

Coordinated Health Mutual, Inc.
Statutory Statement of Admitted Assets, Liabilities & Surplus
September 30, 2016
(Unaudited)

| | September 30, 2016 | December 31, 2015 |
|---|--------------------|-----------------------|
| Invested Assets | | |
| Bonds | 28,564,874 | \$ 73,502,331 |
| Common Stock | - | 7,793,397 |
| Cash | 2,476,911 | 2,390,689 |
| Cash Equivalents | 105,724 | 4,403,402 |
| Short Term Investments | 35,691,380 | 6,014,623 |
| Total Invested Assets | 66,838,889 | 94,104,443 |
| Other Admitted Assets | | |
| Due and Accrued Investment Income | 70,334 | 176,590 |
| Premiums in Course of Collection | 1,166,336 | 951,981 |
| Risk Adjustment Receivable - Subject to Redetermination | - | 801,702 |
| Risk Corridor Receivable - Subject to Redetermination | 62,720,527 | 32,284,511 |
| Risk Corridor Receivable - Nonadmitted | (62,720,527) | (32,284,511) |
| Amounts Recoverable From Reinsurers, net of non admitted balances of \$1,626,451 at September 30, 2016 and \$0 at December 31, 2015 | 7,749,406 | 12,941,017 |
| EDP Processing Equipment and Software | 7,689 | 38,477 |
| Other Receivables | 1,093,540 | - |
| Total Other Admitted Assets | 10,087,306 | 14,909,768 |
| Total Assets | 76,926,195 | 109,014,211 |
| | | |
| Net Claims Unpaid | 23,261,392 | 29,647,746 |
| Net Unpaid Claims Adjustment Expenses | 931,171 | 1,230,665 |
| Risk Adjustment Payable- Subject to Redetermination | 5,399,960 | 7,009,519 |
| Net Aggregate Health Claim Reserves - PDR | 12,000,000 | 31,628,076 |
| Premiums Received In Advance | 993,515 | 3,418,658 |
| Guaranty Funds Payable | 24,744,884 | - |
| Total Expenses Due or Accrued | 6,224,026 | 3,740,127 |
| Ceded Reinsurance Premiums Payable | 424,730 | 679,630 |
| Other Liabilities | 51,863 | 80 |
| Total Liabilities | 74,031,540 | 77,354,501 |
| | | |
| Change in Surplus Notes | 126,408,917 | 126,408,917 |
| Capital and Surplus Prior Year | (94,749,207) | (14,692,671) |
| Current Year Net Gain/(Loss) | (27,437,609) | (79,125,128) |
| Special Surplus Funds - HIP Fees | - | 611,143 |
| Surplus Adjustment for HIP Fees | - | (611,143) |
| Change In Unrealized Gains | 419,891 | (453,547) |
| Change in Other Nonadmitted Assets (3) | (1,747,337) | (477,861) |
| Total Surplus | 2,894,655 | 31,659,710 |
| Total Liabilities and Surplus | 76,926,195 | \$ 109,014,211 |

(1) CHM was ordered into liquidation on May 26, 2016. CHM has prepared the summary financial statements on a statutory basis.

(2) CHM is currently evaluating legal actions and remedies. No amounts are currently recorded in the financial statements for legal and litigation expenses.

(3) Excludes change in non-admitted Risk Corridor Asset.

Coordinated Health Mutual, Inc.
Statutory Income Statement
For The Period Ending September 30, 2016
(Unaudited)

| | September 30, 2016 |
|--|-------------------------------|
| Revenues | |
| Net Premium Income Earned (1) | \$ 56,706,372 |
| Total Revenues | <u>56,706,372</u> |
| Medical and Pharmacy Benefits | |
| Direct Hospital & Medical Benefits | 90,652,613 |
| Direct Prescriptions Drugs | 12,380,296 |
| Reinsurance Recoveries | <u>(15,265,864)</u> |
| Total Operating Expenses | 87,767,045 |
| Claims Adjustment Expenses | |
| | 1,996,872 |
| General Administrative Expenses | |
| | 14,633,075 |
| Net Underwriting Loss | <u>(47,690,619)</u> |
| Change in Premium Deficiency Reserve | |
| | 19,628,076 |
| Investment Income | |
| Net Investment Income Earned | 629,677 |
| Realized Gains/(Losses) | - |
| Total Investment Income | <u>629,677</u> |
| Loss From Balances Charged Off | |
| | (4,742) |
| Net Gain/(Loss) | <u><u>\$ (27,437,609)</u></u> |

(1) Excludes impact of nonadmitted Risk Corridor Asset

**Coordinated Health Mutual, Inc.
Income Statement Actual vs Budget - Detail**

Total

September 30, 2016

| Description | Actual | | | | | | | | | | | Total |
|---|-------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|-------------|--------------|-------------|--------------|
| | 1/31/2016 | 2/28/2016 | 3/31/2016 | 4/30/2016 | 5/26/2016 | 5/31/2016 | 5/26-5/31/16 | 6/30/2016 | 7/31/2016 | 8/31/2016 | 9/30/2016 | |
| Total Revenues | 14,209,694 | 5,427,345 | 8,967,841 | 9,218,676 | 5,936,184 | 8,910,625 | 2,974,441 | 7,046,016 | 2,958,956 | 10,804 | (43,585) | 56,706,372 |
| Direct Hospital & Medical Benefits | 12,640,640 | 18,293,876 | 22,333,365 | 10,026,990 | 10,556,809 | 13,167,405 | 2,610,596 | 13,868,415 | 10,105,982 | (6,095,978) | (3,688,082) | 90,652,613 |
| Direct Prescription Drugs | 1,287,673 | 1,580,173 | 1,669,669 | 1,713,024 | 1,738,867 | 1,764,157 | 25,290 | 2,161,383 | 921,401 | 692,918 | 589,897 | 12,380,296 |
| Reinsurance Recoveries | (3,246,106) | (2,902,690) | (1,899,090) | (903,417) | (2,011,265) | (1,992,017) | 19,247 | (1,099,679) | (1,460,122) | (836,664) | (926,079) | (15,265,864) |
| Total Operating Expenses | 10,682,207 | 16,971,359 | 22,103,944 | 10,836,598 | 10,284,412 | 12,939,545 | 2,655,133 | 14,930,118 | 9,567,261 | (6,239,723) | (4,024,264) | 87,767,045 |
| Claims Adjustment Expenses | 232,256 | 595,692 | 607,198 | 112,911 | 257,602 | 402,289 | 144,686 | 532,425 | 215,278 | (434,089) | (267,087) | 1,996,872 |
| General Administrative Expenses | 2,648,089 | 2,099,023 | 1,839,478 | 2,019,958 | 1,690,435 | 1,941,873 | 251,438 | 1,735,580 | 1,024,512 | 663,387 | 661,164 | 14,633,073 |
| Net Underwriting Loss | 647,142 | (14,238,729) | (15,582,779) | (3,750,801) | (6,296,264) | (6,373,081) | (76,817) | (10,152,107) | (7,848,095) | 6,021,229 | 3,586,603 | (47,690,619) |
| Change in Reserve for Life and Health Contracts | - | 13,441,506 | 15,495,824 | (47,648,106) | 4,526,894 | 4,526,894 | - | 10,206,544 | 9,479,391 | (10,959,159) | 25,085,183 | 19,628,076 |
| Investments | 74,130 | 88,841 | 92,505 | 103,136 | 90,779 | 100,189 | 9,410 | 135,182 | 25,087 | 25,363 | 24,865 | 669,297 |
| Investment Expenses Not Included Elsewhere | (5,553) | (5,553) | (5,553) | (21,982) | (4,630) | (5,520) | (890) | 13,686 | (2,575) | (2,425) | (4,148) | (39,620) |
| Total Investment Gains | 68,577 | 83,288 | 86,952 | 81,154 | 86,149 | 94,669 | 8,520 | 148,868 | 22,512 | 22,938 | 20,717 | 629,677 |
| Premiums Written Off | (1,784) | - | 3 | (2,233) | (13) | (13) | - | (654) | 5 | 0 | (66) | (4,742) |
| Net Loss | 713,935 | (713,935) | 0 | (51,319,987) | (1,683,235) | (1,751,532) | (68,297) | 202,651 | 1,653,813 | (4,914,991) | 28,692,437 | (27,437,609) |

Coordinated Health Mutual, Inc.
Statutory Statement of Cash Flow
September 30, 2016
(Unaudited)

| | <u>September 30, 2016</u> | <u>12/31/2015</u> |
|--|------------------------------------|------------------------------------|
| Cash From Operations: | | |
| Premiums collected net of reinsurance | \$ 53,523,389 | \$ 131,767,037 |
| Net investment income | 173,506 | 715,022 |
| Other Non-Health Care Revenue | - | 341,371 |
| Benefit and loss related payments | (51,224,550) | (140,469,761) |
| Commissions, expenses and write-ins for deductions | (11,736,121) | (22,517,612) |
| Net cash from operations | <u>(9,263,776)</u> | <u>(30,163,943)</u> |
| Cash From Investments: | | |
| Cost of bonds acquired-net | (3,499,648) | (42,432,016) |
| Cost of stocks acquired-net | - | (3,900,000) |
| Proceeds from investments sold, matured or repaid | 57,205,311 | 15,097,401 |
| Net cash from investments | <u>53,705,662</u> | <u>(31,234,615)</u> |
| Cash Provided (applied): | | |
| Borrowed funds | - | (15,972,304) |
| Change in Surplus Notes | - | 62,526,613 |
| Other cash provided (applied) | (18,976,586) | 4,044,057 |
| Net cash from financing and miscellaneous sources | <u>(18,976,586)</u> | <u>50,598,366</u> |
| Net change in cash, cash equivalents and short-term investments | 25,465,301 | (10,800,192) |
| Cash, cash equivalents and short-term investments: | | |
| Beginning of period | 12,808,715 | 23,608,907 |
| End of period | <u><u>\$ 38,274,015</u></u> | <u><u>\$ 12,808,715</u></u> |