admitted DTAs	\$ -	\$ -	\$ -

DTLs resulting from Book/Tax Differences in:

	December 31, 2019	December 31, 2018	Change
a. Ordinary			
1. Investments	\$ -	\$ -	\$ -
2. Fixed assets	-	-	-
3. Deferred and uncollected premium	-	-	-
4. Policyholder reserves/salvage & subrogation	-	-	-
5. Other	-	-	-
6. Premium acquisition reserve	-	-	-
7. Bad Debts	-	-	-
8. Reserve Transition Adjustment	-	-	-
99. Subtotal	-	-	-
b. Capital			
1. Investments	-	-	-
2. Real estate	-	-	-
3. Other	-	-	-
99. Subtotal	-	-	-
c. DTLs	\$ -	\$ -	\$ -
(4) Net deferred tax asset/(liability)	\$ -	\$ -	\$ -

D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory

**STATEMENT AS OF December 31, 2019 OF Humana Health Plans of Puerto Rico, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS**

Federal income tax rate to income before income taxes. The significant items causing this difference as of December 31, 2019 are as follows:

	Amount	Tax Effect	Effective Tax Rate
Income before taxes	\$ (24,647,558)	\$ (9,612,548)	39.00%
Tax-exempt interest	-	-	0.00%
Dividends received deduction	-	-	0.00%
Proration	-	-	0.00%
Meals & entertainment, lobbying expenses, etc.	185,600	72,384	(0.29%)
Statutory valuation allowance adjustment	25,083,529	9,782,576	(39.69%)
Change to nonadmitted assets & deferred tax true-up	(2,679,128)	(1,044,860)	4.24%
Other, including prior year true-up	2,147,621	837,752	(3.40%)
<b>Total</b>	<b>\$ 90,523</b>	<b>\$ 35,304</b>	<b>(0.14%)</b>
Federal income taxes incurred [expense/(benefit)]		\$ 35,304	(0.14%)
Change in net deferred income tax [charge/(benefit)]		-	0.00%
<b>Total statutory income taxes</b>		<b>\$ 35,304</b>	<b>(0.14%)</b>

E. Operating loss and tax credit carry-forwards and protective tax deposits

- (1) At December 31, 2019, the Company had net operating loss carry-forwards expiring through the year - of \$100,246,117.

At December 31, 2019, the Company had no capital loss carry-forwards.

At December 31, 2019, the Company had no AMT credit carry-forwards.

- (2) The following table demonstrates the income tax expense for 2018 and 2019 that is available for the recoupment in the event of future net losses:

	Ordinary	Capital	Total
2018	-	-	-
2019	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

- (3) There are no deposits admitted under IRC § 6603.

F. Not Applicable

- G. The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

10. Information Concerning Parent, Subsidiaries and Affiliates

A.-F. The Company provides management and administrative services to Humana Insurance Company of Puerto Rico, Inc., an affiliate. The related expenses are allocated based on a number of factors depending on the specific expense. That is, certain expenses are allocated on a per member per month basis while others are allocated on a percentage of premium basis or other specific allocation basis. For the years ended December 31, 2019 and 2018, expenses recovered by the Company amounted to \$(16,601,392) and \$(15,377,122), respectively, which are recorded as a reduction to selling, general and administrative expenses in the accompanying statutory statements of revenue and expenses.

In the ordinary course of business, the Company also has a contracted relationship with Humana Pharmacy Solutions, Inc. (HPS). HPS is responsible for designing pharmacy benefits, including defining member co-share responsibilities, determining formulary listings, contracting with retail pharmacies, confirming member eligibility, reviewing drug utilization, and processing claims for Humana entities. HPS has various contracts with pharmacy manufacturers to provide the Company with purchase discounts and volume rebates on certain prescription drugs utilized by its members. The Company had \$136,334,180 and \$107,610,773 of administrative service and prescription costs in 2019 and 2018, respectively, with HPS. The prescription costs included in fees paid to HPS are gross of the pharmacy rebates that the Company receives, see Footnote 28, and also includes payments for Medicare Part D claims that CMS reimburses the Company for through the Coverage Gap, Low Income and Reinsurance subsidies.

Included in the payments to HPS are also costs incurred from Humana Pharmacy, Inc. Humana Pharmacy, Inc. provides covered members with prescription services through use of the mail order as well as brick and mortar locations. These services are limited to maintenance medication prescription drug and allied services and supplies normally provided to the general public in the ordinary course of pharmacy business. The Company had \$4,515,590 and \$2,544,677 of prescription costs in 2019 and 2018, respectively, with Humana Pharmacy, Inc.

The Company has a cash pooling arrangement with Humana, Inc. whereby a majority of its cash is swept nightly. At December 31, 2019, the Company reported \$6,851,963 due to Humana associated with this arrangement and the aforementioned management arrangement with Humana Insurance Company of Puerto Rico, Inc.

No dividends were paid by the Company as of December 31, 2019.

**STATEMENT AS OF December 31, 2019 OF Humana Health Plans of Puerto Rico, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS**

The Company received an \$18,000,000 and 15,000,000 capital contribution from Humana Inc. and Humana Inc. on September 30, 2019 and December 30, 2019, respectively.

The Company has a parental guarantee with Humana Inc. in the event the Company is unable to repay its surplus note to an affiliated entity and if the Company is unable to comply with regulatory requirements.

G. All outstanding shares of the Company are owned by the Parent Company.

H. Not Applicable.

I. Not Applicable.

J. Not Applicable.

K. Not Applicable.

L. Not Applicable.

M. All SCA Investments

Not Applicable.

N. Investment in Insurance SCA

Not Applicable.

O. SCA Loss Tracking

Not Applicable.

11. Debt

A. Debt Including Capital Notes

The Company has no debentures outstanding.

The Company has no capital notes outstanding.

The Company does not have any reverse repurchase agreements.

B. Federal Home Loan Bank (FHLB) Agreements

The Company does not have any FHLB agreements.

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

A.-D. Defined Benefit Plans

Not Applicable.

E. Defined Contribution Plans

Not Applicable.

F. Multiemployer Plans

Not Applicable.

G. Consolidated/Holding Company Plans

The Company employees are eligible to participate in the Humana Retirement and Savings Plan (“the Plan”), a defined contribution plan, sponsored by Humana Inc. The Plan maintains two accounts, the Savings Account and the Retirement Account.

Humana Inc.’s total contributions paid to the Savings and Retirement accounts of the Humana Retirement Savings Plan were \$219,268,247 and \$194,704,927 for the years ended December 31, 2019 and 2018, respectively. Of these contributions, the Company contributed \$2,095,534 and \$1,995,266 during 2019 and 2018, respectively. As of December 31, 2019 and 2018, the fair market value of the Humana Retirement Savings Plan’s assets was \$59,448,872 and \$46,406,295, respectively.

H. Postemployment Benefits and Compensated Absences

Not Applicable.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

Not Applicable.

**STATEMENT AS OF December 31, 2019 OF Humana Health Plans of Puerto Rico, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS**

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

- (1) The Company has \$5 par value common stock with 1,000,000 shares authorized and 28,505 shares issued and 28,505 outstanding. All shares are common stock shares.
- (2) The Company has no preferred stock outstanding.
- (3-5) Dividends and returns of capital to shareholders are noncumulative and are paid as determined by the Board of Directors. In accordance with the Commissioner statutes, the maximum amount which can be paid by the Company to shareholders without prior approval by the Commissioner is the lesser of 10% of total surplus, or the greater of net operating gain for the calendar year preceding the dividend or for the 3 calendar years preceding the dividend less dividends paid for the most recent 2 of those calendar years. All ordinary dividends are limited to available and accumulated surplus funds. Based on these restrictions, no dividend was available without prior approval.

Within the limitations above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

No dividends or returns of capital were paid by the Company as of December 31, 2019.

- (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (7) Not Applicable.
- (8) Not Applicable.
- (9) Changes in balances of special surplus funds from the prior year is due to the estimated health insurance industry fee that will be payable on September 30, 2020.
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$189,510.
- (11) The Company issued the following surplus debentures or similar obligations:

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note	Interest And/Or Principal Paid Current year	Total Interest And/Or Principal Paid	Unapproved Interest And/Or Principal	Date of Maturity
December 31, 2018	5.00%	\$16,000,000	\$16,000,000	\$ -	\$ -	\$ -	December 31, 2025
	Total	\$16,000,000	\$16,000,000	\$ -	\$ -	\$ -	XXX

The Company issued a surplus note totaling \$16,000,000 from an affiliated entity Humana Insurance of Puerto Rico, Inc. in exchange for cash on December 31, 2018. As of December 31, 2018, the carrying value of the surplus note was \$16,000,000.

The principal and accrued interest begins December 31, 2021 and must be paid in full by 2025. Principal payments are stated in the surplus note as \$3,200,000 per year. Interest on the surplus note is 5%, does not compound and is due in the following manner on December 31 of the respective years: \$480,000 in 2021, \$640,000 in 2022, \$800,000 in 2023, \$960,000 in 2024 and \$1,120,000 in 2025.

Humana has unconditionally guaranteed the repayment of all amounts due pursuant to the surplus note in the event the Company is unable to repay amounts when due.

Any payments of the principal, whether prior to or at maturity, and any payment of interest on this debenture may be made in whole or in part only after the prior written approval of the Commissioner. No payment of accrued interest or repayment of the principal amount can be made if such repayment would reduce the capital and surplus of the Company to less than the minimum surplus amount required by the Commissioner. Repayment of the principal and payment of interest is subordinated to the prior payment of, or provision for, all general liabilities of the Company, but ranks superior to the claim, interest and equity of the shares or shareholders of the Company. No dividend can be paid on any security of the Company unless all unpaid accrued interest on the principal sum hereof has been first paid in full by the Company.

The Company accounts for the interest on its surplus note in accordance with SSAP No. 41, *Surplus Notes*. Interest is not recorded as a liability nor an expense until approval for payment of such interest has been granted by the Commissioner of the state of domicile.

- (12) Not Applicable.
- (13) Not Applicable.

14. Liabilities, Contingencies and Assessments

- A. Contingent Commitments  
Not Applicable.
- B. Assessments  
Not Applicable.

## NOTES TO THE FINANCIAL STATEMENTS

C. Gain Contingencies

Not Applicable.

D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits

Not Applicable.

E. Joint and Several Liabilities

Not Applicable.

F. All Other Contingencies

During the ordinary course of business, the Company is subject to pending and threatened legal actions. Management of the Company does not believe that any of these actions will have a material adverse effect on the Company's surplus, results of operations or cash flows. However, the likelihood or outcome of current or future legal proceedings cannot be accurately predicted, and they could adversely affect the Company's surplus, results of operations and cash flows.

CMS is continuing to perform audits of various companies' selected MA contracts related to this risk adjustment diagnosis data. These audits are referred to herein as Risk-Adjustment Data Validation Audits, or RADV audits. RADV audits review medical records in an attempt to validate provider medical record documentation and coding practices which influence the calculation of premium payments to MA plans.

In 2012, CMS released a "Notice of Final Payment Error Calculation Methodology for Part C Medicare Advantage Risk Adjustment Data Validation (RADV) Contract-Level Audits". The payment error calculation methodology provides that, in calculating the economic impact of audit results for an MA contract, if any, the results of the audit sample will be extrapolated to the entire MA contract based upon a comparison to "benchmark" audit data in Medicare FFS, which is referred to herein as the FFS Adjuster. This comparison to the FFS Adjuster is necessary to determine the economic impact, if any, of audit results because the government program data set, including any attendant errors that are present in that data set, provides the basis for MA plans' risk adjustment to payment rates. CMS already makes other adjustments to payment rates based on a comparison of coding pattern differences between MA plans and Medicare FFS data (such as for frequency of coding for certain diagnoses in MA plan data versus the government program data set).

The final methodology, including the first application of extrapolated audit results to determine audit settlements, is expected to be applied to RADV contract level audits currently being conducted for contract year 2011 in which two of Humana's MA plans are being audited. Per CMS guidance, selected MA contracts will be notified of an audit at some point after the close of the final reconciliation for the payment year being audited. The final reconciliation occurs in August of the calendar year following the payment year. Humana was notified on September 15, 2015 that five of its MA contracts have been selected for audit for contract year 2012. The Company held one of the MA contracts selected for audit. The Company submitted records for the selected contract to CMS on May 10, 2016.

Estimated audit settlements are recorded as a reduction of earned premiums in the statutory statements of revenue and expenses, based upon available information. The Company performs internal contract level audits based on the RADV audit methodology prescribed by CMS. Included in these internal contract level audits is an audit of the Company's Private Fee-For-Service business which the Company used to represent a proxy of the FFS Adjuster which has not yet been released. The Company based its accrual of estimated audit settlements for each contract year on the results of these internal contract level audits and update its estimates as each audit is completed. Estimates derived from these results indicated a potential exposure of \$21 million to the Company's statutory statements of admitted assets, liabilities and surplus, and related statutory statements of revenue and expenses, changes in surplus, and cash flows and the Company has notified CMS of the results of this internal audit. However, as indicated, the Company is awaiting additional guidance from CMS regarding CMS' preferred method for measuring the final amount owed in light of (i) CMS' ongoing RADV audit of certain Humana contracts, and (ii) CMS' prior recoupment of premiums associated with individual risk adjustment data corrections submitted to CMS by Humana following the self-audit process. Accordingly, the Company cannot determine whether such RADV audits will have a material adverse effect on the Company's statutory statements of admitted assets, liabilities and surplus, and related statutory statements of revenue and expenses, changes in surplus, and cash flows.

In addition, CMS' comments in formalized guidance regarding "overpayments" to MA plans appear to be inconsistent with CMS' prior RADV audit guidance. These statements, contained in the preamble to CMS' final rule release regarding MA and Part D prescription drug benefit program regulations for Contract Year 2015, appear to equate each MA risk adjustment data error with an "overpayment" without reconciliation to the principles underlying the FFS Adjuster referenced above. The Company will continue to work with CMS to ensure that MA plans are paid accurately and that payment model principles are in accordance with the requirements of the Social Security Act, which, if not implemented correctly could have a material adverse effect on the Company's statutory statements of admitted assets, liabilities and surplus, and related statutory statements of revenue and expenses, changes in surplus, and cash flows.

The Company is not aware of any other material contingent liabilities as of December 31, 2019.

15. Leases

A. Lessee Operating Lease

- (1) The Company has entered into operating leases for medical and administrative office space and equipment with lease terms ranging from one to six years. Operating lease rental payments charged to expenses for the years ended December 31, 2019 and 2018 was \$5,693,453 and \$1,780,231, respectively.

**STATEMENT AS OF December 31, 2019 OF Humana Health Plans of Puerto Rico, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS**

(2) Noncancelable Lease Terms:

a) At January 1, 2020, the minimum aggregate rental commitments are as follows:

Year ending December 31,	
2020	\$ 986,000
2021	986,000
2022	979,437
2023	41,200
2024	20,600
Thereafter	-
Total Minimum Lease Payments	\$ <u>3,013,237</u>

b) Certain rental commitments have renewal options extending through the year 2025. Some of these renewals are subject to adjustments in future periods.

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

B. Lessor Leases

Not Applicable.

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

The Company has no investment in Financial Instruments with Off-Balance Sheet Risk or Concentrations of Credit Risk.

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

A. Transfers of Receivables Reported as Sales

Not Applicable.

B. Transfer and Servicing of Financial Assets

Not Applicable.

C. Wash Sales

Not Applicable.

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 Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans were as follows for the year ended December 31, 2019:

	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$ (370,725)	\$ -	\$ (370,725)
b. Total net other income or expenses (including interest paid to or received from plans)	\$ 3,295,641	\$ -	\$ 3,295,641
c. Net gain or (loss) from operations	\$ 2,924,916	\$ -	\$ 2,924,916
d. Total claim payment volume	-	-	-

B. ASC Plans

Not Applicable.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract

(1) The Company records no revenue explicitly attributable to the cost share and reinsurance components of its Medicare or other similarly structured cost based reimbursement contracts.

(2) As of December 31, 2019, the Company has recorded a receivable from CMS of \$8,401,325 related to the cost share and reinsurance components of administered Medicare products. The Company does not have any receivables greater than 10% of the Company's accounts receivable from uninsured accident and health plans or \$10,000.

(3) As no revenue is recorded in connection with the cost share and reinsurance components of the Company's Medicare or other similarly structured cost based reimbursement contracts, the Company has recorded no allowances and reserves for adjustment of recorded revenues and receivables.

**STATEMENT AS OF December 31, 2019 OF Humana Health Plans of Puerto Rico, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS**

(4) The Company has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

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

Not Applicable.

20. Fair Value Measurements

A. (1) The fair value of financial assets at December 31, 2019 were as follows:

	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
a. Assets at fair value					
Bonds				\$	-
U.S. governments	\$ -	\$ -	\$ -	-	-
Tax-exempt municipal	-	-	-	-	-
Residential mortgage-backed	-	-	-	-	-
Corporate debt securities	-	592,993	-	-	592,993
Total bonds	-	592,993	-	-	592,993
Total assets at fair value/NAV	\$ -	\$ 592,993	\$ -	\$ -	\$ 592,993
b. Liabilities at fair value	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -	\$ -

The Company reports transfers between Level 1 and Level 2 of the fair value hierarchy levels at the end of the reporting period. There were no transfers between Level 1 and Level 2 of the fair value hierarchy between December 31, 2018 and December 31, 2019.

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

Not Applicable.

(3) The Company reports transfers into or out of Level 3 of the fair value hierarchy levels at the end of the reporting period. There were no transfers into or out of Level 3 of the fair value hierarchy levels between December 31, 2018 and December 31, 2019.

(4) Fair value of actively traded debt securities are based on quoted market prices. Fair value of other debt securities are based on quoted market prices of identical or similar securities or based on observable inputs like interest rates generally using a market valuation approach, or, less frequently, an income valuation approach and are generally classified as Level 2. The Company generally obtains one quoted price for each security from a third party pricing service. These prices are generally derived from recently reported trades for identical or similar securities, including adjustments through the reporting date based upon observable market information. When quoted prices are not available, the third party pricing service may use quoted market prices of comparable securities or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include benchmark yields, reported trades, credit spreads, broker quotes, default rates and prepayment speeds. The Company is responsible for the determination of fair value and as such, the Company performs analysis on the prices received from the third party pricing service to determine whether the prices are reasonable estimates of fair value. The Company's analysis includes a review of monthly price fluctuations as well as a quarterly comparison of the prices received from the pricing service to prices reported by the Company's third party investment advisor. Based on the Company's internal price verification procedures and review of fair value methodology documentation provided by the third party pricing service, there were no material adjustments to the prices obtained from the third party pricing service during the year ended December 31, 2019.

(5) Derivative Fair Values

Not Applicable.

B. Other Fair Value Disclosures

Not Applicable.

C. Fair Values for All Financial Instruments by Levels 1, 2 and 3

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Net Asset Value (NAV)			Not Practicable (Carrying Value)
			Level 1	Level 2	Level 3	
Bonds and cash equivalents	\$ 86,284,113	\$ 84,869,078	\$ 2,490,351	\$ 83,793,762	\$ -	\$ -

D. Financial Instruments for which Not Practicable to Estimate Fair Values

Not Applicable.

21. Other Items

A. Extraordinary Items

Not Applicable.

NOTES TO THE FINANCIAL STATEMENTS

B. Troubled Debt Restructuring: Debtors

Not Applicable.

C. Other Disclosures and Unusual Items

Not Applicable.

D. Business Interruption Insurance Recoveries

Not Applicable.

E. State Transferable and Non-transferable Tax Credits

Not Applicable.

F. Subprime Mortgage Related Risk Exposure

(1) The Company consults with its external investment managers to assess its subprime mortgage related risk exposure. Certain characteristics are utilized to determine if a mortgage-backed security has subprime exposure. The main characteristics reviewed when determining this are the collateral and structure of the security, the loan purpose, loan documentation, occupancy, geographical location, loan size and type. Subprime mortgage borrowers typically have lower credit scores, lower loan balances and higher loan-to-values than other conforming loans. Management's practices include reviewing quantitative and qualitative credit models that analyze loan-level collateral composition, historical underwriter performance trends, the impact of macroeconomic factors, and issuer risks; as well as reviewing the estimation of security cash flows and monthly model calibrations.

(2) Direct exposure through investments in sub-prime mortgage loans.

The Company has no direct exposure through investment to sub-prime mortgage loans.

(3) Direct exposure through other investments:

- a. Residential mortgage backed securities – No substantial exposure noted.
- b. Commercial mortgage backed securities – No substantial exposure noted.
- c. Collateralized debt obligations – No substantial exposure noted.
- d. Structured securities – No substantial exposure noted.
- e. Equity investment in SCAs – No substantial exposure noted.
- f. Other assets – No substantial exposure noted.
- g. Total – No substantial exposure noted.

(4) Underwriting exposure to sub-prime mortgage risk through Mortgage Guaranty coverage, Financial Guaranty coverage, Directors and Officers liability coverage, or Errors and Omissions liability coverage.

Not Applicable.

Classification of mortgage related securities is primarily based on information from outside data services, including rating agency actions. When considering our exposure, the Company evaluated the percentage of full documentation loans, percent of owner occupied properties, FICO scores, average margin for ARM loans, percent of loans with prepayment penalties, the existence of non-traditional underwriting standards, among other factors.

G. Retained Assets

Not Applicable.

H. Insurance Linked Securities

Not Applicable.

**STATEMENT AS OF December 31, 2019 OF Humana Health Plans of Puerto Rico, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS**

22. Events Subsequent

On January 1, 2020 the Company will be subject to the annual fee under Section 9010 of the Federal Affordable Care Act (ACA). The Consolidated Appropriations Act enacted on December 18, 2015, included a one-time one year suspension in 2017 of the health insurer fee. The Continuing Resolution bill, H.R. 195, enacted on January 22, 2018, included a one year suspension in 2019 of the health insurer fee, but the fee has resumed for calendar year 2020. No segregation was recorded within special surplus for the annual health insurance industry fee related to the 2018 data year due to the moratorium. The further consolidated Appropriations Act 2020, enacted on December 20, 2019, permanently repealed the health insurance industry fee for calendar years 2021 and thereafter. In 2018, the Company was subject to an annual fee under section 9010 of the ACA. This annual fee was 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 health insurance for any U.S. health risk that was written during the preceding calendar year. The 2018 fee was paid September 30, 2018. The impact of the annual health insurance industry fee on the Company's operations as of December 31, 2019 and 2018 were as follows:

	<u>Current Year</u>	<u>Prior Year</u>
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	\$ 7,599,701	\$ -
C. ACA fee assessment paid	\$ -	\$ 6,179,490
D. Premiums written subject to ACA 9010 assessment	\$ 382,316,862	\$ -
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	\$ 25,187,307	\$ 23,059,559
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ 17,587,606	\$ 23,059,559
G. Authorized Control Level (Five-Year Historical Line 15)	\$ 10,286,117	\$ 9,272,445
H. Would reporting the ACA assessment as of December 31, 2019, have triggered an RBC action level (YES/NO)	Yes	

The Company is not aware of any events or transactions occurring subsequent to the close of the books for this statement which may have a material effect on its financial condition. Subsequent events have been considered through March 31, 2020 for the Statutory Statement issued on March 31, 2020.

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 10.0 percent or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes ( ) No ( X )

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10.0 percent 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 )

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 credits?

Yes ( ) No ( X )

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No ( X )

Section 3 – Ceded Reinsurance Report – Part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this

STATEMENT AS OF December 31, 2019 OF Humana Health Plans of Puerto Rico, Inc.

NOTES TO THE FINANCIAL STATEMENTS

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)

B. Uncollectible Reinsurance

Not Applicable.

C. Commutation of Ceded Reinsurance

Not Applicable.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

Not Applicable.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. The Company estimates accrued retrospective premium adjustments for its Medicare business through a mathematical approach using an algorithm based upon settlement procedures defined by contracts with CMS.

The Company estimates accrued retrospective premium adjustments for its Commercial business based on experience to date, knowledge of the marketplace, and the terms of the risk corridors program with HHS.

B. The Company records accrued retrospective premium as an adjustment to earned premiums.

C. The amount of net premiums written by the Company at December 31, 2019 that are subject to retrospective rating features was \$382,089,676, or 100.00% of the total net premiums written. No other net premiums written by the Company are subject to retrospective rating features.

D. Medical loss ratio rebates required pursuant to the Public Health Service Act

Not Applicable.

E. Risk Sharing Provisions of the Affordable Care Act

Not Applicable.

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2018 were \$31,376,052. As of December 31, 2019, \$32,520,382 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$837,011 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$1,981,341 unfavorable prior-year development since December 31, 2018. The increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. The amounts presented in this footnote exclude any impact related to Pharmacy Rebates and other Healthcare Receivable activity. Impact of such receivables can be seen in Footnote 28. The Company did not experience any material prior year claim development on retrospectively rated policies.

26. Intercompany Pooling Arrangements

Not Applicable.

27. Structured Settlements

The Company has no structured settlements.

**STATEMENT AS OF December 31, 2019 OF Humana Health Plans of Puerto Rico, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS**

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

Quarter	Estimate Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More than 181 Days after Billing
12/31/2019	\$ 6,262,440	\$ 6,262,440	\$ -	\$ -	\$ -
9/30/2019	7,389,382	7,389,382	7,338,143	-	-
6/30/2019	11,270,825	11,270,825	11,125,766	43,275	-
3/31/2019	6,645,337	6,645,337	6,569,430	-	40,527
12/31/2018	5,513,618	5,513,618	5,452,918	22,756	16,367
9/30/2018	6,525,151	6,525,151	6,501,386	23,765	-
6/30/2018	7,285,446	7,285,446	7,249,143	36,303	-
3/31/2018	5,482,763	5,482,763	5,482,763	-	-
12/31/2017	4,307,254	4,307,254	4,066,647	231,541	9,066
9/30/2017	4,885,808	4,885,808	4,884,107	-	1,701
6/30/2017	4,718,203	4,718,203	4,714,786	2,406	1,011
3/31/2017	4,663,747	4,663,747	4,662,701	-	1,046

B. Risk Sharing Receivables

Not Applicable.

29. Participating Policies

The Company has no participating policies.

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves \$ 15,189,000
2. Date of the most recent evaluation of this liability December 31, 2019
3. Was anticipated investment income utilized in the calculation? Yes ( ) No ( X )

The Company did recognize the time value of money by discounting future losses at an annual interest rate of 1.75%.

31. Anticipated Salvage and Subrogation

Not Applicable.

# 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 [ X ] 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 [ X ] No [ ] N/A [ ]
- 1.3 State Regulating? ..... Puerto Rico
- 1.4 Is the reporting entity publicly traded or a member of a publicly traded group? ..... Yes [ X ] No [ ]
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. .... 0000049071
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [ X ]
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2014
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/2011
- 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). .... 10/25/2015
- 3.4 By what department or departments?  
Insurance Commissioner of Puerto Rico .....
- 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 [ X ] No [ ] N/A [ ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [ X ] 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 [ X ]  
4.12 renewals? ..... Yes [ ] No [ X ]
- 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 [ X ]  
4.22 renewals? ..... Yes [ ] No [ X ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [ X ]  
If yes, complete and file the merger history data file with the NAIC.
- 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 [ X ]
- 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 [ X ]
- 7.2 If yes,  
7.21 State the percentage of foreign control; ..... 0.0 %  
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 or 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 [ X ]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
Not Applicable. ....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [ X ]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

- 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
PricewaterhouseCoopers LLC, 304 Ponce de Leon Avenue, Suite 800, San Juan, Puerto Rico 00918
- 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 [ X ]
- 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 [ X ]
- 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 [ X ] 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 (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Drew Besendorf, Appointed Actuary, 500 West Main Street, Louisville, KY 40202 .....
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
  - 12.11 Name of real estate holding company .....
  - 12.12 Number of parcels involved .....0
  - 12.13 Total book/adjusted carrying value .....\$ .....0
- 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?  
Not Applicable. ....
- 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 [ X ]
- 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 [ X ] No [ ]
  - a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
  - b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
  - c. Compliance with applicable governmental laws, rules and regulations;
  - d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
  - e. Accountability for adherence to the code.
- 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 [ X ] No [ ]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
Ethics Every Day was amended in July 2019 to update content based on operational and regulatory changes, clarify content where necessary and perform general document maintenance. ....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [ X ]
- 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 [ X ]
- 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 [ X ] 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 [ X ] 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 with the official duties of such person? ..... Yes [ X ] 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 [ X ]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- |  |    |   |
|--|----|---|
| 20.11 To directors or other officers.....              | \$ | 0 |
| 20.12 To stockholders not officers.....                | \$ | 0 |
| 20.13 Trustees, supreme or grand (Fraternal Only)..... | \$ | 0 |
- 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.....              | \$ | 0 |
| 20.22 To stockholders not officers.....                | \$ | 0 |
| 20.23 Trustees, supreme or grand (Fraternal Only)..... | \$ | 0 |
- 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 [ X ]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- |                                 |    |   |
|---------------------------------|----|---|
| 21.21 Rented from others.....   | \$ | 0 |
| 21.22 Borrowed from others..... | \$ | 0 |
| 21.23 Leased from others.....   | \$ | 0 |
| 21.24 Other.....                | \$ | 0 |
- 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 [ X ]
- 22.2 If answer is yes:
- |   |    |   |
|---|----|---|
| 22.21 Amount paid as losses or risk adjustment \$ | \$ | 0 |
| 22.22 Amount paid as expenses.....                | \$ | 0 |
| 22.23 Other amounts paid.....                     | \$ | 0 |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ ] No [ X ]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ 0

### 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 [ X ] 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)  
N/A .....
- 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 [ ] N/A [ X ]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. .... \$ 0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. .... \$ 0
- 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 [ ] N/A [ X ]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? ..... Yes [ ] No [ ] N/A [ X ]
- 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 [ ] N/A [ X ]

**GENERAL INTERROGATORIES**

24.10 For the reporting entity's security lending program state the amount of the following as December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 .....	\$ .....	0
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 .....	\$ .....	0
24.103 Total payable for securities lending reported on the liability page .....	\$ .....	0

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 .....	\$ .....	0
25.22 Subject to reverse repurchase agreements .....	\$ .....	0
25.23 Subject to dollar repurchase agreements .....	\$ .....	0
25.24 Subject to reverse dollar repurchase agreements .....	\$ .....	0
25.25 Placed under option agreements .....	\$ .....	0
25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock .....	\$ .....	0
25.27 FHLB Capital Stock .....	\$ .....	0
25.28 On deposit with states .....	\$ .....	23,283,804
25.29 On deposit with other regulatory bodies .....	\$ .....	0
25.30 Pledged as collateral - excluding collateral pledged to an FHLB .....	\$ .....	0
25.31 Pledged as collateral to FHLB - including assets backing funding agreements .....	\$ .....	0
25.32 Other .....	\$ .....	0

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?..... Yes [ ] No [ ] N/A [ X ]  
If no, attach a description with this statement.

LINES 26.3 through 26.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate sensitivity? .. Yes [ ] No [ ]

26.4 If the response to 26.3 is YES, does the reporting entity utilize:

26.41 Special accounting provision of SSAP No. 108 .....	Yes [ ] No [ ]
26.42 Permitted accounting practice .....	Yes [ ] No [ ]
26.43 Other accounting guidance .....	Yes [ ] No [ ]

26.5 By responding YES to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following:..... Yes [ ] No [ ]

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guideline Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and that the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

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
Citibank N.A. ....	Securities Services Unit, PO Box 70301, San Juan, PR 00936-70301, Attn: Victor Colon Cartagena

## GENERAL INTERROGATORIES

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

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts"; "...handle securities"]

1 Name of Firm or Individual	2 Affiliation
BLACKROCK FINANCIAL MANAGEMENT, INC .....	U.....
W. Mark Preston .....	I.....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's invested assets?..... Yes [ X ] No [ ]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets?..... Yes [ X ] No [ ]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	Investment Management Agreement (IMA) Filed
107105 .....	BLACKROCK FINANCIAL MANAGEMENT, INC .....	549300LVXY1VJKE13M84 .....	The SEC .....	DS.....

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)])? ..... Yes [ ] No [ X ]  
 29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 - Total		0

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

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

**GENERAL INTERROGATORIES**

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 .....	84,632,338	86,047,373	1,415,035
30.2 Preferred stocks .....	0	0	0
30.3 Totals	84,632,338	86,047,373	1,415,035

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

Fair value of actively traded debt and equity securities are based on quoted market prices. Fair value of inactively traded debt securities are based on quoted market prices of identical or similar securities or based on observable inputs like interest rates using either a market or income valuation. ....

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 [ ] No [ X ]

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 [ ] 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:  
.....

33. By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5GI securities? ..... Yes [ ] No [ X ]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? ..... Yes [ ] No [ X ]

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:

- a. The shares were purchased prior to January 1, 2019.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
- d. The fund only or predominantly holds bonds in its portfolio.
- e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
- f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

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

**OTHER**

36.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? .....\$ .....7,679

36.2 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
.....	.....

**GENERAL INTERROGATORIES**

37.1 Amount of payments for legal expenses, if any? .....\$ .....644,481

37.2 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
PIETRANTONI MENDEZ & ALVAREZ LLP .....	214,435
ELIZABETH BARRETT LIPPINCOTT PLLC DBA STRATEGIC HEALTH LAW .....	214,679
.....	

38.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? .....\$ .....0

38.2 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
.....	

# GENERAL INTERROGATORIES

## PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [ X ]

1.2 If yes, indicate premium earned on U.S. business only ..... \$ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ 0

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 ..... \$ 0

1.5 Indicate total incurred claims on all Medicare Supplement Insurance ..... \$ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned ..... \$ 0

1.62 Total incurred claims ..... \$ 0

1.63 Number of covered lives ..... 0

All years prior to most current three years:

1.64 Total premium earned ..... \$ 0

1.65 Total incurred claims ..... \$ 0

1.66 Number of covered lives ..... 0

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 .....	378,003,970	324,575,784
2.2 Premium Denominator .....	382,089,676	324,575,784
2.3 Premium Ratio (2.1/2.2) .....	0.989	1.000
2.4 Reserve Numerator .....	102,887,978	69,295,249
2.5 Reserve Denominator .....	102,887,978	69,295,249
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 [ X ]

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 [ X ] 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 [ X ]

5.1 Does the reporting entity have stop-loss reinsurance? ..... Yes [ ] No [ X ]

5.2 If no, explain:  
Stop-Loss Reinsurance is not required

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical ..... \$ 0

5.32 Medical Only ..... \$ 0

5.33 Medicare Supplement ..... \$ 0

5.34 Dental & Vision ..... \$ 0

5.35 Other Limited Benefit Plan ..... \$ 0

5.36 Other ..... \$ 0

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:  
Provider contracts include hold harmless and continuation of benefits provisions. Insurer has an indemnity agreement with the parent company. ....

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? ..... Yes [ X ] 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 ..... 22,871

8.2 Number of providers at end of reporting year ..... 23,051

9.1 Does the reporting entity have business subject to premium rate guarantees? ..... Yes [ X ] No [ ]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months. \$ ..... 61,646

9.22 Business with rate guarantees over 36 months ..... \$ 0

**GENERAL INTERROGATORIES**

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? ..... Yes [ ] No [ X ]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses ..... \$ ..... 0
- 10.22 Amount actually paid for year bonuses ..... \$ ..... 0
- 10.23 Maximum amount payable withholds ..... \$ ..... 0
- 10.24 Amount actually paid for year withholds ..... \$ ..... 0

- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, ..... Yes [ ] No [ X ]
- 11.13 An Individual Practice Association (IPA), or, ..... Yes [ ] No [ X ]
- 11.14 A Mixed Model (combination of above)? ..... Yes [ ] No [ X ]
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? ..... Yes [ X ] No [ ]
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus. .... Puerto Rico
- 11.4 If yes, show the amount required. .... \$ 20,572,234
- 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  
See RBC calculation or state regulation.

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
PR - all counties .....
.....

- 13.1 Do you act as a custodian for health savings accounts? ..... Yes [ ] No [ X ]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. .... \$ ..... 0
- 13.3 Do you act as an administrator for health savings accounts? ..... Yes [ ] No [ X ]
- 13.4 If yes, please provide the balance of funds administered as of the reporting date. .... \$ ..... 0
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? ..... Yes [ ] No [ X ] 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
.....	.....	.....	.....	.....	.....	.....

15. Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded):
- 15.1 Direct Premium Written ..... \$ ..... 0
- 15.2 Total Incurred Claims ..... \$ ..... 0
- 15.3 Number of Covered Lives ..... 0

*Ordinary Life Insurance Includes
Term(whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary gurarantee)
Universal Life (with or without secondary gurarantee)
Variable Universal Life (with or without secondary gurarantee)

16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? ..... Yes [ ] No [ X ]
- 16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? ..... Yes [ ] No [ X ]

**FIVE-YEAR HISTORICAL DATA**

	1 2019	2 2018	3 2017	4 2016	5 2015
<b>Balance Sheet</b> (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28) .....	154,648,790	128,485,517	124,106,261	114,667,223	140,756,289
2. Total liabilities (Page 3, Line 24) .....	129,461,483	105,425,958	91,129,910	71,869,727	65,109,965
3. Statutory minimum capital and surplus requirement .....	20,572,234	18,544,890	16,874,494	17,601,428	20,325,710
4. Total capital and surplus (Page 3, Line 33) .....	25,187,307	23,059,559	32,976,351	42,797,496	75,646,324
<b>Income Statement</b> (Page 4)					
5. Total revenues (Line 8) .....	382,089,676	324,575,784	304,173,239	312,170,826	417,739,128
6. Total medical and hospital expenses (Line 18) .....	341,690,704	293,087,404	278,105,024	293,352,067	368,360,055
7. Claims adjustment expenses (Line 20) .....	17,461,205	13,536,297	13,022,152	11,870,773	11,514,823
8. Total administrative expenses (Line 21) .....	41,275,319	45,657,911	35,778,523	43,352,207	40,568,240
9. Net underwriting gain (loss) (Line 24) .....	(30,089,553)	(31,079,828)	(18,932,460)	(39,999,221)	(2,910,990)
10. Net investment gain (loss) (Line 27) .....	2,211,542	1,756,213	1,296,253	1,789,093	5,065,647
11. Total other income (Lines 28 plus 29) .....	3,230,451	5,727,599	4,731,580	5,956,879	6,021,019
12. Net income or (loss) (Line 32) .....	(24,682,863)	(23,596,016)	(12,923,301)	(32,227,417)	7,698,771
<b>Cash Flow</b> (Page 6)					
13. Net cash from operations (Line 11) .....	6,314,538	(29,750,383)	22,048,193	(23,386,972)	(14,175,551)
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital .....	25,187,307	23,059,559	32,976,351	42,797,496	75,646,324
15. Authorized control level risk-based capital .....	10,286,117	9,272,445	8,437,129	8,800,714	10,162,855
<b>Enrollment</b> (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7) .....	47,236	43,155	47,094	46,579	58,192
17. Total members months (Column 6, Line 7) .....	552,697	518,654	558,865	576,129	723,572
<b>Operating Percentage</b> (Page 4) (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) .....	89.4	90.3	91.4	94.0	88.2
20. Cost containment expenses .....	4.3	4.0	4.2	3.7	2.4
21. Other claims adjustment expenses .....	0.2	0.1	0.1	0.1	0.4
22. Total underwriting deductions (Line 23) .....	107.9	109.6	106.2	112.8	100.7
23. Total underwriting gain (loss) (Line 24) .....	(7.9)	(9.6)	(6.2)	(12.8)	(0.7)
<b>Unpaid Claims Analysis</b> (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5) .....	27,271,440	29,158,204	23,359,112	40,138,003	45,120,141
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)] .....	25,308,692	27,677,112	26,679,975	39,477,303	58,543,337
<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 18, Col. 1) .....	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1) .....	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Schedule 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 .....	0	0	0	0	0
32. Total of above Lines 26 to 31 .....	0	0	0	0	0
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: .....

**SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS**

**Allocated by States and Territories**

States, etc.	1 Active Status (a)	Direct Business Only								
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts	
1. Alabama	AL	N	0	0	0	0	0	0	0	0
2. Alaska	AK	N	0	0	0	0	0	0	0	0
3. Arizona	AZ	N	0	0	0	0	0	0	0	0
4. Arkansas	AR	N	0	0	0	0	0	0	0	0
5. California	CA	N	0	0	0	0	0	0	0	0
6. Colorado	CO	N	0	0	0	0	0	0	0	0
7. Connecticut	CT	N	0	0	0	0	0	0	0	0
8. Delaware	DE	N	0	0	0	0	0	0	0	0
9. District of Columbia	DC	N	0	0	0	0	0	0	0	0
10. Florida	FL	N	0	0	0	0	0	0	0	0
11. Georgia	GA	N	0	0	0	0	0	0	0	0
12. Hawaii	HI	N	0	0	0	0	0	0	0	0
13. Idaho	ID	N	0	0	0	0	0	0	0	0
14. Illinois	IL	N	0	0	0	0	0	0	0	0
15. Indiana	IN	N	0	0	0	0	0	0	0	0
16. Iowa	IA	N	0	0	0	0	0	0	0	0
17. Kansas	KS	N	0	0	0	0	0	0	0	0
18. Kentucky	KY	N	0	0	0	0	0	0	0	0
19. Louisiana	LA	N	0	0	0	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0	0	0	0
21. Maryland	MD	N	0	0	0	0	0	0	0	0
22. Massachusetts	MA	N	0	0	0	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0	0	0	0
24. Minnesota	MN	N	0	0	0	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0	0	0	0
26. Missouri	MO	N	0	0	0	0	0	0	0	0
27. Montana	MT	N	0	0	0	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0	0	0	0
34. North Carolina	NC	N	0	0	0	0	0	0	0	0
35. North Dakota	ND	N	0	0	0	0	0	0	0	0
36. Ohio	OH	N	0	0	0	0	0	0	0	0
37. Oklahoma	OK	N	0	0	0	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0	0	0	0
39. Pennsylvania	PA	N	0	0	0	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0	0	0	0
41. South Carolina	SC	N	0	0	0	0	0	0	0	0
42. South Dakota	SD	N	0	0	0	0	0	0	0	0
43. Tennessee	TN	N	0	0	0	0	0	0	0	0
44. Texas	TX	N	0	0	0	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0	0	0	0
47. Virginia	VA	N	0	0	0	0	0	0	0	0
48. Washington	WA	N	0	0	0	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0	0	0
54. Puerto Rico	PR	L	8,601,218	349,999,341	0	23,489,116	0	382,089,676	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0	0
57. Canada	CAN	N	0	0	0	0	0	0	0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	8,601,218	349,999,341	0	23,489,116	0	382,089,676	0	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	0	0	0	0	0	0	0	0	0
61. Total (Direct Business)	XXX	8,601,218	349,999,341	0	23,489,116	0	382,089,676	0	0	0
DETAILS OF WRITE-INS										
58001.	XXX	0	0	0	0	0	0	0	0	0
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	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0	0

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....1 R - Registered - Non-domiciled RRGs.....0  
 E - Eligible - Reporting entities eligible or approved to write surplus lines in the state.....0 Q - Qualified - Qualified or accredited reinsurer.....0  
 N - None of the above - Not allowed to write business in the state.....56

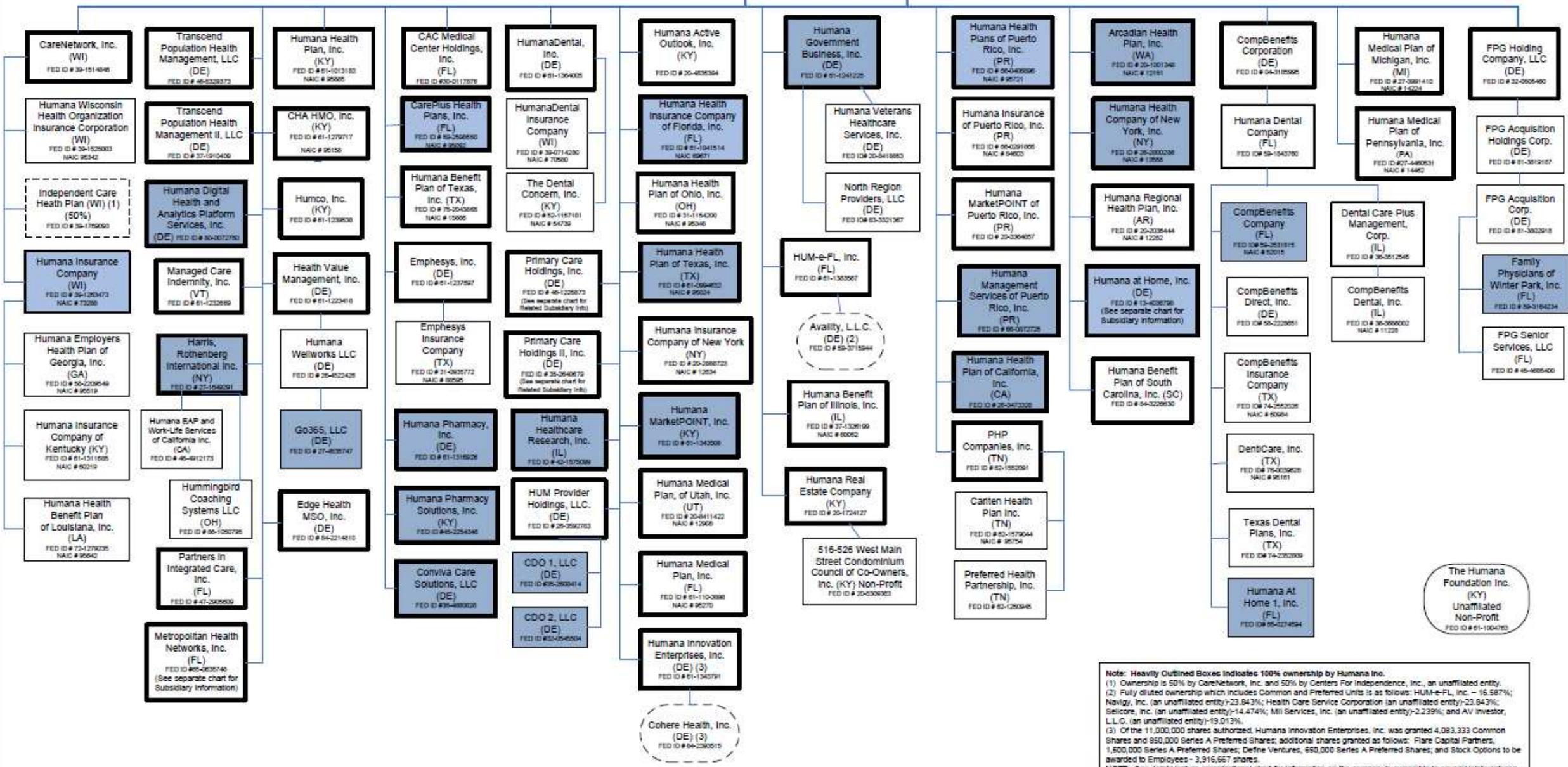
(b) Explanation of basis of allocation by states, premiums by state, etc.  
 The Company reports premium based on the situs of the contract

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Humana Health Plans of Puerto Rico Inc.

Blue boxes indicate companies with employees

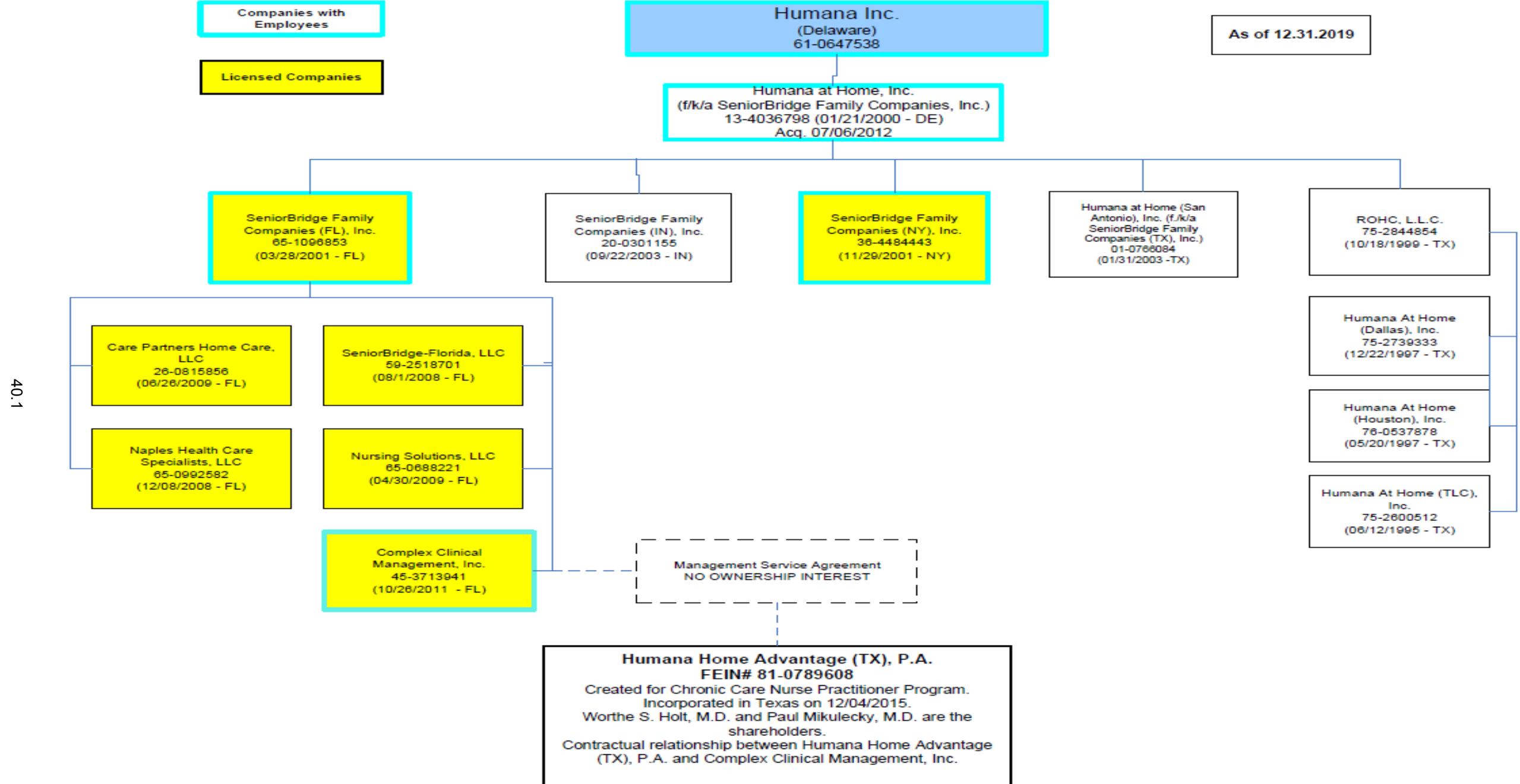
As of 12/31/2019

**Humana Inc. (DE)**  
FED ID # 61-0647538



Note: Heavily Outlined Boxes Indicate 100% ownership by Humana Inc.  
 (1) Ownership is 50% by CareNetwork, Inc. and 50% by Centers For Independence, Inc., an unaffiliated entity.  
 (2) Fully listed ownership which includes Common and Preferred Units is as follows: HUM-e-FL, Inc. - 95.587%; Navigi, Inc. (an unaffiliated entity)-23.843%; Health Care Service Corporation (an unaffiliated entity)-23.843%; Selcore, Inc. (an unaffiliated entity)-14.474%; Mill Services, Inc. (an unaffiliated entity)-2.239%; and AV Investor, L.L.C. (an unaffiliated entity)-19.013%.  
 (3) Of the 11,000,000 shares authorized, Humana Innovation Enterprises, Inc. was granted 4,083,333 Common Shares and 850,000 Series A Preferred Shares; additional shares granted as follows: Flare Capital Partners, 1,500,000 Series A Preferred Shares; Define Ventures, 650,000 Series A Preferred Shares; and Stock Options to be awarded to Employees - 3,916,667 shares.  
 NOTE: See Joint Venture organizational chart for information on the company's ownership in several joint ventures.

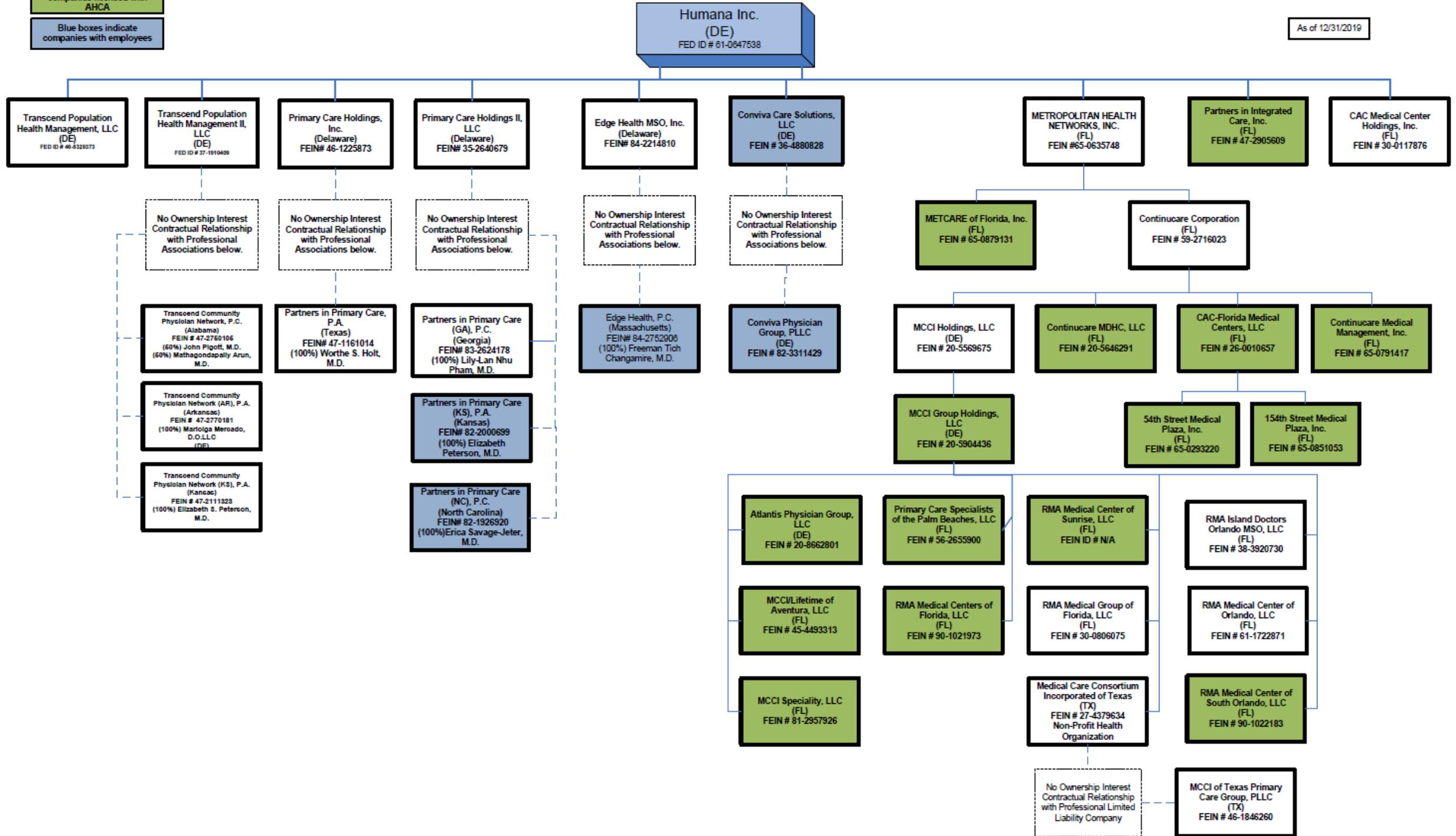
ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Humana Health Plans of Puerto Rico Inc.



ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Humana Health Plans of Puerto Rico Inc.

Green Boxes indicate companies licensed with AHCA  
 Blue boxes indicate companies with employees

As of 12/31/2019



**OVERFLOW PAGE FOR WRITE-INS**

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