

SeeChange Health Insurance Company
Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus
December 31, 2014

	Current Month			Prior Month	Change
	GAAP Basis	GAAP to Stat Adjs.	Statutory Basis		
Assets					
Cash and cash equivalents	\$ 1,189,394	\$ -	\$ 1,189,394	\$ 2,301,490	\$ (1,112,096)
Short-term investments	3,563,004	-	3,563,004	224,706	3,338,298
Total cash, cash equivalents and short-term investments	4,752,398	-	4,752,398	2,526,196	2,226,202
Bonds	2,246,962	8,088	2,255,050	9,515,083	(7,260,033)
Total invested assets	6,999,360	8,088	7,007,448	12,041,279	(5,033,831)
Investment income due and accrued	11,719	-	11,719	69,307	(57,588)
Uncollected premiums	47,139	-	47,139	263,629	(216,490)
Amounts receivable under reinsurance contracts	4,056,151	(3,532,944)	523,207	1,235,091	(711,884)
Software	769,020	(769,020)	-	-	-
Furniture and equipment	96,525	-	96,525	98,236	(1,711)
Health care and other amounts receivable	355,000	-	355,000	1,275,466	(920,466)
Intangible assets	-	-	-	-	-
Deferred expenses	-	-	-	-	-
Prepaid expenses	74,196	(74,196)	-	-	-
Leasehold Improvements	38,456	(38,456)	-	-	-
Security deposit	26,015	(26,015)	-	-	-
Total assets	\$ 12,473,581	\$ (4,432,543)	\$ 8,041,038	\$ 14,983,008	\$ (6,941,970)
Liabilities, Capital and Surplus					
Liabilities					
Claims unpaid	\$ 21,225,260	\$ (3,532,944)	\$ 17,692,316	\$ 13,943,074	\$ 3,749,242
Unpaid claims adjustment expenses	271,342	-	271,342	357,271	(85,929)
Premiums received in advance	-	-	-	1,028,457	(1,028,457)
General expenses due and accrued	3,384,215	-	3,384,215	2,507,083	877,132
Ceded reinsurance premiums payable	369,307	-	369,307	535,422	(166,115)
Amounts due to parent and affiliates	323,148	-	323,148	168,609	154,539
ACA Risk Adjustment liability	2,480,071	-	2,480,071	-	2,480,071
Deferred rent	-	-	-	110,299	(110,299)
Total liabilities	28,053,343	(3,532,944)	24,520,399	18,650,215	5,870,184
Capital and Surplus					
Common stock, \$30,000 par value; 1,000 shares authorized; 100 shares issued and outstanding	3,000,000	-	3,000,000	3,000,000	-
Additional paid-in capital	82,228,055	-	82,228,055	82,228,055	-
Other comprehensive income	(102,592)	102,592	-	-	-
Unassigned surplus	(100,705,225)	(1,002,191)	(101,707,416)	(88,895,262)	(12,812,154)
Total capital and surplus	(15,579,762)	(899,599)	(16,479,361)	(3,667,207)	(12,812,154)
Total liabilities and capital and surplus	\$ 12,473,581	\$ (4,432,543)	\$ 8,041,038	\$ 14,983,008	\$ (6,941,970)

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Statutory Statements of Revenues and Expenses
December 31, 2014

	YTD Current Month			YTD Prior Month	Current Month
	GAAP Basis	GAAP to Stat Adjs.	Statutory Basis		
Revenues					
Gross premiums earned	\$ 105,755,267	\$ -	\$ 105,755,267	\$ 102,631,009	\$ 3,124,258
Ceded premiums	(7,005,369)	-	(7,005,369)	(6,675,848)	(329,521)
Net premiums earned	98,749,898	-	98,749,898	95,955,161	2,794,737
Other income	19,094	-	19,094	18,152	942
Total revenues	98,768,992	-	98,768,992	95,973,313	2,795,679
Expenses					
Hospital and medical benefits	88,983,414	-	88,983,414	75,576,950	13,406,464
Prescription drug benefits	13,407,916	-	13,407,916	12,494,216	913,700
Gross claims incurred	102,391,330	-	102,391,330	88,071,166	14,320,164
Ceded benefits	(4,583,514)	-	(4,583,514)	(4,688,752)	105,238
Net claims incurred	97,807,816	-	97,807,816	83,382,414	14,425,402
Claims adjustment expenses	4,073,016	-	4,073,016	3,890,493	182,523
General administrative expenses	24,281,068	(725,000)	23,556,068	22,525,158	1,030,910
Total underwriting deductions	126,161,900	(725,000)	125,436,900	109,798,065	15,638,835
Net underwriting loss	(27,392,908)	725,000	(26,667,908)	(13,824,752)	(12,843,156)
Net investment income	170,329	-	170,329	167,967	2,362
Net realized capital losses	(14,413)	-	(14,413)	(32,831)	18,418
Net investment gains	155,916	-	155,916	135,136	20,780
Net loss	\$ (27,236,992)	\$ 725,000	\$ (26,511,992)	\$ (13,689,616)	\$ (12,822,376)

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Statutory Statement of Changes in Capital and Surplus
December 31, 2014

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Unassigned Surplus</u>	<u>Total Capital and Surplus</u>	<u>YTD Prior Month</u>	<u>Current Month</u>
Balance, Beginning of Period	\$ 3,000,000	\$ 81,423,055	\$ (74,653,701)	\$ 9,769,354	\$ 9,769,354	\$ -
Net loss			(26,511,992)	(26,511,992)	(13,689,616)	(12,822,376)
Capital contributions		805,000		805,000	805,000	-
Change in nonadmitted assets			(541,723)	(541,723)	(551,945)	10,222
Balance, End of Period	<u>\$ 3,000,000</u>	<u>\$ 82,228,055</u>	<u>\$ (101,707,416)</u>	<u>\$ (16,479,361)</u>	<u>\$ (3,667,207)</u>	<u>\$ (12,812,154)</u>

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Statutory Statements of Cash Flow
December 31, 2014

	<u>YTD Current Month</u>	<u>YTD Prior Month</u>	<u>Current Month</u>
Cash from Operations:			
Premiums collected net of reinsurance	\$ 97,612,952	\$ 95,796,297	\$ 1,816,655
Net investment income	420,986	360,923	60,063
Miscellaneous income	19,094	18,152	942
Total revenues	<u>98,053,032</u>	<u>96,175,372</u>	<u>1,877,660</u>
Benefit and loss related payments, net of reinsurance	(104,169,449)	(95,150,638)	(9,018,811)
Commissions and expenses paid	<u>(27,263,069)</u>	<u>(26,872,113)</u>	<u>(390,956)</u>
Total expenses	<u>(131,432,518)</u>	<u>(122,022,751)</u>	<u>(9,409,767)</u>
Net cash from operations	<u>(33,379,486)</u>	<u>(25,847,379)</u>	<u>(7,532,107)</u>
Cash from Investments:			
Proceeds from bonds sold, matured or repaid	17,364,539	10,086,200	7,278,339
Net losses on short-term investments	<u>(2,267)</u>	<u>(2,267)</u>	<u>-</u>
Total investment proceeds	<u>17,362,272</u>	<u>10,083,933</u>	<u>7,278,339</u>
Cost of bonds acquired:	<u>(4,317,193)</u>	<u>(4,317,193)</u>	<u>-</u>
Net cash from investments	<u>13,045,079</u>	<u>5,766,740</u>	<u>7,278,339</u>
Cash from Financing and Miscellaneous Sources:			
Capital and paid in surplus	5,605,000	5,605,000	-
Other cash applied	<u>(310,272)</u>	<u>(310,170)</u>	<u>(102)</u>
Net cash from financing and miscellaneous sources	<u>5,294,728</u>	<u>5,294,830</u>	<u>(102)</u>
Net change in cash, cash equivalents and short-term investments	<u>(15,039,679)</u>	<u>(14,785,809)</u>	<u>(253,870)</u>
Cash, cash equivalents and short-term investments:			
Beginning of period	<u>17,312,005</u>	<u>17,312,005</u>	<u>2,526,196</u>
End of period	<u>\$ 2,272,326</u>	<u>\$ 2,526,196</u>	<u>\$ 2,272,326</u>

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Balance Sheet Detail
December 31, 2014

Health care and other amounts receivable

Recoverable - providers	200,000
Rx admin fee reimbursement	<u>155,000</u>
	<u>355,000</u>

General expenses due and accrued

Accounts payable	297,941
Commissions payable	665,305
ACA taxes payable	2,085,353
Premium taxes payable	320,121
Accrued vacation	9,464
Accrued expenses	<u>6,031</u>
	<u>3,384,215</u>