



**ANNUAL STATEMENT**  
**FOR THE YEAR ENDING DECEMBER 31, 2012**  
 OF THE CONDITION AND AFFAIRS OF THE

**LifeWise Health Plan of Oregon, Inc.**

NAIC Group Code 0962 , 0962 NAIC Company Code 84930 Employer's ID Number 93-0931709  
(Current Period) (Prior Period)

Organized under the Laws of Oregon , State of Domicile or Port of Entry Oregon  
 Country of Domicile United States

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

Incorporated/Organized 08/07/1986 Commenced Business 01/02/1987

Statutory Home Office 2020 SW 4th Street, Suite 1000 , Portland, OR, 97201  
(Street and Number) (City, State, Country and Zip Code)

Main Administrative Office 2020 SW 4th Street, Suite 1000  
(Street and Number)  
Portland, OR, 97201 503-295-6707  
(City, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 2020 SW 4th Street, Suite 1000 , Portland, OR, 97201  
(Street and Number or P.O. Box) (City, State, Country and Zip Code)

Primary Location of Books and Records 2020 SW 4th Street, Suite 1000  
(Street and Number)  
Portland, OR, 97201 503-295-6707  
(City, State, Country and Zip Code) (Area Code) (Telephone Number) (Extension)

Internet Web Site Address www.lifewiseor.com

Statutory Statement Contact Walter Nelson Foster , 425-918-4684  
(Name) (Area Code) (Telephone Number) (Extension)  
walt.foster@premera.com 425-918-5182  
(E-Mail Address) (Fax Number)

**OFFICERS**

Name	Title	Name	Title
<u>Majd Fowzi El-Azma</u>	<u>President and CEO</u>	<u>John Hayes Pierce</u>	<u>Secretary</u>
<u>Sharilyn Ann Campbell</u>	<u>Treasurer</u>		

**OTHER OFFICERS**

<u>David John Braza</u>	<u>Senior Vice President</u>	<u>Richard Anthony Maturi</u>	<u>Senior Vice President</u>
<u>Sharon Smith Howe</u>	<u>Vice President</u>	<u>David Antony Lechner</u>	<u>Vice President</u>
<u>Jeffrey Edward Roe</u>	<u>Senior Vice President</u>	<u>Rakesh Tarun Chauhan M. D.</u>	<u>Senior Vice President</u>
<u>Kirsten Connell Kemp</u>	<u>Senior Vice President</u>		

**DIRECTORS OR TRUSTEES**

<u>Kent Steven Marquardt</u>	<u>Brian Eugene Ancell</u>	<u>Majd Fowzi El-Azma</u>	<u>Sharon Smith Howe</u>
<u>Jeffery Edward Roe</u>			

State of Washington

**ss**

County of Snohomish

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.

David John Braza  
 President  
 (SVP - HCI & Chief Actuary)

Sharilyn Ann Campbell  
 Treasurer

Subscribed and sworn to before me this  
28th day of February, 2013

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

Kahleen P. Ignacio, Notary Public in and for the State of Washington, County of Snohomish  
 June 29, 2013

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LifeWise Health Plan of Oregon, 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).....	87,569,725		87,569,725	80,915,138
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
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....1,800,605 , Schedule E-Part 1), cash equivalents (\$ .....0 , Schedule E-Part 2) and short-term investments (\$ .....5,262,105 , Schedule DA).....	7,062,710		7,062,710	7,767,527
6. Contract loans (including \$ ..... premium notes).....			0	0
7. Derivatives (Schedule DB).....			0	0
8. Other invested assets (Schedule BA) .....	0		0	0
9. Receivables for securities .....			0	0
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	94,632,435	0	94,632,435	88,682,665
13. Title plants less \$ ..... charged off (for Title insurers only).....			0	0
14. Investment income due and accrued .....	592,249		592,249	695,168
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	600,918		600,918	539,195
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	535,760		535,760	0
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....	1,315,618		1,315,618	883,819
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
18.2 Net deferred tax asset.....	1,438,987	232,953	1,206,034	0
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software.....			0	0
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	132,421	132,421	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....	149,451	413	149,038	247,023
24. Health care (\$ .....550,645 ) and other amounts receivable.....	550,645		550,645	402,177
25. Aggregate write-ins for other than invested assets .....	191,427	48,716	142,711	116,585
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	100,139,911	414,503	99,725,408	91,566,632
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	100,139,911	414,503	99,725,408	91,566,632
<b>DETAILS OF WRITE-INS</b>				
1101. ....			0	0
1102. ....			0	0
1103. ....			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Deposits, prepaid expenses and miscellaneous.....	191,427	48,716	142,711	116,585
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	191,427	48,716	142,711	116,585

## LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ .....56,160 reinsurance ceded)	17,229,576	1,241,239	18,470,815	16,558,758
2. Accrued medical incentive pool and bonus amounts			0	6,410
3. Unpaid claims adjustment expenses	642,154		642,154	586,035
4. Aggregate health policy reserves, including the liability of \$ .....545,687 for medical loss ratio rebate per the Public Health Service Act	553,290		553,290	1,266,309
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	5,179,159		5,179,159	4,754,159
9. General expenses due or accrued	2,016,677		2,016,677	2,224,256
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses))	277,065		277,065	342,965
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	20,800		20,800	22,281
12. Amounts withheld or retained for the account of others			0	1,317
13. Remittances and items not allocated	361,238		361,238	150,495
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	3,301,125		3,301,125	20,502
16. Derivatives			0	0
17. Payable for securities	1,730,053		1,730,053	1,354,272
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ ..... authorized reinsurers, \$ ..... unauthorized reinsurers and (\$ ..... certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified (\$ .....) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	1,055,244		1,055,244	777,175
23. Aggregate write-ins for other liabilities (including \$ .....1,412,814 current)	1,412,815	0	1,412,815	1,021,557
24. Total liabilities (Lines 1 to 23)	33,779,196	1,241,239	35,020,435	29,086,491
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	2,002,050	2,002,050
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	12,408,579	12,408,579
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	50,294,344	48,069,512
32. Less treasury stock, at cost:				
32.1 ..... shares common (value included in Line 26 \$ ..... )	XXX	XXX		0
32.2 ..... shares preferred (value included in Line 27 \$ ..... )	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	64,704,973	62,480,141
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	99,725,408	91,566,632
<b>DETAILS OF WRITE-INS</b>				
2301. Misc Accounts Payable	142,475		142,475	146,156
2302. Unclaimed Property	330,215		330,215	348,959
2303. Miscellaneous unapplied receipts	196		196	6,437
2398. Summary of remaining write-ins for Line 23 from overflow page	939,929	0	939,929	526,442
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,412,815	0	1,412,815	1,021,557
2501. ....	XXX	XXX		0
2502. ....	XXX	XXX		0
2503. ....	XXX	XXX		0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001. ....	XXX	XXX		0
3002. ....	XXX	XXX		0
3003. ....	XXX	XXX		0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

## STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	636,239	693,604
2. Net premium income (including \$ .....0 non-health premium income).....	XXX	159,350,277	171,971,105
3. Change in unearned premium reserves and reserve for rate credits .....	XXX	720,622	(726,973)
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		0
5. Risk revenue .....	XXX		0
6. Aggregate write-ins for other health care related revenues .....	XXX	0	0
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	160,070,899	171,244,132
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....	6,566,910	97,721,873	105,174,291
10. Other professional services .....			0
11. Outside referrals .....			0
12. Emergency room and out-of-area .....	1,363,506	20,290,265	17,835,516
13. Prescription drugs .....		11,438,317	11,671,339
14. Aggregate write-ins for other hospital and medical .....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		(4,843)	(16,741)
16. Subtotal (Lines 9 to 15) .....	7,930,416	129,445,612	134,664,405
<b>Less:</b>			
17. Net reinsurance recoveries .....		531,761	18,308
18. Total hospital and medical (Lines 16 minus 17) .....	7,930,416	128,913,851	134,646,097
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$ .....5,890,807 cost containment expenses.....		11,932,348	13,146,180
21. General administrative expenses.....		21,681,162	21,531,932
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only).....		7,603	0
23. Total underwriting deductions (Lines 18 through 22) .....	7,930,416	162,534,964	169,324,209
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	(2,464,065)	1,919,923
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		4,138,656	3,973,491
26. Net realized capital gains (losses) less capital gains tax of \$ .....0 .....		375,984	364,301
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	4,514,640	4,337,792
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....		0	0
29. Aggregate write-ins for other income or expenses .....	0	(547,393)	36,976
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	1,503,182	6,294,691
31. Federal and foreign income taxes incurred .....	XXX	1,733,075	2,033,059
32. Net income (loss) (Lines 30 minus 31) .....	XXX	(229,893)	4,261,632
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX		0
0602. ....	XXX		0
0603. ....	XXX		0
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX	0	0
0701. ....	XXX		0
0702. ....	XXX		0
0703. ....	XXX		0
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	XXX	0	0
1401. ....			0
1402. ....			0
1403. ....			0
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	0	0
2901. Miscellaneous (income) expense.....		(547,393)	36,976
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	(547,393)	36,976

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

	1 Current Year	2 Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year .....	62,480,141	54,758,998
34. Net income or (loss) from Line 32 .....	(229,893)	4,261,632
35. Change in valuation basis of aggregate policy and claim reserves .....		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ ..... 421,959 .....	783,639	(414,279)
37. Change in net unrealized foreign exchange capital gain or (loss) .....		0
38. Change in net deferred income tax .....	687,305	(223,074)
39. Change in nonadmitted assets .....	(189,860)	4,302,074
40. Change in unauthorized and certified reinsurance .....	0	0
41. Change in treasury stock .....	0	0
42. Change in surplus notes .....	0	0
43. Cumulative effect of changes in accounting principles .....	1,173,641	0
44. Capital Changes:		
44.1 Paid in .....	0	0
44.2 Transferred from surplus (Stock Dividend) .....		0
44.3 Transferred to surplus .....		0
45. Surplus adjustments:		
45.1 Paid in .....	0	0
45.2 Transferred to capital (Stock Dividend) .....	0	0
45.3 Transferred from capital .....		0
46. Dividends to stockholders .....		0
47. Aggregate write-ins for gains or (losses) in surplus .....	0	(205,210)
48. Net change in capital and surplus (Lines 34 to 47) .....	2,224,832	7,721,143
49. Capital and surplus end of reporting year (Line 33 plus 48)	64,704,973	62,480,141
<b>DETAILS OF WRITE-INS</b>		
4701. Other comprehensive income.....		(205,210)
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	(205,210)

## CASH FLOW

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	159,712,073	172,641,607
2. Net investment income .....	3,964,599	4,121,854
3. Miscellaneous income .....	0	0
4. Total (Lines 1 through 3) .....	163,676,672	176,763,461
5. Benefit and loss related payments .....	127,684,573	137,845,184
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	34,455,460	35,931,376
8. Dividends paid to policyholders .....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses) .....	1,798,975	50,578
10. Total (Lines 5 through 9) .....	163,939,008	173,827,138
11. Net cash from operations (Line 4 minus Line 10) .....	(262,336)	2,936,323
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	39,971,635	26,940,013
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 .....	375,782	1,652,499
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	40,347,417	28,592,512
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	44,768,964	23,394,656
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 .....	0	1,754,093
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	44,768,964	25,148,749
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) .....	(4,421,547)	3,443,763
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	0
16.3 Borrowed funds .....	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) .....	3,979,066	(3,420,521)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	3,979,066	(3,420,521)
<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) .....	(704,817)	2,959,565
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	7,767,527	4,807,962
19.2 End of year (Line 18 plus Line 19.1) .....	7,062,710	7,767,527

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LifeWise Health Plan of Oregon, 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 Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	159,350,277	151,391,675	5,381,711	2,576,891	0	0	0	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	720,622	720,622								
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue	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)	160,070,899	152,112,297	5,381,711	2,576,891	0	0	0	0	0	0
8. Hospital/medical benefits	97,721,873	92,633,932	3,372,655	1,715,286						XXX
9. Other professional services	0	0	0	0						XXX
10. Outside referrals	0	0	0	0						XXX
11. Emergency room and out-of-area	20,290,265	19,233,841	700,274	356,150						XXX
12. Prescription drugs	11,438,317	11,438,317								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	(4,843)	(4,843)								XXX
15. Subtotal (Lines 8 to 14)	129,445,612	123,301,247	4,072,929	2,071,436	0	0	0	0	0	XXX
16. Net reinsurance recoveries	531,761	531,761								XXX
17. Total hospital and medical (Lines 15 minus 16)	128,913,851	122,769,486	4,072,929	2,071,436	0	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ 5,890,807 cost containment expenses	11,932,348	9,480,930	237,921	65,218					2,148,279	
20. General administrative expenses	21,681,162	20,911,446	832,995	190,850					(254,129)	
21. Increase in reserves for accident and health contracts	7,603	7,603								XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	162,534,964	153,169,465	5,143,845	2,327,504	0	0	0	0	1,894,150	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(2,464,065)	(1,057,168)	237,866	249,387	0	0	0	0	(1,894,150)	0
<b>DETAILS OF WRITE-INS</b>										
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 through 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	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		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 through 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 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LifeWise Health Plan of Oregon, Inc.

**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) .....	151,643,268		251,593	151,391,675
2. Medicare Supplement .....	5,381,711			5,381,711
3. Dental only.....	2,576,891			2,576,891
4. Vision only.....				.0
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....				.0
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8) .....	159,601,870	.0	251,593	159,350,277
10. Life .....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	159,601,870	0	251,593	159,350,277



**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LifeWise Health Plan of Oregon, 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 .....	127,683,006	121,603,639	4,057,660	2,021,707						
1.2 Reinsurance assumed .....	0	0	0	0						
1.3 Reinsurance ceded .....	0	0	0	0						
1.4 Net .....	127,683,006	121,603,639	4,057,660	2,021,707	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses .....	1,567	1,567	0	0						
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	18,526,975	17,743,401	630,400	153,174	0	0	0	0	0	0
3.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded .....	56,160	56,160	0	0	0	0	0	0	0	0
3.4 Net .....	18,470,815	17,687,241	630,400	153,174	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....	0	0	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 .....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year .....	0	0	0	0						
6. Net healthcare receivables (a).....	140,609	137,439	3,170	0						
7. Amounts recoverable from reinsurers December 31, current year .....	535,760	535,760	0	0						
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	16,618,917	15,903,511	611,961	103,445	0	0	0	0	0	0
8.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded .....	60,159	60,159	0	0	0	0	0	0	0	0
8.4 Net .....	16,558,758	15,843,352	611,961	103,445	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....	0	0	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 .....	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	6,410	6,410	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 .....	129,450,455	123,306,090	4,072,929	2,071,436	0	0	0	0	0	0
12.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded .....	531,761	531,761	0	0	0	0	0	0	0	0
12.4 Net .....	128,918,694	122,774,329	4,072,929	2,071,436	0	0	0	0	0	0
13. Incurred medical incentive pools and bonuses .....	(4,843)	(4,843)	0	0	0	0	0	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LifeWise Health Plan of Oregon, 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 and 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 .....	6,883,457	6,809,917	14,752	58,788						
1.2. Reinsurance assumed .....	.0	.0	.0	.0						
1.3. Reinsurance ceded .....	21,554	21,554	.0	.0						
1.4. Net .....	6,861,903	6,788,363	14,752	58,788	.0	.0	.0	.0	.0	.0
2. Incurred but Unreported:										
2.1. Direct .....	11,643,518	10,933,484	615,648	94,386						
2.2. Reinsurance assumed .....	.0	.0	.0	.0						
2.3. Reinsurance ceded .....	34,606	34,606	.0	.0						
2.4. Net .....	11,608,912	10,898,878	615,648	94,386	.0	.0	.0	.0	.0	.0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct .....	.0	.0	.0	.0						
3.2. Reinsurance assumed .....	.0	.0	.0	.0						
3.3. Reinsurance ceded .....	.0	.0	.0	.0						
3.4. Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. TOTALS:										
4.1. Direct .....	18,526,975	17,743,401	630,400	153,174	.0	.0	.0	.0	.0	.0
4.2. Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3. Reinsurance ceded .....	56,160	56,160	.0	.0	.0	.0	.0	.0	.0	.0
4.4. Net .....	18,470,815	17,687,241	630,400	153,174	0	0	0	0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LifeWise Health Plan of Oregon, 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 Dec. 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 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	15,318,630	109,106,970	16,851	17,670,390	15,335,481	15,843,352
2. Medicare Supplement .....	574,156	3,560,336	273	630,127	574,429	611,961
3. Dental Only.....	119,382	1,940,604	0	153,174	119,382	103,445
4. Vision Only.....					0	0
5. Federal Employees Health Benefits Plan .....					0	0
6. Title XVIII - Medicare .....					0	0
7. Title XIX - Medicaid.....					0	0
8. Other health .....					0	0
9. Health subtotal (Lines 1 to 8).....	16,012,168	114,607,910	17,124	18,453,691	16,029,292	16,558,758
10. Healthcare receivables (a).....	756,534	2,716,298	149,554	351,635	906,088	360,580
11. Other non-health.....					0	0
12. Medical incentive pools and bonus amounts .....	959	608	0	0	959	6,410
13. Totals (Lines 9-10+11+12)	15,256,593	111,892,220	(132,430)	18,102,056	15,124,163	16,204,588

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

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LifeWise Health Plan of Oregon, Inc.**

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

**Section A – Paid Health Claims - Hospital and Medical**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior .....	46,904	46,458	46,228	46,175	46,175
2. 2008 .....	214,649	233,587	233,434	233,395	233,273
3. 2009 .....	XXX	159,994	176,478	176,386	176,301
4. 2010 .....	XXX	XXX	137,092	152,009	151,912
5. 2011 .....	XXX	XXX	XXX	116,930	130,258
6. 2012 .....	XXX	XXX	XXX	XXX	108,581

**Section B – Incurred Health Claims - Hospital and Medical**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior .....	47,062	46,458	46,230	46,175	46,175
2. 2008 .....	239,478	233,645	233,461	233,396	233,273
3. 2009 .....	XXX	179,992	176,565	176,396	176,301
4. 2010 .....	XXX	XXX	156,698	152,039	151,913
5. 2011 .....	XXX	XXX	XXX	132,739	130,274
6. 2012 .....	XXX	XXX	XXX	XXX	126,251

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) 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. 2008.....	263,000	233,273	18,118	7.8	251,391	95.6	.0	.0	251,391	95.6
2. 2009.....	212,251	176,301	14,567	8.3	190,868	89.9	.0	.0	190,868	89.9
3. 2010.....	184,442	151,912	13,697	9.0	165,609	89.8	.1	.0	165,610	89.8
4. 2011.....	163,311	130,258	10,608	8.1	140,866	86.3	.16	.1	140,883	86.3
5. 2012.....	152,364	108,581	8,080	7.4	116,661	76.6	17,670	614	134,945	88.6

12-HM

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LifeWise Health Plan of Oregon, Inc.**

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

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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior .....	.....(352)	.....(339)	.....(343)	.....(343)	.....(343)
2. 2008 .....	4,285	4,887	4,884	4,881	4,879
3. 2009 .....	XXX	4,802	5,333	5,338	5,339
4. 2010 .....	XXX	XXX	4,507	5,138	5,133
5. 2011 .....	XXX	XXX	XXX	3,687	4,184
6. 2012 .....	XXX	XXX	XXX	XXX	3,567

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

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior .....	.....(316)	.....(311)	.....(343)	.....(343)	.....(343)
2. 2008 .....	5,117	4,889	4,884	4,881	4,879
3. 2009 .....	XXX	5,486	5,337	5,338	5,339
4. 2010 .....	XXX	XXX	5,203	5,139	5,134
5. 2011 .....	XXX	XXX	XXX	4,298	4,795
6. 2012 .....	XXX	XXX	XXX	XXX	4,197

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	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. 2008.....	5,579	4,879	492	10.1	5,371	96.3	0	0	5,371	96.3
2. 2009.....	5,978	5,339	572	10.7	5,911	98.9	0	0	5,911	98.9
3. 2010.....	6,080	5,133	514	10.0	5,647	92.9	0	0	5,647	92.9
4. 2011.....	5,755	4,184	338	8.1	4,522	78.6	0	0	4,522	78.6
5. 2012.....	5,382	3,567	202	5.7	3,769	70.0	631	22	4,422	82.2

12-MS

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LifeWise Health Plan of Oregon, Inc.**

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

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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior .....	.0	.0	.0	.0	
2. 2008 .....	.0	.0	.0	.0	
3. 2009 .....	XXX	.0	.0		
4. 2010 .....	XXX	XXX	.0	.102	.105
5. 2011 .....	XXX	XXX	XXX	1,760	1,860
6. 2012 .....	XXX	XXX	XXX	XXX	1,919

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

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior .....					
2. 2008 .....					
3. 2009 .....	XXX				
4. 2010 .....	XXX	XXX		.105	.105
5. 2011 .....	XXX	XXX	XXX	1,863	1,852
6. 2012 .....	XXX	XXX	XXX	XXX	1,920

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	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. 2008.....	.0	.0	.0	.0	.0	.0		.0	.0	.0
2. 2009.....	.0	.0	.0	.0	.0	.0		.0	.0	.0
3. 2010.....	.0	.105	.8	7.6	.113	.0	.0	.0	.113	.0
4. 2011.....	2,451	1,860	.67	3.6	1,927	78.6	.0	.0	1,927	78.6
5. 2012.....	2,577	1,919	.56	2.9	1,975	76.6	153	5	2,133	82.8

12-DO

Pt 2C - Sn A - Paid Claims - VO

**NONE**

Pt 2C - Sn A - Paid Claims - FE

**NONE**

Pt 2C - Sn A - Paid Claims - XV

**NONE**

Pt 2C - Sn A - Paid Claims - XI

**NONE**

Pt 2C - Sn A - Paid Claims - OT

**NONE**

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LifeWise Health Plan of Oregon, Inc.**

**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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior .....	46,552	46,119	45,885	45,832	45,832
2. 2008 .....	218,934	238,474	238,318	238,276	238,152
3. 2009 .....	XXX	164,796	181,811	181,724	181,640
4. 2010 .....	XXX	XXX	141,599	157,249	157,150
5. 2011 .....	XXX	XXX	XXX	122,377	136,302
6. 2012 .....	XXX	XXX	XXX	XXX	114,067

**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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior .....	46,746	46,147	45,887	45,832	45,832
2. 2008 .....	244,595	238,534	238,345	238,277	238,152
3. 2009 .....	XXX	185,478	181,902	181,734	181,640
4. 2010 .....	XXX	XXX	161,901	157,283	157,152
5. 2011 .....	XXX	XXX	XXX	138,900	136,921
6. 2012 .....	XXX	XXX	XXX	XXX	132,368

**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 Payments	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. 2008 .....	268,579	238,152	18,610	7.8	256,762	95.6	.0	.0	256,762	95.6
2. 2009 .....	218,229	181,640	15,139	8.3	196,779	90.2	.0	.0	196,779	90.2
3. 2010 .....	190,522	157,150	14,219	9.0	171,369	89.9	.1	.0	171,370	89.9
4. 2011 .....	171,517	136,302	11,013	8.1	147,315	85.9	.16	.1	147,332	85.9
5. 2012 .....	160,323	114,067	8,338	7.3	122,405	76.3	18,454	641	141,500	88.3

12-GT



Pt 2C - Sn B - Incurred Claims - VO

**NONE**

Pt 2C - Sn B - Incurred Claims - FE

**NONE**

Pt 2C - Sn B - Incurred Claims - XV

**NONE**

Pt 2C - Sn B - Incurred Claims - XI

**NONE**

Pt 2C - Sn B - Incurred Claims - OT

**NONE**

Part 2C - Sn C - Claims Expense Ratio VO

**NONE**

Part 2C - Sn C - Claims Expense Ratio FE

**NONE**

Part 2C - Sn C - Claims Expense Ratio XV

**NONE**

Part 2C - Sn C - Claims Expense Ratio XI

**NONE**

Part 2C - Sn C - Claims Expense Ratio OT

**NONE**

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LifeWise Health Plan of Oregon, Inc.**

**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 Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.0								
2. Additional policy reserves (a).....	7,603	7,603							
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ ..... for investment income).....	545,687	545,687							
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross) .....	553,290	553,290	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4)	553,290	553,290	0	0	0	0	0	0	0
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
<b>DETAILS OF WRITE-INS</b>									
0501. ....	.0								
0502. ....	.0								
0503. ....	.0								
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 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101. ....	.0								
1102. ....	.0								
1103. ....	.0								
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 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ .....7,603 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 (\$ .....for occupancy of own building).....	102,825	199,679	190,732	338	493,574
2. Salaries, wages and other benefits.....	3,253,116	5,096,020	8,068,452	13,983	16,431,571
3. Commissions (less \$ .....ceded plus \$ .....assumed).....	0	0	7,041,706	0	7,041,706
4. Legal fees and expenses.....	1,104	1,773	16,925	0	19,802
5. Certifications and accreditation fees.....	0	0	0	0	0
6. Auditing, actuarial and other consulting services.....	681,998	135,366	894,741	173	1,712,278
7. Traveling expenses.....	56,555	70,535	334,759	291	462,140
8. Marketing and advertising.....	4,273	5,695	1,389,889	0	1,399,857
9. Postage, express and telephone.....	44,112	264,097	176,231	134	484,574
10. Printing and office supplies.....	48,720	117,317	313,991	38	480,066
11. Occupancy, depreciation and amortization.....	0	0	0	0	0
12. Equipment.....	6,771	53,252	73,001	13	133,037
13. Cost or depreciation of EDP equipment and software.....	371,582	554,333	1,416,164	1,013	2,343,092
14. Outsourced services including EDP, claims, and other services.....	443,153	74,055	190,129	20	707,357
15. Boards, bureaus and association fees.....	5,572	8,883	73,273	33	87,761
16. Insurance, except on real estate.....	4,755	19,378	123,661	33	147,827
17. Collection and bank service charges.....	0	128,420	294	0	128,714
18. Group service and administration fees.....	898,949	33,315	34,431	0	966,695
19. Reimbursements by uninsured plans.....	(324,922)	(1,405,817)	(1,572,883)	(1,676)	(3,305,298)
20. Reimbursements from fiscal intermediaries.....	0	0	0	0	0
21. Real estate expenses.....	91,810	201,481	204,603	335	498,229
22. Real estate taxes.....	7,220	14,021	13,393	24	34,658
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....	0	0	0	0	0
23.2 State premium taxes.....	0	0	1,608,631	0	1,608,631
23.3 Regulatory authority licenses and fees.....	0	0	182,789	0	182,789
23.4 Payroll taxes.....	157,740	305,476	548,239	773	1,012,228
23.5 Other (excluding federal income and real estate taxes).....	0	0	100,000	0	100,000
24. Investment expenses not included elsewhere.....	0	0	0	128,895	128,895
25. Aggregate write-ins for expenses.....	35,474	164,262	258,011	100	457,847
26. Total expenses incurred (Lines 1 to 25).....	5,890,807	6,041,541	21,681,162	144,520	(a) 33,758,030
27. Less expenses unpaid December 31, current year.....		642,154	1,984,677	32,000	2,658,831
28. Add expenses unpaid December 31, prior year.....	0	586,035	2,190,956	33,300	2,810,291
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	5,890,807	5,985,422	21,887,441	145,820	33,909,490
<b>DETAILS OF WRITE-INS</b>					
2501. Unpaid claims processing.....	0	56,119	0	0	56,119
2502. Contributions & donations.....	3,642	23,927	107,049	0	134,618
2503. Personal property tax.....	4,461	8,663	8,274	15	21,413
2598. Summary of remaining write-ins for Line 25 from overflow page.....	27,371	75,553	142,688	85	245,697
2599. Totals (Line 2501 through 2503 + 2598) (Line 25 above)	35,474	164,262	258,011	100	457,847

(a) Includes management fees of \$ .....13,466,813 to affiliates and \$ .....115,145 to non-affiliates.

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 450,746	413,590
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 3,998,821	3,933,058
1.3 Bonds of affiliates	(a) 0	
2.1 Preferred stocks (unaffiliated)	(b) 0	
2.11 Preferred stocks of affiliates	(b) 0	
2.2 Common stocks (unaffiliated)	0	
2.21 Common stocks of affiliates	0	
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 430	430
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	35,682	35,682
10. Total gross investment income	4,485,679	4,382,760
11. Investment expenses		(g) 144,520
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 99,584
14. Depreciation on real estate and other invested assets		(i) 244,104
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		4,138,656
17. Net investment income (Line 10 minus Line 16)		
<b>DETAILS OF WRITE-INS</b>		
0901. Other investment income	35,682	35,682
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	35,682	35,682
1501. Interest expense-affiliates		99,584
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		99,584

- (a) Includes \$ 921,670 accrual of discount less \$ 645,994 amortization of premium and less \$ 135,226 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ 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 \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	488,093		488,093		
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)	437,249	(549,358)	(112,109)	1,205,598	
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)	925,342	(549,358)	375,984	1,205,598	0
<b>DETAILS OF WRITE-INS</b>					
0901.			0		
0902.			0		
0903.			0		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0	0	0	0

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule 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.....	.0	.0	.0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	.0	.0	.0
15.3 Accrued retrospective premiums.....	.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.....	232,953	.0	(232,953)
19. Guaranty funds receivable or on deposit .....	.0	.0	.0
20. Electronic data processing equipment and software.....	.0	.0	.0
21. Furniture and equipment, including health care delivery assets.....	132,421	8,116	(124,305)
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	.0	.0	.0
23. Receivables from parent, subsidiaries and affiliates .....	413	1,804	1,391
24. Health care and other amounts receivable.....	.0	.0	.0
25. Aggregate write-ins for other than invested assets .....	48,716	214,723	166,007
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	414,503	224,643	(189,860)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	414,503	224,643	(189,860)
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0
2501. Deposits, prepaid expenses and miscellaneous.....	48,716	214,723	166,007
2502. ....			
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page .....	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	48,716	214,723	166,007

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LifeWise Health Plan of Oregon, Inc.

**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.....	.0					
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.53,852	.51,611	.51,838	.51,484	.51,539	.619,124
4. Point of Service.....	.0					
5. Indemnity Only.....	1,675	1,488	1,454	1,367	1,344	.17,115
6. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
7. Total	55,527	53,099	53,292	52,851	52,883	636,239
<b>DETAILS OF WRITE-INS</b>						
0601. ....	.0					
0602. ....	.0					
0603. ....	.0					
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Significant Accounting Policies

#### A. Accounting Practices

The financial statements of LifeWise Health Plan of Oregon, Inc. (the Company) are prepared in accordance with accounting practices prescribed or permitted by the State of Oregon Department of Consumer and Business Services (the Department).

Prescribed statutory accounting practices are defined in the National Association of Insurance Commissioner's (NAIC's) *Accounting Practices and Procedures* manual. "Permitted" statutory accounting practices encompass all accounting practices that are not prescribed. The Company does not currently utilize any permitted statutory accounting practices.

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

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

#### C. Accounting Policies

Premiums are earned at contractual rates and are recorded as earned during the month subscriber coverage is provided. Unearned premiums represent the portion of premiums collected that relates to future periods. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost. The discount or premium on bonds is amortized using the scientific method. The Company reports bonds that are designated highest-quality and high-quality (NAIC designations 1 and 2, respectively) at amortized cost. All other bonds (NAIC designations of 3 to 6) are stated at the lower of amortized cost or fair value.  
  
The Company evaluates all of its investments based on a combination of factors which may include current economic conditions, declines in market valuation, financial condition of the issuers and the present value of discounted cash flows compared to amortized cost. Investments with declines in fair value considered to be other than temporary are written down to estimated fair value and the impairment charge is recognized as a realized loss, except for investments in loan-backed securities with declines in fair value considered to be other than temporary, which are written down to the present value of discounted cash flows. During the years ended December 31, 2012 and 2011, the Company recognized \$549,358 and \$0 related to impairment for bonds.
- (3) – (5) None.
- (6) The Company states loan-backed securities that are designated highest-quality and high-quality (NAIC designations 1 and 2, respectively) at amortized cost. All other loan-backed securities (NAIC designations of 3 to 6) are reported at the lower of amortized cost or fair value. The retrospective-adjustment method is used to value all loan-backed securities.
- (7) – (10) None.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
- (12) In 2011, the Company modified its capitalization policy by increasing the capitalization threshold. The policy was reviewed and changed to improve operational efficiency. This change had no impact as the Company had no admitted assets covered by this policy.
- (13) The Company uses contractually agreed upon rates that are applied to actual claims data to determine the estimated pharmaceutical rebate receivable.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. Accounting Changes and Corrections of Errors

Effective January 1, 2012, the Company adopted SSAP No. 101, *Accounting for Income Taxes*. This statement establishes statutory accounting principles for current and deferred federal income taxes and current state income taxes. The impact of the adoption was a reduction an increase in surplus of \$1,173,641.

### 3. Business Combinations and Goodwill

A. - D. None.

### 4. Discontinued Operations

None.

### 5. Investments

A. - C. None.

#### D. Loan-Backed Securities

- (1) Prepayment assumptions for all loan-backed securities were obtained from investment manager survey values.
- (2) There are no loan-backed securities with a recognized other-than-temporary impairment (OTTI), currently held by the Company, whereby the basis for the OTTI was either 1) intent to sell or 2) inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis. The Company does currently hold securities with recognized OTTI, whereby the basis for OTTI was that the present value of the cash flows expected to be collected was less than the amortized cost basis of the security. See (3) below for details.
- (3) Loan-backed securities held with a recorded OTTI as a result of the present value of expected future cash flows being less than the amortized cost basis of the securities:

CUSIP	Amortized cost (before current period OTTI)	Projected cash flows	YTD recognized OTTI	Amortized cost (after current period OTTI)	Fair value	Date of financial statement where reported
05948KU72	\$ 468,453	\$ 468,453	\$ -	\$ 468,453	\$ 396,574	12/31/2009
12666PAC8	966,280	966,280	-	966,280	839,146	12/31/2009
126673NE8	519,412	519,412	-	519,412	509,986	12/31/2009
12667GJD6	227,689	227,689	-	227,689	213,045	12/31/2009
12668EAJ6	312,588	312,588	-	312,588	290,034	12/31/2009
25150NAT1	518,094	518,094	-	518,094	474,334	12/31/2009
46627MCU9	399,188	399,188	-	399,188	384,146	12/31/2009
46629DAW5	558,564	558,564	-	558,564	571,849	12/31/2009
46630PAG0	860,986	860,986	-	860,986	746,323	12/31/2009
75970NAN7	892,582	892,582	-	892,582	891,662	12/31/2009
759950GA0	1,052,651	1,052,651	-	1,052,651	963,356	12/31/2009
76110WUM6	366,381	366,381	-	366,381	383,659	12/31/2009
92922FZY7	328,991	328,991	-	328,991	358,555	12/31/2009
46627MCU9	399,188	399,188	-	399,188	384,146	12/31/2010
46627MCU9	466,094	399,188	66,906	399,188	384,146	12/31/2012
759950GA0	1,112,095	1,052,651	59,444	1,052,651	963,356	12/31/2012
05948KU72	515,534	468,453	47,081	468,453	396,574	12/31/2012
46630PAG0	936,414	860,986	75,428	860,986	746,323	12/31/2012
12666PAC8	1,160,786	966,280	194,506	966,280	839,146	12/31/2012
46629DAW5	664,557	558,564	105,993	558,564	571,849	12/31/2012
			\$ 549,358			

## NOTES TO THE FINANCIAL STATEMENTS

(4) All impaired securities for which an OTTI has not been recognized in earnings as a realized loss:

a. The aggregate amount of unrealized losses:

1. Less than 12 months	\$	457,295
2. 12 months or longer	\$	27,679

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

1. Less than 12 months	\$	16,747,227
2. 12 months or longer	\$	2,283,504

(5) Management does not believe that any individual unrealized loss represents an OTTI. Any loan-backed securities for which it was probable that OTTI existed were subject to a detailed cash flow analysis to determine if the present value of cash flows expected to be collected is less than its amortized cost basis.

E. Repurchase Agreements and Security Lending Agreements

(1) – (5) None.

F. - G. None.

### 6. Joint Ventures, Partnerships and Limited Liability Companies

A. - B. None.

### 7. Investment Income

A. - B. None.

### 8. Derivative Instruments

A. - F. None.

### 9. Income Taxes

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

## NOTES TO THE FINANCIAL STATEMENTS

1.

	December 31, 2012		
	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$ 732,642	\$ 1,104,331	\$ 1,836,973
(b) Statutory valuation allowance adjustments	-	350,700	350,700
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 732,642	\$ 753,631	\$ 1,486,273
(d) Deferred tax assets nonadmitted	17,938	215,015	232,953
(e) Subtotal net admitted deferred tax asset (1c-1d)	\$ 714,704	\$ 538,616	\$ 1,253,320
(f) Deferred tax liabilities	14,610	32,676	47,286
(g) Net admitted deferred tax asset/(net deferred tax liability)	\$ 700,094	\$ 505,940	\$ 1,206,034

	December 31, 2011		
	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$ 697,134	\$ 1,539,853	\$ 2,236,987
(b) Statutory valuation allowance adjustments	642,260	1,539,853	2,182,113
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 54,874	\$ -	\$ 54,874
(d) Deferred tax assets nonadmitted	-	-	-
(e) Subtotal net admitted deferred tax asset (1c-1d)	\$ 54,874	\$ -	\$ 54,874
(f) Deferred tax liabilities	54,874	-	54,874
(g) Net admitted deferred tax asset/(net deferred tax liability)	\$ -	\$ -	\$ -

	Change		
	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$ 35,508	\$ (435,522)	\$ (400,014)
(b) Statutory valuation allowance adjustments	(642,260)	(1,189,153)	(1,831,413)
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 677,768	\$ 753,631	\$ 1,431,399
(d) Deferred tax assets nonadmitted	17,938	215,015	232,953
(e) Subtotal net admitted deferred tax asset (1c-1d)	\$ 659,830	\$ 538,616	\$ 1,198,446
(f) Deferred tax liabilities	(40,264)	32,676	(7,588)
(g) Net admitted deferred tax asset/(net deferred tax liability)	\$ 700,094	\$ 505,940	\$ 1,206,034

## NOTES TO THE FINANCIAL STATEMENTS

		December 31, 2012		
		Ordinary	Capital	Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 683,820	\$ 505,940	\$ 1,189,760
(b)	Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below)	16,274	-	16,274
	1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	16,274	-	16,274
	2. Adjusted gross deferred tax assets allowed per limitation threshold			9,524,841
(c)	Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	14,610	32,676	47,286
(d)	Deferred tax assets admitted as the result of application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	<u>\$ 714,704</u>	<u>\$ 538,616</u>	<u>\$ 1,253,320</u>
		December 31, 2011		
		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 (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below)	-	-	-
	1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-
	2. Adjusted gross deferred tax assets allowed per limitation threshold	-	-	9,372,021
(c)	Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	54,874	-	54,874
(d)	Deferred tax assets admitted as the result of application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	<u>\$ 54,874</u>	<u>\$ -</u>	<u>\$ 54,874</u>
		Change		
		Ordinary	Capital	Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 683,820	\$ 505,940	\$ 1,189,760
(b)	Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below)	16,274	-	16,274
	1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	16,274	-	16,274
	2. Adjusted gross deferred tax assets allowed per limitation threshold	-	-	152,820
(c)	Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	(40,264)	32,676	(7,588)
(d)	Deferred tax assets admitted as the result of application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	<u>\$ 659,830</u>	<u>\$ 538,616</u>	<u>\$ 1,198,446</u>
3.			2012	2011
(a)	Ratio percentage used to determine recovery period and threshold limitation amount		<u>1132.5%</u>	<u>1078.9%</u>
(b)	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above		<u>\$63,498,939</u>	<u>\$ 62,480,141</u>
4. None.				

## NOTES TO THE FINANCIAL STATEMENTS

B. None.

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

	12/31/2012	12/31/2011	Change
1. Current income tax			
(a) Federal	\$ 1,408,442	\$ 1,905,554	\$ (497,112)
(b) Foreign	-	-	-
(c) Subtotal	1,408,442	1,905,554	(497,112)
(d) Federal income tax on net capital gains	324,633	127,505	197,128
(e) Utilization of capital loss carryforwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	<u>\$ 1,733,075</u>	<u>\$ 2,033,059</u>	<u>\$ (299,984)</u>
2. Deferred tax assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 110,196	\$ 105,606	\$ 4,590
(2) Unearned premium reserve	362,541	332,791	29,750
(3)' Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	161,340	209,812	(48,472)
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	63,543	17,350	46,193
(11) Net operating loss carryforward	-	-	-
(12) Tax credit carryforward	-	-	-
(13) Other (including items <\$5% of total ordinary tax assets)	35,022	31,575	3,447
(99) Subtotal	<u>\$ 732,642</u>	<u>\$ 697,134</u>	<u>\$ 35,508</u>
(b) Statutory valuation allowance adjustment	-	642,260	(642,260)
(c) Nonadmitted	<u>17,938</u>	<u>-</u>	<u>17,938</u>
(d) Admitted ordinary deferred tax assets (2e99 - 2b - 2c)	<u>714,704</u>	<u>54,874</u>	<u>659,830</u>
(e) Capital			
(1) Investments	\$ 1,054,041	\$ 1,021,401	\$ 32,640
(2) Net capital loss carryforward	-	-	-
(3)' Real estate	-	-	-
(4) Other (including <5% of total capital tax assets)	50,290	518,452	(468,162)
(99) Subtotal	<u>\$ 1,104,331</u>	<u>\$ 1,539,853</u>	<u>\$ (435,522)</u>
(f) Statutory valuation allowance adjustment	\$ 350,700	\$ 1,539,853	\$ (1,189,153)
(g) Nonadmitted	\$ 215,015	\$ -	\$ 215,015
			\$ -
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	538,616	-	\$ 538,616
(i) Admitted deferred tax assets ((2d + 2h)	1,253,320	54,874	1,198,446
3. Deferred tax liabilities:			
(a) Ordinary			
(1) Investments	\$ -	\$ 54,874	\$ (54,874)
(2) Fixed assets	-	-	-
(3)' Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <\$5% of total ordinary taxliabilities)	14,610	-	14,610
(99) Subtotal	<u>\$ 14,610</u>	<u>\$ 54,874</u>	<u>\$ (40,264)</u>
(b) Capital			
(1) Investments	\$ 32,676	\$ -	\$ 32,676
(2) Real estate	-	-	-
(3)' Other (including items <\$5% of total ordinary tax liabilities)	-	-	-
(99) Subtotal	<u>\$ 32,676</u>	<u>\$ -</u>	<u>\$ 32,676</u>
(c) Deferred tax liabilities (3a99 +3b99)	<u>47,286</u>	<u>54,874</u>	<u>(7,588)</u>
4. Net deferred tax assets/liabilities (2i - 3c)	<u>\$ 1,206,034</u>	<u>\$ -</u>	<u>\$ 1,206,034</u>

## NOTES TO THE FINANCIAL STATEMENTS

- D. The tax provision for income tax incurred is different from that which would be obtained by applying the Federal income tax rate to income before taxes due to the following :

	December 31, 2012	Effective tax rate
Net loss before tax	\$ 1,503,182	
Statutory tax rate	35%	
Expected income tax benefit at 35% statutory rate	\$ 526,114	35.0%
Permanent differences	45,285	3.0%
Tax on nonadmitted assets	(46,193)	(3.1%)
Valuation allowance	(1,831,414)	(121.8%)
GAAP to Statutory adjustments	1,178,337	78.4%
Total	\$ (127,871)	(8.5%)
Federal income taxes incurred	\$ 1,733,075	115.3%
Cumulative effect of changes in accounting principles	(1,173,641)	(78.1%)
Change in net deferred income taxes	(687,305)	(45.7%)
Total statutory income taxes	\$ (127,871)	(8.5%)

- E. (1) None.
- (2) The federal income taxes incurred that are available for recoupment by the Company or another member of the PREMERA consolidated group in the event of future net losses are:

	Ordinary	Capital	Total
2012	\$ 506,190	\$ 331,088	\$ 837,278
2011	\$ 2,902,736	\$ 126,094	\$ 3,028,830
2010	\$ -	\$ 263,772	\$ 263,772

- (3) None.

- F. The Company's federal tax return is consolidated with that of its ultimate parent, PREMERA, and subsidiaries and affiliates as follows:

PremeraFirst, Inc.,  
Ucentris Insured Solutions, Inc.,  
LifeWise Health Plan Washington,  
LifeWise Assurance Company,  
NorthStar Administrators, Inc.,  
Premera Blue Cross,  
Vivacity, Inc.,  
Academe, Inc.,  
Calypso Healthcare Solutions, and  
LifeWise Administrators, Inc.

Income taxes owed by the Company are allocated in accordance with a written intercompany tax-sharing agreement which is approved by the Board of Directors. Allocation is based upon separate return calculations of taxable income with current credit for net losses at the stand-alone tax rate. Intercompany tax balances are settled quarterly upon payment of estimated taxes and filing of the consolidated federal income tax return.

### 10. Information Concerning Parent, Subsidiaries and Affiliates

- A. - C. The Company had no material related party transactions in 2012 and 2011.
- D. At December 31, 2012 and 2011, the Company reported \$149,038 and \$247,023, respectively, receivables from parent, subsidiaries and affiliates and \$3,301,125 and \$20,502, respectively, amounts due to parent, subsidiaries and affiliates. These amounts primarily relate to cost allocation and cash management transactions. These balances are settled on a monthly basis.
- E. None.

## NOTES TO THE FINANCIAL STATEMENTS

- F. The Company has no management or service contracts or cost sharing arrangements, other than cost allocation arrangements based upon generally accepted accounting principles, involving the Company or any related party.
- G. The Company is wholly owned by Ucentris Insured Solutions, Inc. (Ucentris), an insurance agency domiciled in the state of Washington. Ucentris is owned 100% by Premera Blue Cross (PBC), a nonprofit healthcare service contractor domiciled in the state of Washington. PREMERA, an upstream nonprofit holding company, is the sole voting member of PBC.

H. - L. None.

### 11. Debt

A. - B. None.

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

A. Defined Benefit Plan

None.

B. Defined Contribution Plans

None.

C. Multi-employer Plans

None.

D. Consolidated/Holding Company Plans

The Company participates in a PREMERA-wide pension equity plan. Additionally, it participates in a postretirement benefit plan, deferred contribution retirement savings plan, pursuant to Section 401(k) of the Internal Revenue Code, a non-qualified contribution retirement program, and a non-qualified defined benefit supplemental retirement program. These plans are sponsored by Premera Blue Cross. The Company has no legal obligation for benefits under any of these plans. The Company's expense for the pension equity plan was \$325,299 and \$292,007 in 2012 and 2011, respectively. The Company's expense for the postretirement benefit plan was \$134,419 in 2012 and \$75,207 in 2011. The expense in relation to the deferred contribution retirement program was \$278,130 and \$264,184 for the years ended December 31, 2012 and 2011, respectively. The expense in relation to the non-qualified contribution retirement program was \$24,982 and \$24,232 for the years ended December 31, 2012 and 2011, respectively. The expense for the non-qualified defined benefit supplemental retirement program was \$0 for 2012 and 2011.

E. Postemployment Benefits and Compensated Absences

None.

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

None.

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

- (1) The Company has 332,015 shares of capital stock authorized, issued and outstanding. The par value of the capital stock is \$6.03 per share.
- (2) None.
- (3) The Company may not reduce its combined capital and surplus by partial distribution of its assets, through payment of dividends to its stockholder or otherwise, below its required capitalization or greater amount, which the Department may find necessary to avoid injury or prejudice to the interest of policyholders or creditors.
- (4) None.
- (5) None of the Company's profits may be paid as ordinary dividends.
- (6) - (9) None.

## NOTES TO THE FINANCIAL STATEMENTS

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$(143,686) and \$(1,349,284) at December 31, 2012 and 2011, respectively.

(11)–(13) None.

### 14. Contingencies

A. - D. None.

E. LifeWise Health Plan of Oregon is subject to claims and legal actions that arise in the ordinary course of business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position, results of operations, or cash flows of the Company.

### 15. Leases

A. Lessee Operating Lease

(1) The Company leases data processing equipment, office equipment and office space under various operating lease agreements that expire through February 2014. Rental expense for these leases and allocated rental expense for 2012 and 2011 was \$625,214 and \$349,518 respectively. Certain rental commitments have renewal options. These renewals may be subject to adjustments in future periods.

(2) At January 1, 2013, the minimum aggregate rental commitments of the Company are as follows:

<u>Year Ending December 31</u>	<u>Operating Leases</u>
2013	\$ 425,625
2014	425,625
2015	-
2016	-
2017	-
Thereafter	-
Total	<u>\$ 851,250</u>

(3) None.

B. Lessor Leases

None.

### 16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

None.

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

A. - C. None.

### 18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

A. None.



## NOTES TO THE FINANCIAL STATEMENTS

### B. ASC Plans

The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans was as follows during 2012:

	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical costs incurred	\$ 42,712,847	\$ -	\$ 42,712,847
b. Gross administrative fees accrued	2,659,593	-	2,659,593
c. Other income or expenses (including interest paid to or received from plans)	-	-	-
d. Gross expenses incurred (claims and administrative)	47,266,587	-	47,266,587
e. Total net gain or loss from operations	\$ (1,894,147)	\$ -	\$ (1,894,147)

### C. Medicare or other Similarly Structured Cost Based Reimbursement Contract:

1. None.

2. As of December 31, 2012, the Company has recorded receivables from the following payors whose account balances are greater than 10% of the Company's amounts receivable from uninsured accident and health plans:

Columbia Distributing	\$ 280,252
Marquis Co.	\$ 158,286
Timber Products Manufacturers	\$ 387,364

3. - 4. None.

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

None.

### 20. Fair Value Measurement

#### A. (1) Fair Value Measurements at Reporting Date

	Level 1	Level 2	Level 3	Total
Bonds				
Corporate debt securities	\$ -	\$ 1,019,888	\$ -	\$ 1,019,888
Municipal debt Securities	-	451,506	-	451,506
Residential loan-backed securities	-	977,412	-	977,412
Total	\$ -	\$ 2,448,806	\$ -	\$ 2,448,806

There were no transfers to or from Levels 1 and 2 during the year ended December 31, 2012.

(2) None.

(3) The Company recognizes transfers between fair value levels at the beginning of the reporting period.

(4) The Company uses a market approach to value its Level 2 securities. Prices are obtained from third-party pricing services that utilize a variety of relevant market data inputs to determine the price. Inputs include, but are not limited to: prices of similar securities that traded as of the reporting date, prepayment speeds, estimated credit losses, interest rates, vintage, deal subordination, and other credit enhancements. The Company held no Level 3 securities as of December 31, 2011.

(5) None.

#### B. None

## NOTES TO THE FINANCIAL STATEMENTS

- C. The following table summarizes fair value measurements and admitted asset values for all financial instruments as of December 31, 2012:

Bonds	Aggregate Fair				Level 3	Not Practicable (Carrying Value)
	Value	Admitted Assets	Level 1	Level 2		
U.S. Treasuries securities and obligations of U.S. government corporations	\$ 12,307,922	\$ 11,698,530	\$ 11,493,290	\$ 814,632	\$ -	\$ -
Municipal debt securities	451,506	451,506	-	451,506	-	-
Foreign government debt securities	1,168,825	939,175	-	1,168,825	-	-
Corporate debt securities	22,117,929	18,808,984	-	22,117,929	-	-
Residential loan-backed securities	39,387,171	38,656,031	-	39,387,171	-	-
Commercial loan-backed securities	14,065,392	13,305,796	-	14,065,392	-	-
Other loan-backed securities	3,708,583	3,709,703	-	3,708,583	-	-
<b>Total</b>	<b>\$ 93,207,328</b>	<b>\$ 87,569,725</b>	<b>\$ 11,493,290</b>	<b>\$ 81,714,038</b>	<b>\$ -</b>	<b>\$ -</b>

### 21. Other Items

A. - B. None.

C. The Company is required to meet regulatory requirements of the state of Idaho to maintain capital or surplus, or any combination thereof, in an amount equal to \$1,000,000. As of December 31, 2012 and 2011, the Company had placed in trust \$979,996 and \$977,607, respectively, for the benefit of Idaho policy holders to meet these requirements.

D. At December 31, 2012 and 2011 the Company had admitted assets of \$1,916,536 and \$1,423,014, respectively, for uncollected premiums and amounts receivable relating to uninsured plans. The Company routinely assesses the collectability of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition.

E. - F. None.

G. Subprime Mortgage Related Risk Exposure

(1) Subprime Mortgage Related Risk Exposure is defined as part of the investment guidelines of the Company, which allow its Core Fixed Income manager to invest in mortgage-backed securities (MBS) that are rated investment grade or higher. This would include an MBS that is collateralized with subprime mortgage loans if the security has an adequate credit rating. The general categories of information considered related to subprime related securities include:

- The credit rating of the security;
- Whether the underlying loans have fixed or variable interest rates;
- The payment priority of the tranche (senior vs. subordinate);
- The expected life of the tranche;
- Whether there is over-collateralization of the underlying loans to the current face value of the security, and;
- Whether the principal and interest of the security is insured by a third-party bond insurer.

The Company does have exposure to unrealized loss due to changes in the asset value. The Company, however, anticipates that it has little or no risk exposure to realized loss resulting from less than anticipated cash flows or from potential sales of assets to meet cash flow requirements.

(2) None.

(3) The Company has direct subprime exposure through other investments which are all residential loan backed securities as follows:

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	\$ 4,315,073	\$ 4,313,391	\$ 4,118,396	\$ 537,671
b. Commercial mortgage-backed securities	-	-	-	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investment in SCAs	-	-	-	-
f. Other assets	-	-	-	-
<b>g. Total</b>	<b>\$ 4,315,073</b>	<b>\$ 4,313,391</b>	<b>\$ 4,118,396</b>	<b>\$ 537,671</b>

## NOTES TO THE FINANCIAL STATEMENTS

(4) None.

H. None.

### 22. Events Subsequent

None.

### 23. Reinsurance

#### A. Section 1 - General Interrogatories

1. Are any of the reinsurers listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee or director of the Company?  
Yes ( ) No (X)
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% 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 Company 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, 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. - C. None.

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

- A. The Company estimates accrued retrospective premium adjustments for its group health insurance business by taking earned premium and deducting claims incurred and administrative costs. The amount of any adjustment is limited to the contract premium.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. None.

## NOTES TO THE FINANCIAL STATEMENTS

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

	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred	\$ -	\$ 1,266,309	\$ -	\$ -	\$ 1,266,309
(2) Medical loss ratio rebates paid	-	-	-	-	-
(3) Medical loss ratio rebates unpaid	-	1,266,309	-	-	1,266,309
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred	\$ -	\$ 488,992	\$ -	\$ -	\$ 488,992
(8) Medical loss ratio rebates paid	-	1,209,614	-	-	1,209,614
(9) Medical loss ratio rebates unpaid	-	545,687	-	-	545,687
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	545,687

### 25. Changes in Incurred Claims and Claim Adjustment Expenses

As the unpaid claims and claims adjustment expenses liability includes various actuarially developed estimates, the Company's actual claims experience may be more or less than the Company's previously developed estimates. The Company's unpaid claims decrease at December 31, 2011 and 2010 by \$1,074,974 and \$1,207,028 respectively, in the following year for claims that had occurred on or prior to those balance sheet dates. These adjustments resulted from the Company's actual claims expenses related to prior years totaling less than the estimates previously made by the Company. These changes in reserves are generally the result of ongoing analysis of recent loss development trends. Adjustments of prior-year estimates may result in additional claims expenses or a reduction in claims expenses may be offset as the Company establishes its accrual for current-year claims expenses. No return premiums were due as a result of the adjustments in the claims liability. Adjustments made to the claims liability for unpaid claims processing expense during 2012 and 2011 were immaterial.

### 26. Intercompany Pooling Arrangements

None.

### 27. Structured Settlements

None.

### 28. Health Care Receivables

#### (A) Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2012	\$ 365,811	\$ -	\$ -	\$ -	\$ -
9/30/2012	223,968	230,508	230,508	-	-
6/30/2012	205,467	205,220	205,220	-	-
3/31/2012	245,194	245,124	245,124	-	-
12/31/2011	316,666	502,236	246,880	255,356	-
9/30/2011	283,496	286,111	286,111	-	-
6/30/2011	253,728	254,328	254,328	-	-
3/31/2011	265,411	308,129	308,129	-	-
12/31/2010	756,073	550,290	240,830	309,461	-
9/30/2010	278,216	278,216	298,755	-	-
6/30/2010	267,768	267,768	267,885	-	-
3/31/2010	284,781	284,781	-	343,580	-

## NOTES TO THE FINANCIAL STATEMENTS

(B) Risk Sharing Receivables

None.

### **29. Participating Policies**

None.

### **30. Premium Deficiency Reserves**

None.

### **31. Anticipated Salvage and Subrogation**

The Company took into account estimated anticipated salvage and subrogation in its determination of liability for unpaid claims/losses and reduced such liability by \$909,959 and \$792,575 at December 31, 2012 and 2011, respectively.

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes  No
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes  No  N/A
- 1.3 State Regulating? Oregon.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes  No
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ....12/31/2010
- 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. ....12/31/2010
- 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). ....06/15/2012
- 3.4 By what department or departments? Oregon Insurance Division.....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes  No  N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes  No  N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes  No
- 4.12 renewals? Yes  No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes  No
- 4.22 renewals? Yes  No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes  No
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes  No
- 6.2 If yes, give full information .....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes  No
- 7.2 If yes,
- 7.21 State the percentage of foreign control .....
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

## GENERAL INTERROGATORIES

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Deloitte & Touche LLP, 925 Fourth Avenue, Seattle, WA 98104-1126.....
- 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 17A 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?  
Rachel Killian, F.S.A., M.A.A.A., Consulting Actuary, Milliman USA, 3424 Peachtree Road NE, Suite 1900, Atlanta, GA 30326-1123.....
- 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 .....
- 12.13 Total book/adjusted carrying value \$.....
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  
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)  
Changes were made to improve the readability of the document and to remove redundant information.....
- 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 or is likely to 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   | \$..... |
|  | 21.22 Borrowed from others | \$..... |
|  | 21.23 Leased from others   | \$..... |
|  | 21.24 Other                | \$..... |
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [ X ] No [ ]
- 22.2 If answer is yes:
- |  |  |                  |
|--|--|------------------|
|  | 22.21 Amount paid as losses or risk adjustment | \$.....1,474,907 |
|  | 22.22 Amount paid as expenses                  | \$.....          |
|  | 22.23 Other amounts paid                       | \$.....          |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ X ] No [ ]
- 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)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] NA [ X ]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$.....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] NA [ X ]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] NA [ 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 [ ] NA [ X ]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- |  |  |          |
|--|--|----------|
|  | 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2                   | \$.....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 |



## GENERAL INTERROGATORIES

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

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

25.21 Subject to repurchase agreements	\$ .....
25.22 Subject to reverse repurchase agreements	\$ .....
25.23 Subject to dollar repurchase agreements	\$ .....
25.24 Subject to reverse dollar repurchase agreements	\$ .....
25.25 Pledged as collateral	\$ .....
25.26 Placed under option agreements	\$ .....
25.27 Letter stock or securities restricted as to sale	\$ .....
25.28 On deposit with state or other regulatory body	\$ .....979,996
25.29 Other	\$ .....

25.3 For category (25.27) 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 [ ]  
If no, attach a description with this statement.

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
BNY Mellon.....	One BNY Mellon Center, Room 151-1035, Pittsburgh, PA 15258.....

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

1 Central Registration Depository Number(s)	2 Name	3 Address
Not Applicable.....	Baird Advisors.....	777 E. Wisconsin Ave., Milwaukee, WI 53202-5391.....

## GENERAL INTERROGATORIES

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	92,831,830	98,469,433	5,637,603
30.2 Preferred Stocks.....	0		0
30.3 Totals	92,831,830	98,469,433	5,637,603

- 30.4 Describe the sources or methods utilized in determining the fair values:  
Automated Valuation Service of the NAIC Securities Valuation Office if available. Else, custodial prices from the BNY Mellon.....
- 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 [  ]
- 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 Securities Valuation Office been followed? Yes [  ] No [  ]
- 32.2 If no, list exceptions:

## GENERAL INTERROGATORIES

### OTHER

- 33.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any? \$ .....17,940
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
AM Best Co.....	\$.....12,100
Ingenix.....	\$.....5,840

- 34.1 Amount of payments for legal expenses, if any? \$ .....695
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Lane Powell Attorneys & Counselors.....	\$.....534

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ .....0
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

# GENERAL INTERROGATORIES

## PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ X ] No [ ]
- 1.2 If yes, indicate premium earned on U. S. business only. \$ .....5,381,711
- 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. \$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ .....4,072,929
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$ .....261,706
- 1.62 Total incurred claims \$ .....392,766
- 1.63 Number of covered lives .....136
- All years prior to most current three years:
- 1.64 Total premium earned \$ .....5,120,005
- 1.65 Total incurred claims \$ .....3,680,163
- 1.66 Number of covered lives .....1,450
- 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	\$ .....159,350,277	\$ .....171,971,105
2.2	Premium Denominator	\$ .....159,350,277	\$ .....171,971,105
2.3	Premium Ratio (2.1/2.2)	.....1.000	.....1.000
2.4	Reserve Numerator	\$ .....19,024,105	\$ .....17,831,477
2.5	Reserve Denominator	\$ .....19,024,105	\$ .....17,831,477
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 [ ]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes [ X ] No [ ]
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical \$ .....1,000,000
- 5.32 Medical Only \$ .....
- 5.33 Medicare Supplement \$ .....
- 5.34 Dental and Vision \$ .....
- 5.35 Other Limited Benefit Plan \$ .....
- 5.36 Other \$ .....
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:  
 Provider contracts contain provisions that require providers to hold subscribers and their dependents harmless and to continue to provide services for the period for which premiums were paid on behalf of the subscriber and their dependents in the event of plan insolvency consistent with state law.
- 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 .....11,941
- 8.2 Number of providers at end of reporting year .....12,365
- 9.1 Does the reporting entity have business subject to premium rate guarantees? ..... Yes [ ] No [ X ]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months .....
- 9.22 Business with rate guarantees over 36 months .....

# GENERAL INTERROGATORIES

## PART 2 - HEALTH INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [ X ] No [ ]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$.....0
- 10.22 Amount actually paid for year bonuses \$.....1,567
- 10.23 Maximum amount payable withholds \$.....
- 10.24 Amount actually paid for year withholds \$.....
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes [ ] No [ 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 Minimum Net Worth Requirements? Yes [ X ] No [ ]
- 11.3 If yes, show the name of the state requiring such net worth. Oregon.....
- 11.4 If yes, show the amount required. \$.....2,500,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ] No [ X ]
- 11.6 If the amount is calculated, show the calculation.
12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
State of Idaho.....
State of Oregon.....
.....
.....

- 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. \$.....
- 13.3 Do you act as an administrator for health savings accounts? Yes [ ] No [ X ]
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$.....

**FIVE - YEAR HISTORICAL DATA**

	1 2012	2 2011	3 2010	4 2009	5 2008
<b>Balance Sheet</b> (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	99,725,408	91,566,632	97,021,033	97,417,313	101,450,787
2. Total liabilities (Page 3, Line 24)	35,020,435	29,086,491	42,262,035	38,953,489	42,631,924
3. Statutory surplus	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
4. Total capital and surplus (Page 3, Line 33)	64,704,973	62,480,141	54,758,998	58,463,824	58,818,863
<b>Income Statement</b> (Page 4)					
5. Total revenues (Line 8)	160,070,899	171,244,132	190,280,046	217,901,848	267,714,955
6. Total medical and hospital expenses (Line 18)	128,913,851	134,646,097	157,350,861	179,784,692	235,612,701
7. Claims adjustment expenses (Line 20)	11,932,348	13,146,180	15,817,317	15,432,622	19,479,471
8. Total administrative expenses (Line 21)	21,681,162	21,531,932	28,402,232	28,172,432	30,490,641
9. Net underwriting gain (loss) (Line 24)	(2,464,065)	1,919,923	(11,290,364)	(5,386,912)	(17,271,348)
10. Net investment gain (loss) (Line 27)	4,514,640	4,337,792	5,072,908	5,213,824	2,556,400
11. Total other income (Lines 28 plus 29)	(547,393)	36,976	(175,007)	155,798	320,714
12. Net income or (loss) (Line 32)	(229,893)	4,261,632	(4,185,255)	766,750	(9,953,137)
<b>Cash Flow</b> (Page 6)					
13. Net cash from operations (Line 11)	(262,336)	2,936,323	(7,869,110)	(3,147,259)	(22,576,964)
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital	64,704,973	62,480,141	54,758,998	58,463,824	58,818,863
15. Authorized control level risk-based capital	5,607,004	5,791,272	6,519,661	7,479,429	9,759,127
<b>Enrollment</b> (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	52,883	55,527	56,221	65,413	81,554
17. Total members months (Column 6, Line 7)	636,239	693,604	717,674	861,327	1,134,292
<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)	80.5	78.6	82.7	82.5	88.0
20. Cost containment expenses	3.7	3.4	3.4	2.4	2.4
21. Other claims adjustment expenses	3.8	4.3	4.9	4.6	4.9
22. Total underwriting deductions (Line 23)	101.5	98.9	105.9	102.5	106.5
23. Total underwriting gain (loss) (Line 24)	(1.5)	1.1	(5.9)	(2.5)	(6.5)
<b>Unpaid Claims Analysis</b>					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	15,124,163	18,368,520	18,617,485	22,892,046	29,782,823
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	16,204,588	19,598,699	20,276,622	25,136,804	37,000,007
<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	117,099
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	117,099
33. Total investment in parent included in Lines 26 to 31 above	0	0	0	0	117,099

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LifeWise Health Plan of Oregon, Inc.

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Allocated by States and Territories

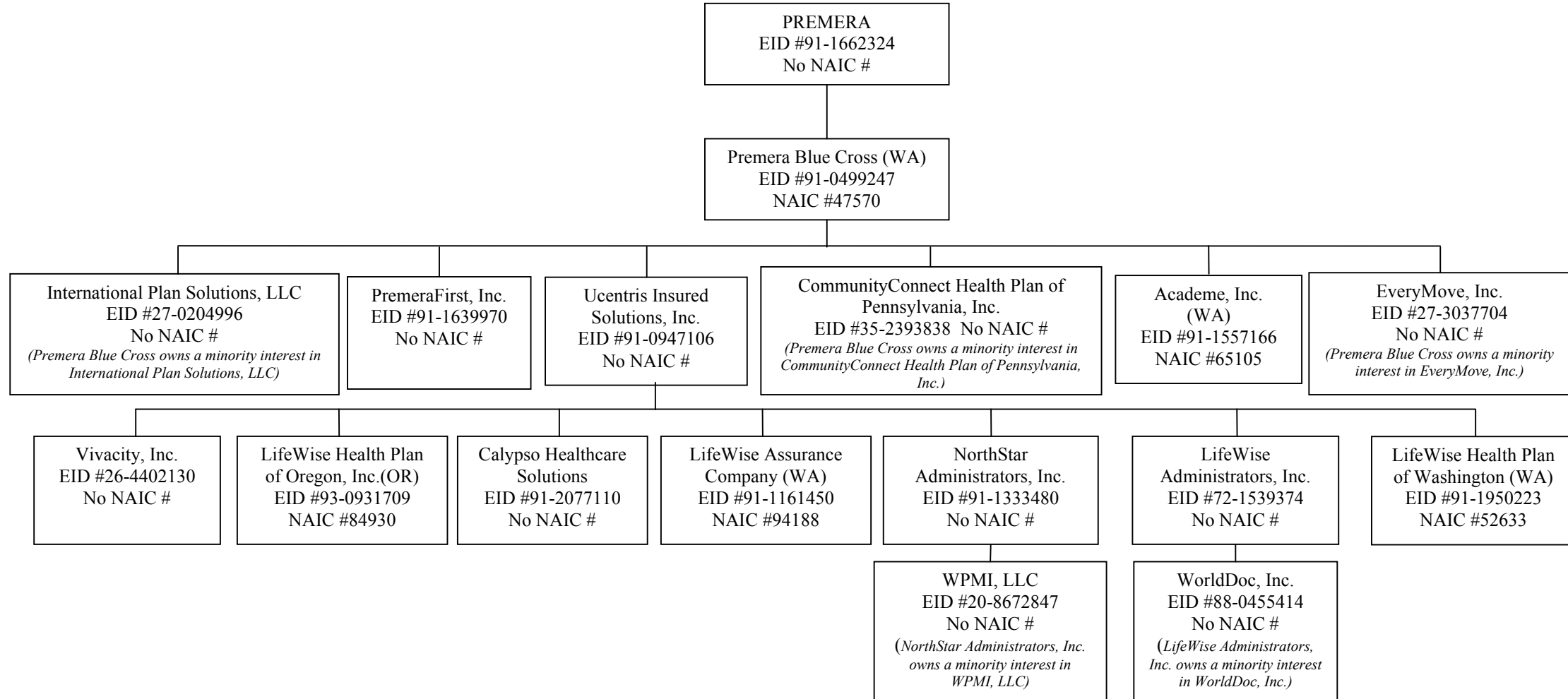
State, Etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama	AL	N							0	0
2. Alaska	AK	N							0	0
3. Arizona	AZ	N							0	0
4. Arkansas	AR	N							0	0
5. California	CA	N							0	0
6. Colorado	CO	N							0	0
7. Connecticut	CT	N							0	0
8. Delaware	DE	N							0	0
9. District of Columbia	DC	N							0	0
10. Florida	FL	N							0	0
11. Georgia	GA	N							0	0
12. Hawaii	HI	N							0	0
13. Idaho	ID	L							0	0
14. Illinois	IL	N							0	0
15. Indiana	IN	N							0	0
16. Iowa	IA	N							0	0
17. Kansas	KS	N							0	0
18. Kentucky	KY	N							0	0
19. Louisiana	LA	N							0	0
20. Maine	ME	N							0	0
21. Maryland	MD	N							0	0
22. Massachusetts	MA	N							0	0
23. Michigan	MI	N							0	0
24. Minnesota	MN	N							0	0
25. Mississippi	MS	N							0	0
26. Missouri	MO	N							0	0
27. Montana	MT	N							0	0
28. Nebraska	NE	N							0	0
29. Nevada	NV	N							0	0
30. New Hampshire	NH	N							0	0
31. New Jersey	NJ	N							0	0
32. New Mexico	NM	N							0	0
33. New York	NY	N							0	0
34. North Carolina	NC	N							0	0
35. North Dakota	ND	N							0	0
36. Ohio	OH	N							0	0
37. Oklahoma	OK	N							0	0
38. Oregon	OR	L	159,601,870						159,601,870	0
39. Pennsylvania	PA	N							0	0
40. Rhode Island	RI	N							0	0
41. South Carolina	SC	N							0	0
42. South Dakota	SD	N							0	0
43. Tennessee	TN	N							0	0
44. Texas	TX	N							0	0
45. Utah	UT	N							0	0
46. Vermont	VT	N							0	0
47. Virginia	VA	N							0	0
48. Washington	WA	N							0	0
49. West Virginia	WV	N							0	0
50. Wisconsin	WI	N							0	0
51. Wyoming	WY	N							0	0
52. American Samoa	AS	N							0	0
53. Guam	GU	N							0	0
54. Puerto Rico	PR	N							0	0
55. U.S. Virgin Islands	VI	N							0	0
56. Northern Mariana Islands	MP	N							0	0
57. Canada	CAN	N							0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX		159,601,870	0	0	0	0	0	159,601,870	0
60. Reporting entity contributions for Employee Benefit Plans	XXX								0	0
61. Total (Direct Business)	(a) 2		159,601,870	0	0	0	0	0	159,601,870	0
<b>DETAILS OF WRITE-INS</b>										
58001.	XXX									
58002.	XXX									
58003.	XXX									
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX		0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc. Allocated to states based on domicile of contracting party.

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

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



Note: except where otherwise noted, each subsidiary shown above is 100% owned by its respective parent company.



# ALPHABETICAL INDEX

## ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 – Enrollment By Product Type for Health Business Only	17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18
Exhibit 3 – Health Care Receivables	19
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	20
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	21
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	22
Exhibit 7 – Part 1 – Summary of Transactions With Providers	23
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	23
Exhibit 8 – Furniture, Equipment and Supplies Owned	24
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	29
Five-Year Historical Data	28
General Interrogatories	26
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	25
Overflow Page For Write-ins	44
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	SI02
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Part 3	E06
Schedule B – Verification Between Years	SI02
Schedule BA – Part 1	E07
Schedule BA – Part 2	E08
Schedule BA – Part 3	E09
Schedule BA – Verification Between Years	SI03
Schedule D – Part 1	E10

# ALPHABETICAL INDEX

## ANNUAL STATEMENT BLANK (Continued)

Schedule D – Part 1A – Section 1	SI05
Schedule D – Part 1A – Section 2	SI08
Schedule D – Part 2 – Section 1	E11
Schedule D – Part 2 – Section 2	E12
Schedule D – Part 3	E13
Schedule D – Part 4	E14
Schedule D – Part 5	E15
Schedule D – Part 6 – Section 1	E16
Schedule D – Part 6 – Section 2	E16
Schedule D – Summary By Country	SI04
Schedule D – Verification Between Years	SI03
Schedule DA – Part 1	E17
Schedule DA –Verification Between Years	SI10
Schedule DB – Part A – Section 1	E18
Schedule DB – Part A – Section 2	E19
Schedule DB – Part A – Verification Between Years	SI11
Schedule DB – Part B – Section 1	E20
Schedule DB – Part B – Section 2	E21
Schedule DB – Part B – Verification Between Years	SI11
Schedule DB – Part C – Section 1	SI12
Schedule DB – Part C – Section 2	SI13
Schedule DB – Part D	E22
Schedule DB – Verification	SI14
Schedule DL – Part 1	E23
Schedule DL – Part 2	E24
Schedule E – Part 1 – Cash	E25
Schedule E – Part 2 – Cash Equivalents	E26
Schedule E – Part 3 – Special Deposits	E27
Schedule E – Verification Between Years	SI15
Schedule S – Part 1 – Section 2	30
Schedule S – Part 2	31
Schedule S – Part 3 – Section 2	32
Schedule S – Part 4	33
Schedule S – Part 5	34
Schedule S – Part 6	36
Schedule S – Part 7	37
Schedule T – Part 2 – Interstate Compact	39
Schedule T – Premiums and Other Considerations	38
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule Y– Part 1A – Detail of Insurance Holding Company System	41
Schedule Y – Part 2 – Summary of Insurer’s Transactions With Any Affiliates	42
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01

# ALPHABETICAL INDEX

---

## ANNUAL STATEMENT BLANK (Continued)

Supplemental Exhibits and Schedules Interrogatories	43
Underwriting and Investment Exhibit – Part 1	8
Underwriting and Investment Exhibit – Part 2	9
Underwriting and Investment Exhibit – Part 2A	10
Underwriting and Investment Exhibit – Part 2B	11
Underwriting and Investment Exhibit – Part 2C	12
Underwriting and Investment Exhibit – Part 2D	13
Underwriting and Investment Exhibit – Part 3	14

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LifeWise Health Plan of Oregon, Inc.**