WellCare Health Insurance of Arizona, Inc.

Statutory-Basis Financial Statements
as of and for the years ended December 31, 2023 and 2022,
Supplemental Schedules as of and for the year ended
December 31, 2023, and Independent Auditors' Report

WellCare Health Insurance of Arizona, Inc.

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Supplemental Schedules
As of and for the Years Ended December 31, 2023 and 2022

Contents

KPMG LLP
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Independent Auditors' Report

The Audit Committee of the Board of Directors
WellCare Health Insurance of Arizona, Inc.:

Opinions

We have audited the financial statements of WellCare Health Insurance of Arizona, Inc. (the Company), which comprise the statutory-basis statements of admitted assets, liabilities, and capital and surplus as of December 31, 2023 and 2022, and the related statutory-basis statements of revenue and expenses, changes in capital and surplus, and cash flow for the years then ended, and the related notes to the financial statements.

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flow for the years then ended in accordance with accounting practices prescribed or permitted by the Arizona Department of Insurance and Financial Institutions described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of the Company as of December 31, 2023 and 2022, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 to the financial statements, the financial statements are prepared by the Company using accounting practices prescribed or permitted by the Arizona Department of Insurance and Financial Institutions, which is a basis of accounting other than U.S. generally accepted accounting principles. Accordingly, the financial statements are not intended to be presented in accordance with U.S. generally accepted accounting principles. The effects on the financial statements of the variances between the statutory accounting practices described in Note 2 and U.S. generally accepted accounting principles, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices prescribed or permitted by the Arizona Department of Insurance and Financial Institutions. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the Reinsurance Risk Interrogatories, Investment Risks Interrogatories, Summary Investment Schedule and Statutory-Basis Medicaid Statement of Revenue and Expenses is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Arizona Department of Insurance and Financial Institutions. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

St. Louis, Missouri
April 9, 2024

WellCare Health Insurance of Arizona, Inc.

Statutory-Basis Statements of Admitted Assets, Liabilities, and Capital and Surplus

	As of December 31,	
	2023	2022
	($ in Thousands)	
Admitted Assets		
Cash, cash equivalents and short-term investments	$ 31,456	$ 71,391
Bonds	156,705	153,247
Uncollected premiums	28,715	175
Accrued retrospective premiums	29,441	22,874
Federal income tax recoverable	4,341	—
Receivable for amounts paid for uninsured plans	17,432	9,540
Net deferred tax asset	5,121	1,090
Amounts due from affiliates	17,628	19,039
Healthcare and other amounts receivable	21,753	24,765
Other assets	1,959	1,329
Total admitted assets	$ 314,551	$ 303,450
Liabilities and Capital and Surplus		
Liabilities:		
Unpaid claims	$ 131,365	$ 141,517
Unpaid claims adjustment expenses	1,275	1,329
Aggregate health policy reserves	81,830	17,761
Liability for uninsured plans	10,078	18,352
Federal income tax payable	—	1,569
Hospital assessment payable	4,615	2,961
Other liabilities	5,406	5,833
Total liabilities	234,569	189,322
Capital and surplus:		
Common stock, $2.00 par value, 1,500,000 shares authorized, 1,500,000 issued and outstanding	3,000	3,000
Gross paid-in and contributed surplus	79,445	69,445
Unassigned (deficit) surplus	(2,463)	41,683
Total capital and surplus	79,982	114,128
Total liabilities and capital and surplus	$ 314,551	$ 303,450

WellCare Health Insurance of Arizona, Inc.

Statutory-Basis Statements of Revenue and Expenses

	For the Years Ended December 31,	
	2023	**2022**
	($ in Thousands)	
Revenue		
Premiums	$ 904,384	$ 1,035,190
Expenses		
Medical expenses	793,786	895,992
Claims adjustment expenses	7,301	8,632
General administrative expenses	137,436	110,511
Increase in premium deficiency reserve	24,004	—
Total expenses	962,527	1,015,135
Investment income:		
Net investment income earned	7,054	4,244
Net realized capital losses (net of tax benefit of $98 and $7, respectively)	(368)	(28)
(Loss) income before federal income taxes	(51,457)	24,271
Federal income tax (benefit) expense	(5,645)	5,161
Net (loss) income	$ (45,812)	$ 19,110

See notes to statutory-basis financial statements

WellCare Health Insurance of Arizona, Inc.

Statutory-Basis Statements of Changes in Capital and Surplus

	As of December 31,	
	2023	**2022**
	($ in Thousands)	
Capital and surplus, January 1	$ 114,128	$ 103,373
Net (loss) income	(45,812)	19,110
Change in net unrealized capital losses	(189)	(80)
Change in deferred income tax	3,982	(257)
Change in non-admitted assets	(2,127)	1,982
Capital contribution from parent	10,000	—
Dividend to parent	—	(10,000)
Net change in capital and surplus	(34,146)	10,755
Capital and surplus, December 31	$ 79,982	$ 114,128

See notes to statutory-basis financial statements

WellCare Health Insurance of Arizona, Inc.

Statutory-Basis Statements of Cash Flow

	For the Years Ended December 31, 2023	For the Years Ended December 31, 2022
	($ in Thousands)	
Cash from operations:		
Premiums collected, net of reinsurance	$ 909,336	$ 1,024,784
Net investment income	8,095	5,801
Benefits and loss related payments	(800,864)	(872,792)
Commissions, expenses paid and aggregate write-ins	(159,879)	(132,676)
Income taxes paid	(167)	(3,841)
Net cash (used in) provided by operations	(43,479)	21,276
Cash from investments:		
Total investments sold, matured or repaid	19,562	44,380
Total investments acquired	(24,942)	(10,411)
Net cash (used in) provided by investments	(5,380)	33,969
Cash from financing and miscellaneous sources:		
Dividend to parent	—	(10,000)
Other cash provided (used)	8,924	(20,774)
Net cash provided by (used in) financing and miscellaneous sources	8,924	(30,774)
Net change in cash, cash equivalents and short-term investments	(39,935)	24,471
Cash, cash equivalents and short-term investments, beginning of year	71,391	46,920
Cash, cash equivalents and short-term investments, end of year	$ 31,456	$ 71,391
Supplemental non-cash disclosures for cash flow information:		
Capital contribution receivable	$ 10,000	$ —

See notes to statutory-basis financial statements

($ in Thousands)

1. ORGANIZATION AND NATURE OF OPERATIONS

WellCare Health Insurance of Arizona, Inc. ("the Company", "our") is a wholly-owned subsidiary of Centene Corporation ("Centene"), a publicly traded managed care services company.

The Company was incorporated in January 1973, and is a life, accident and health insurance company domiciled in the State of Arizona and licensed as an insurer in 38 states. The Company offers a Medicaid plan under a contract with the State of Hawaii Department of Human Services ("DHS"). The Company's current, multi-year contracts covering Medicaid and Behavioral Health with the DHS expire on December 31, 2026 and June 30, 2024, respectively.

The Company is also a Medicare Advantage ("MA") Organization offering Medicare and prescription drug benefits through the Medicare Part D Program ("PDP") to Medicare beneficiaries in the states of Florida, Hawaii and Louisiana pursuant to contracts with the Centers for Medicare and Medicaid Services ("CMS"). The Company's current one year Medicare contract expires on December 31, 2024 and is renewable for successive one year terms.

The Company's premiums by contract are as follows:

	Years Ended December 31,	
	2023	2022
Medicaid	$ 400,689	$ 453,066
MA	503,695	582,124
Total premiums	$ 904,384	$ 1,035,190

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The statutory-basis financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Arizona Department of Insurance and Financial Institutions ("AZDIFI") for determining and reporting the financial condition and the results of operations of an insurance company and for determining its solvency under Arizona insurance law.

The State of Arizona has adopted certain prescribed accounting policies found in the revised National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual ("NAIC SAP"), subject to any deviations prescribed or permitted by the AZDIFI Statutory Accounting Principles ("SAP"). In 2023 and 2022, there were no differences between SAP and NAIC SAP that impacted the Company. SAP differs in certain respects from U.S. generally accepted accounting principles ("GAAP") followed by other types of enterprises in determining their financial position, results of operations, and cash flows. The most significant variances are as follows:

A. Under SAP, certain assets, designated as "nonadmitted assets" are excluded from the statutory-basis statements of admitted assets, liabilities, and capital and surplus and are charged to unassigned (deficit) surplus. The balance of nonadmitted assets at December 31, 2023 and 2022, are $4,671 and $2,544, respectively. Under GAAP, such assets are included in the balance sheets subject to impairment and allowances.

B. The statutory-basis financial statements reflect certain assets and liabilities net of ceded reinsurance. Under GAAP, these assets and liabilities are presented gross of reinsurance.
C. Under SAP, debt securities are generally carried at amortized cost. Under GAAP, debt securities are carried at amortized cost only if there is both a positive intent and ability to hold to maturity. Otherwise, they are carried at fair value with unrealized gains and losses recognized in operations or accumulated other comprehensive income according to prescribed rules.
D. Under SAP, the statements of cash flow reconcile to changes in cash, cash equivalents and short-term investments with original maturities of one year or less. Under GAAP, the statements of cash flows reconcile to changes in cash, cash equivalents including short-term investments with an original maturity period of three months or less and restricted cash. The statutory-basis statements of cash flow are presented in a specified format, which differs from the format prescribed by GAAP.
E. Under SAP, net deferred income tax assets are admitted following the application of certain criteria with the resulting change in admitted deferred tax asset amount being credited directly to capital and surplus. Under GAAP and SAP, deferred income tax assets and liabilities are recorded for temporary differences between the reported amounts of assets and liabilities and those in the Company's income tax return. Changes to deferred income tax assets and liabilities are recorded in current operations under GAAP and directly to surplus under SAP.
F. Comprehensive income is not determined for statutory-basis reporting, and there is no statement reflecting accumulated other comprehensive income.

The aggregate effect of the foregoing differences between SAP and GAAP has not been determined, but is presumed to be material and pervasive.

B. Management's Estimates

The preparation of statutory-basis financial statements in conformity with the accounting practices prescribed or permitted by the AZDIFI requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory-basis financial statements and the reported amounts of revenue and expenses during the reporting period. Future events and their effects cannot be predicted with certainty; accordingly, the accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of the financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the operating environment changes. The Company evaluates and updates its assumptions and estimates on an ongoing basis and may employ outside experts to assist in the evaluation, as considered necessary. Actual results could differ from those estimates.

C. Cash, Cash Equivalents and Short-Term Investments

Cash represents amounts held by the Company in disbursement accounts at banks. Periodically, the balance of certain of the Company's bank accounts exceeds the federally-insured limit. The Company did not experience any losses from maintaining cash balances in excess of such limits. Cash equivalents consist primarily of money market mutual funds and short-term, highly-liquid investments with original maturities of three months or less, which are stated at amortized cost. Short-term investments consist of investments with original maturities greater than three months and less than one year. Short-term investments are stated at cost or amortized cost, which approximates fair value.

D. Fair Value Measurements

In the normal course of business, the Company invests in various financial assets and incurs various financial liabilities. Fair values are disclosed for all financial instruments, whether or not such values are recognized. Management obtains quoted market prices or other observable inputs for these disclosures. The carrying amounts reported for cash, cash equivalents, short-term investments, uncollected premiums, and certain other assets and liabilities are carried at cost, which approximates fair value because of their short-term nature.

E. Bonds

Bonds are valued as prescribed by the NAIC and are generally carried at amortized cost with the accretion of discounts and amortization of premiums being computed under the scientific method (unless NAIC requires fair value). Realized gains and losses are calculated using the specific-identification method. Asset-backed securities are revalued using currently estimated cash flows and prepayment assumptions. A prospective adjustment methodology is used for all asset-backed securities.

The Company evaluates all of its bonds for impairment based on current market prices, economic conditions, and the financial condition of the issuer. Investments that have declines in fair value below cost, which are judged to be other-than-temporary, are written down to estimated fair value. Factors considered in evaluating whether a decline in value is other-than-temporary include: (1) whether the decline is substantial, (2) the Company's ability and intent to retain the investment for a period of time sufficient to allow for an anticipated recovery in value, (3) the duration and extent to which the fair value has been less than cost, and (4) the financial condition and near-term prospects of the issuer in relation to the anticipated recovery period. There were no charges recorded in 2023 and 2022 related to other-than-temporary impairments.

Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported.

F. Reinsurance

The Company limits its risk of certain catastrophic losses by maintaining reinsurance coverage. Premiums are recorded net of ceded reinsurance premiums. Medical expenses are recorded net of reinsurance recoveries. The Company is liable in the event its reinsurer is unable to meet its obligations. The Company recognizes receivables for reinsurance recoveries on paid losses that remain outstanding as of period-end.

G. Healthcare and Other Amounts Receivable

Healthcare receivables consist of pharmaceutical rebate receivables admitted in accordance with Statement of Statutory Accounting Principles ("SSAP") No. 84, *Health Care and Government Insured Plan Receivables.* The Company records pharmaceutical rebate receivables based on actual utilization and estimated rebate rates. Network rebate receivable is determined retrospectively based upon several pharmacy performance measures. The pharmacy benefit manager calculates the network rebate receivable, withholds the rebate from pharmacies and remits payment to the Company.

($ in Thousands)

Accordingly, the Company recorded admitted healthcare and other amounts receivable at December 31, 2023 and 2022, in the amount of $21,753 and $24,765, respectively, of which $9,421 and $10,277, respectively, was pharmacy rebate receivables.

The following is a summary of pharmacy rebates by quarter:

Quarter Ending	Estimated Rebates	Rebates Invoices	Collected Within 90 days of Invoicing	Collected Within 91 to 180 days of Invoicing	Collected More than 180 days of Invoicing
12/31/2023	$ 13,000	$ —	$ 4,257	$ —	$ —
9/30/2023	13,269	13,782	12,393	—	—
6/30/2023	13,117	13,812	12,457	377	—
3/31/2023	14,262	14,250	12,732	267	270
12/31/2022	14,251	14,917	9,004	5,061	266
9/30/2022	14,727	15,048	13,532	617	306
6/30/2022	14,741	14,783	13,324	579	363
3/31/2022	13,768	13,815	12,461	612	125
12/31/2021	12,434	12,566	11,280	832	128
9/30/2021	11,933	11,972	10,607	764	109
6/30/2021	11,263	11,356	10,241	50	829
3/31/2021	10,197	10,196	9,196	—	745

H. Amounts Due From (To) Affiliates

Amounts due from (to) affiliates generally consist of amounts receivable (payable) from (to) related parties under various service agreements as well as parent contribution receivables. See Note 9, *Related Party Transactions* for detailed amounts due from (to) affiliates.

I. Receivable for Amounts Paid For Uninsured Plans/Liability for Amounts Held under Uninsured Plans

For qualifying low income Medicare PDP members, CMS pays for some, or all, of the member's monthly premium. The Company receives certain PDP prospective subsidy payments from CMS for MA and PDP members as a fixed monthly per member amount, based on the estimated costs of providing prescription drug benefits over the plan year, as reflected in bids. Approximately nine to ten months subsequent to the end of the plan year, or later in the case of the coverage gap discount subsidy, a settlement payment is made between CMS and the Company based on the difference between the prospective payments and actual claims experience. The subsidy components under PDP are described below:

Low-Income Cost Sharing Subsidy (“LICS”) - For qualifying low-income subsidy members, CMS reimburses the Company for all or a portion of the low income subsidy member's deductible, coinsurance and co-payment amounts above the out-of-pocket threshold.

Catastrophic Reinsurance Subsidy ("CRS") - CMS reimburses the Company for 80% of the drug costs after a member reaches his or her out-of-pocket catastrophic threshold through a CRS.

Coverage Gap Discount Subsidy ("CGDS") - CMS provides monthly prospective payments for pharmaceutical manufacturer discounts made available to members.

CRS and LICS represent cost reimbursements under the PDP program. The Company is fully reimbursed by CMS for costs incurred for these contract elements and, accordingly, there is no insurance risk to the Company. Therefore, amounts received for these subsidies are not considered premiums, and are reported, net of the subsidy benefits paid, as deposits. Costs incurred over deposits received are recorded as a receivable for amounts paid for uninsured plans and deposits received in excess of costs incurred are recorded as a liability for amounts held under uninsured plans. Historically, the settlement payments between the Company and CMS have not been materially different from our estimates.

CGDS advance payments are recorded as a receivable for amounts paid for uninsured plans. Receivables are set up for manufacturer-invoiced amounts. Manufacturer payments reduce the receivable as payments are received. After the end of the contract year, during the PDP payment reconciliation process for the CGDS, CMS will perform a cost-based reconciliation to ensure the PDP sponsor is paid for gap discounts advanced at the point of sale, based on accepted prescription drug event data.

For uninsured plans activity, the Company recorded a receivable due from CMS of $17,432 and $9,540, at December 31, 2023 and 2022, respectively. This represents 100% of the Company's amounts receivable from uninsured accident and health plans. There are no recorded allowances and reserves for adjustment of recorded revenues. There were no adjustments to revenue resulting from the audit of receivables related to revenues recorded in the prior period.

J. Accrued Retrospective Premiums/Aggregate Health Policy Reserves

Risk Corridor
The Company's MA and PDP premiums are subject to risk sharing through the CMS PDP risk corridor provisions. The risk corridor calculation compares actual experience to the target amount of prescription drug costs, limited to costs under the standard coverage as defined by CMS, less rebates included in the submitted plan year bid. The Company receives additional premiums from CMS if actual experience is more than 5% above the target amount. The Company refunds premiums to CMS if actual experience is more than 5% below the target amount. Based on the risk corridor provision and PDP activity-to-date, an estimated risk-sharing receivable or payable is recorded as an adjustment to premiums. After the close of the annual plan year, CMS performs the risk corridor calculation and any differences are settled between CMS and the Company. Historically, there have not been material differences between recorded estimates and the subsequent CMS settlement amounts.

At December 31, 2023 and 2022, there was a balance due from CMS of $29,441 and $22,874, respectively. At December 31, 2023 and 2022, there was a balance due to CMS of $18,956 and $7,098, respectively, which was recorded as a component of aggregate health policy reserves. The balance due from/to CMS was recorded as an adjustment to premiums at December 31, 2023 and 2022. The balance due from CMS is recorded in the Accrued retrospective premiums line of the Balance Sheet.

Medicare Minimum Loss Ratio
The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the "ACA"), requires the establishment of a minimum medical loss ratio ("MLR") for MA and PDP plans, requiring them to spend not less than 85% of premiums on medical benefits. The rules implementing the minimum MLR impose financial and other penalties for failing to achieve the minimum MLR, including requirements to refund to CMS

shortfalls in amounts spent on medical benefits and termination of a plan's MA contract for prolonged failure to achieve the minimum MLR. MLR is determined by adding a plan's spending for clinical services, prescription drugs and other direct patient benefits, plus its total spending on quality improvement activities and dividing the total by premiums (after subtracting specific identified taxes and other fees). No refund was due from or payable to CMS for this provision in 2023 or 2022.

Medicaid Minimum Loss Ratio
The Company recorded a minimum medical loss ratio rebate payable of $38,870 and $10,663 on its DHS Contract at December 31, 2023 and 2022, respectively, which was recorded as a component of aggregate health policy reserves. This is recorded as return of premium payable.

K. Premium Deficiency Reserve

Premium deficiency reserves are recognized when expected incurred costs, claim adjustment expenses, and administration costs exceed the premiums to be collected for the remainder of a contract period. The Company considered anticipated investment income when calculating its premium deficiency reserves. The adequacy of reserve requirements is continually reviewed by management, with any reductions in the reserve being recorded as a beneficial effect.

At December 31, 2023 and 2022 , premium deficiency reserves of $24,004 and $0, respectively, were recorded as a component of aggregate health policy reserves based on the Company's expectation regarding the profitability of contracts in force at December 31, 2023 and 2022.

L. Premiums and Uncollected Premiums

Premiums are recognized in the period in which members are entitled to receive covered services. During 2023 and 2022, the Company earned all of its premiums, net of any ceded reinsurance premiums, under the contract with CMS and similarly funded government-insured plans. Substantially, all premiums are based on a fixed amount per eligible enrolled member per month.

Uncollected premiums include amounts receivable under government-insured plans. Amounts receivable under government-insured plans, including amounts over 90 days due, which qualify as accident and health contracts are admitted assets under SSAP No. 84.

Certain state agencies, including the Hawaii, place an assessment or tax on Medicaid premiums, which is included in the premium rates established in the Medicaid contracts with each state agency and recorded as a component of revenue, as well as administrative expense, when incurred. Medicaid premium taxes were $17,546 and $20,305 for the years ended December 31, 2023 and 2022, respectively. General expenses due or accrued includes amounts due for premium taxes as well as estimated amounts due to our state customer for rate changes.

M. Medical and Claims Adjustment Expenses, Unpaid Claims and Unpaid Claims Adjustment Expenses

Unpaid claims includes claims reported but not yet paid, or inventory, and estimates for claims incurred but not reported ("IBNR"). Unpaid claims adjustment expenses include estimates for the costs necessary to process unpaid claims. The Company estimates its unpaid claims using actuarial methods that are commonly used by health insurance actuaries and meet Actuarial Standards of Practice. These actuarial methods consider factors such as historical data for payment patterns, cost trends, product mix, seasonality, utilization of healthcare services, and other relevant factors.

The Actuarial Standards of Practice generally require that unpaid claims estimates be adequate to cover obligations under moderately adverse conditions. Moderately adverse conditions are situations in which the actual claims are expected to be higher than the otherwise estimated value of such claims at the time of estimate. In many situations, the claims amounts ultimately settled will be different than the estimate that satisfies the Actuarial Standards of Practice. The Company includes in its IBNR an estimate for claims payable under moderately adverse conditions, which represents the risk of adverse deviation of the estimates in its actuarial method of reserving.

The Company uses its judgment to determine the assumptions to be used in the calculation of the required estimates. The assumptions it considers when estimating IBNR include, without limitation, claims receipt and payment experience (and variations in that experience), changes in membership, provider billing practices, healthcare service utilization trends, cost trends, product mix, seasonality, prior authorization of medical services, benefit changes, known outbreaks of disease or increased incidence of illness such as influenza, provider contract changes, changes to fee schedules, and the incidence of high dollar or catastrophic claims patterns, maturity of lines of business and other factors.

The Company's development of the unpaid claims estimate is a continuous process, which it monitors and refines on a monthly basis as additional claims receipts and payment information becomes available. As more complete claim information becomes available, the Company adjusts the amount of the estimates and includes the changes in estimates in medical costs in the period in which the changes are identified. In every reporting period, the operating results include the effects of more completely developed unpaid claims liability estimates associated with previously reported periods. The Company consistently applies its reserving methodology from period to period. As additional information becomes known, the Company adjusts the actuarial model accordingly to establish unpaid claims liability estimates. Management believes the amount of unpaid claims payable is reasonable and adequate to cover the Company's liability at December 31, 2023 and 2022, however, actual claim payments may differ from established estimates.

Claims adjustment expenses are subdivided into cost containment expenses and other claim adjustment expenses. Cost containment expenses, which include care and disease management, utilization review services, quality assurance and on-call nurses, are intended to reduce the number of health services provided or the cost of such services. Other claims adjustment expenses are all other costs which do not meet the definition of cost containment expenses.

N. Accrued Medical Incentive Pool and Bonus Amounts

The Company participates in a physician incentive plan with certain contracted primary care providers. This plan is designed to encourage the delivery of quality care to members. Amounts are accrued and expensed as certain quality metrics are met. This activity is recorded as a component of unpaid claims.

O. Hospital Assessment Payable

Hospital assessment payable consists of amounts payable to hospitals, physicians, and ambulance providers to compensate them for serving Medicaid members. The Company received AZDIFI approval to exclude hospital assessment revenue and expense from premium income and general administrative expenses since these pass-through's present no risk to the Company. The hospital assessment payable was $4,615 and $2,961 at December 31, 2023 and 2022, respectively.

P. General Administrative Expenses

The Company has a management services agreement with Centene Management Company, LLC ("CMC"). CMC assumes responsibility for program planning and development, management information systems, financial systems and services, facilities arrangement, claims administration, provider and enrollee services and records, case management, care coordination, utilization and peer review, and quality assurance/quality improvement. Under the agreement, the Company also pays other direct costs associated with the business not covered by the management services agreement. Effective January 1, 2023, the agreement with CMC was amended and the Company paid CMC for its actual costs incurred. In 2022, the Company paid CMC a fee based on a percentage of its monthly revenue for which CMC provides the services necessary to manage the business operations of the Company and assumes responsibility for all associated costs.

Q. Net Investment Income

Investment income is comprised of interest and dividends earned on the Company's invested assets, which can include cash, cash equivalents, short-term investments and bonds. All investment income due and accrued with amounts that are over 90 days past due is considered nonadmitted. There were no nonadmitted interest income amounts due and accrued at December 31, 2023 and 2022.

R. Income Taxes

Deferred tax assets and liabilities are recorded for the future tax consequences attributable to differences between the statutory-basis financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Valuation allowances are provided when it is considered more likely than not that deferred tax assets will not be realized. In determining if a deductible temporary difference or net operating loss can be realized, the Company considers future reversals of existing taxable temporary differences, future taxable income, taxable income in prior carryback periods, and tax planning strategies.

For the years ended December 31, 2023 and 2022, the Company filed a consolidated federal income tax return with Centene and its other subsidiaries. In accordance with the group's tax allocation agreement, the subsidiaries reimburse or recover from Centene their portion of the income taxes as calculated on a separate company basis.

($ in Thousands)

3. INVESTMENTS AND RESTRICTED ASSETS

The amortized cost and estimated fair value of investment in bonds are as follows:

	As of December 31, 2023			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Governments	$ 3,127	$ 17	$ (6)	$ 3,138
U.S. States, territories and possessions	1,871	15	(12)	1,874
Political subdivisions of states, territories and possessions	1,158	—	(114)	1,044
Special revenue and assessments	30,540	129	(2,851)	27,818
Industrial and miscellaneous	120,009	408	(7,919)	112,498
Total Investments	$ 156,705	$ 569	$ (10,902)	$ 146,372

	As of December 31, 2022			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Governments	$ 3,120	$ —	$ (48)	$ 3,072
U.S. States, territories and possessions	183	5	—	188
Political subdivisions of states, territories and possessions	1,567	—	(231)	1,336
Special revenue and assessments	24,685	14	(3,596)	21,103
Industrial and miscellaneous	123,692	—	(12,517)	111,175
Total Investments	$ 153,247	$ 19	$ (16,392)	$ 136,874

The above tables exclude short-term bonds reported in cash, cash equivalents and short-term investments at December 31, 2023 and 2022, of $401 and $0, respectively.

The fair values of the Company's bonds are evaluated based on NAIC designations set forth by the Securities Valuation Office ("SVO"). The SVO does not provide fair market values for certain bonds. As such, the Company utilizes independent pricing services to estimate fair value for bonds, which are not actively traded on the measurement date or for which the SVO does not provide fair market values.

($ in Thousands)

The following tables illustrate the gross unrealized losses included in the Company's investment portfolio aggregated by investment category. The table also illustrates the length of time the securities have been in an unrealized loss position as follows:

	December 31, 2023					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
U.S. Governments	$ 631	$ (2)	$ 429	$ (4)	$ 1,060	$ (6)
U.S. States, Territories and possessions	1,247	(12)	—	—	1,247	(12)
Political subdivisions of states, territories and possessions	293	(2)	751	(112)	1,044	(114)
Special revenue and assessments	2,189	(19)	17,810	(2,832)	19,999	(2,851)
Industrial and miscellaneous	5,031	(22)	91,276	(7,897)	96,307	(7,919)
Total Investments	$ 9,391	$ (57)	$ 110,266	$ (10,845)	$ 119,657	$ (10,902)

	December 31, 2022					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
U.S. Government	$ 1,929	$ (32)	$ 548	$ (16)	$ 2,477	$ (48)
Political subdivisions of states, territories and possessions	1,232	(220)	104	(11)	1,336	(231)
Special revenue and assessments	4,882	(659)	15,453	(2,937)	20,335	(3,596)
Industrial and miscellaneous	47,763	(2,027)	61,873	(10,490)	109,636	(12,517)
Total Investments	$ 55,806	$ (2,938)	$ 77,978	$ (13,454)	$ 133,784	$ (16,392)

The Company views the decrease in value of all of the securities with unrealized losses at December 31, 2023 and 2022 as temporary, expects recovery in fair value, anticipates continued payments under the terms of the securities, and has the intent and ability to hold these securities until maturity or a recovery in fair value occurs.Therefore, no impairment of these securities was recorded during 2023 or 2022.

The amortized cost and fair value of debt securities by contractual maturity, are shown below. Actual maturities may differ due to call or prepayment options.

	As of December 31, 2023	
	Amortized Cost	Fair Value
Due in one year or less	$ 23,157	$ 22,581
Due after one year through five years	80,520	75,366
Due after five years through ten years	32,903	30,474
Due after ten years	20,125	17,951
Total	$ 156,705	$ 146,372

($ in Thousands)

Net proceeds from sales, maturities, repayments on bonds, and other disposals of investments in debt securities during 2023 and 2022 were $19,562 and $44,380, respectively. The Company had net realized gains/(losses) on the sale of bonds of ($368) and ($28) during 2023 and 2022, respectively. Net investment income for the years ended December 31, 2023 and 2022 was $7,054 and $4,244, respectively.

Restricted assets are pledged in accordance with regulatory requirements and are included in invested bonds.

	As of December 31,	
	2023	2022
Arizona Department of Insurance	$ 1,515	$ 1,570
Other states	1,664	1,665
Total	$ 3,179	$ 3,235

4. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value are categorized based upon the extent to which the fair value estimates are based upon observable or unobservable inputs. Level inputs are as follows:

Level input	Input definition
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The Company did not have any assets or liabilities measured and reported at fair value other than bonds of $4,668 and $1,537 that are included in level 2 in the fair value hierarchy at December 31, 2023 and 2022, respectively.

The carrying values and estimated fair values of the Company's financial instruments were as follows:

	Fair Value Measurements				
	December 31, 2023				
	Aggregate fair value	Admitted assets	Level I	Level II	Level III
Cash, cash equivalents and short-term investments	$ 31,456	$ 31,456	$ 31,055	$ 401	$ —
Bonds	146,372	156,705	3,138	143,234	—

($ in Thousands)

	Fair Value Measurements				
	December 31, 2022				
	Aggregate fair value	Admitted assets	Level I	Level II	Level III
Cash, cash equivalents and short-term investments	$ 71,391	$ 71,391	$ 71,391	$ —	$ —
Bonds	136,874	153,247	3,072	133,802	—

There have been no movements between levels during the years ended December 31, 2023 or 2022.

5. REINSURANCE

Effective January 1, 2023, the Company terminated the reinsurance coverage for its members with an unaffiliated entity. In 2022, the Company obtained reinsurance coverage for its members with an unaffiliated entity equal to 80% of expenses in excess of $5,000 per covered person per agreement term, up to $5,000 per covered person per agreement term. Reimbursement for services is subject to coinsurance provisions.

Under this reinsurance agreement, the Company recorded recovered premiums of $2 and $157 for the years ended December 31, 2023 and 2022, respectively. There were no reinsurance recoveries under this reinsurance agreement during 2023 and 2022.

6. UNPAID CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

The following table provides a reconciliation of the beginning and ending balance of unpaid claims for the following periods:

	Years Ended December 31,	
	2023	2022
Unpaid claims at January 1,	$ 141,517	$ 113,154
Claims expenses incurred related to:		
Current year	811,267	889,038
Prior years	(17,481)	6,954
	793,786	895,992
Claims expenses paid related to:		
Current year	(698,057)	(759,140)
Prior years	(105,881)	(108,489)
	(803,938)	(867,629)
Unpaid claims at December 31,	$ 131,365	$ 141,517

The incurred amounts related to prior years represent the variation between the Company's estimated expense for prior years' claims and the actual amounts required to satisfy such claims. During 2023 and 2022, the Company experienced ($17,481) and $6,954, respectively, of (favorable) and unfavorable development on prior year claims generally as a result of ongoing analysis of recent development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

($ in Thousands)

Changes in estimates of incurred claims for prior years are primarily attributable to reserving under moderately adverse conditions. Changes in medical utilization and cost trends and the effect of population health management initiatives may also contribute to changes in medical claim liability estimates. While we have evidence that population health management initiatives are effective on a case by case basis, these initiatives primarily focus on events and behaviors prior to the incurrence of the medical event and generation of a claim. Accordingly, any change in behavior, leveling of care, or coordination of treatment occurs prior to claim generation and as a result, the costs prior to the population health management initiative are not known by us. Additionally, certain population health management initiatives are focused on member and provider education with the intent of influencing behavior to appropriately align the medical services provided with the member's acuity. In these cases, determining whether the population health management initiative changed the behavior cannot be determined. Because of the complexity of our business, the number of states in which we operate, and the volume of claims that we process, we are unable to practically quantify the impact of these initiatives on our changes in estimates of IBNR. Management believes that the amount of medical claims liability is reasonable and adequate to cover the Company's liability for unpaid claims as of December 31, 2023 and 2022.

Claims adjustment expenses of $7,355 and $8,398 were paid during 2023 and 2022, respectively. Adjustments to claims adjustment expenses incurred attributable to insured events of the prior year were immaterial for 2023 and 2022.

7. INCOME TAXES

The December 31, 2023 and 2022 balances and related disclosures are calculated and presented pursuant to SSAP No. 101, *Income Taxes*.

The net deferred tax asset ("DTAs")\(liability) ("(DTLs)") at December 31, and change from the prior year, is comprised of the following components:

		2023			**2022**			**Change**		
	(1)	Ordinary	Capital	Total	Ordinary	Capital	Total	**Ordinary**	**Capital**	**Total**
(a)	Gross DTAs	$ 6,602	$ 71	$ 6,673	$ 1,102	$ 22	$ 1,124	$ 5,500	$ 49	$ 5,549
(b)	Statutory Valuation Allowance ("SVA") Adjustments	(1,468)	(67)	(1,535)	—	—	—	(1,468)	(67)	(1,535)
(c)	Adjusted Gross DTAs	$ 5,134	$ 4	$ 5,138	$ 1,102	$ 22	$ 1,124	$ 4,032	$ (18)	$ 4,014
(d)	DTAs Nonadmitted	—	—	—	—	—	—	—	—	—
(e)	Subtotal Net Admitted DTAs	$ 5,134	$ 4	$ 5,138	$ 1,102	$ 22	$ 1,124	$ 4,032	$ (18)	$ 4,014
(f)	(DTLs)	(17)	—	(17)	(34)	—	(34)	17	—	17
(g)	Net Admitted DTAs	$ 5,117	$ 4	$ 5,121	$ 1,068	$ 22	$ 1,090	$ 4,049	$ (18)	$ 4,031
	(2)									
	Admission Calculation Components SSAP No. 101:									
(a)	Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	$ 5,121	$ 5	$ 5,126	$ 1,102	$ 6	$ 1,108	$ 4,019	$ (1)	$ 4,018
(b)	Adjusted Gross DTAs Expected to be Realized After Application of the Threshold Limitation	—	—	—	—	16	16	—	(16)	(16)
1.	Adjusted Gross DTAs Expected to be Realized Following the Balance Sheet Date	—	—	—	—	16	16	—	(16)	(16)
2.	Adjusted Gross DTAs Allowed									

($ in Thousands)

	per Limitation Threshold	XXX	XXX	11,229	XXX	XXX	16,956	XXX	XXX	(5,727)
(c)	Adjusted Gross DTAs Offset by Gross (DTLs)	12	—	12	—	—	—	12	—	12
(d)	DTAs Admitted as the result of application of SSAP No. 101	$ 5,133	$ 5	$ 5,138	$ 1,102	$ 22	$ 1,124	$ 4,031	$ (17)	$ 4,014

Information used in "expected to be realized" calculation consists of the following:

(3)		2023	2022
Authorized control level risk-based capital ratio without net DTAs		>300%	366.7 %
Adjusted capital and surplus	$	74,860	113,038

	(4)	2023		2022		Change	
	Impact of Tax-Planning Strategies	**Ordinary**	**Capital**	**Ordinary**	**Capital**	**Ordinary**	**Capital**
(a)	Determination of Adjusted Gross DTAs and Net Admitted DTAs, By Tax Character as a Percentage						
(1)	Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact of Tax Planning Strategies	3.5 %	1.4 %	15.3 %	1.9 %	(11.8)%	(0.5)%
(2)	Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because of The Impact of Tax Planning Strategies	3.5 %	1.4 %	15.3 %	1.9 %	(11.8)%	(0.5)%
(b)	Does the Company's tax-planning strategies include the use of reinsurance?					Yes _____	No __X__

The Company did not have any temporary differences for which tax liabilities have not been established.

Current income taxes incurred consist of the following major components:

	(1) Current Income Tax	2023	2022	Change
(a)	Federal	$ (5,700)	$ 5,129	$ (10,829)
(b)	Foreign	—	—	—
(c)	Subtotal	$ (5,700)	$ 5,129	$ (10,829)
(d)	Federal income tax on capital (losses)	(98)	(7)	(91)
(e)	Utilization of capital loss carry-forwards	—	—	—
(f)	Other, including prior years underaccrual	55	32	23
(g)	Federal and foreign income taxes incurred (benefit)\expense	$ (5,743)	$ 5,154	$ (10,897)

($ in Thousands)

The tax effects of temporary differences that give rise to significant portions of the DTAs\(DTLs) are as follows:

	(2) DTAs Resulting From:	2023	2022	Change
(a)	Ordinary			
	Discounting of unpaid losses and LAE	$ 398	$ 395	$ 3
	Unearned premiums	1	1	—
	Policyholder reserves	—	—	—
	Investments	—	—	—
	Deferred acquisition costs	—	—	—
	Policyholder dividends accrued	—	—	—
	Fixed assets	—	—	—
	Accrued Expenses	181	172	9
	Pension accruals	—	—	—
	Nonadmitted assets	981	534	447
	Net operating loss carryforward	—	—	—
	Tax credit carryforward	—	—	—
	Goodwill and intangible amortization	—	—	—
	Premium deficiency reserve	5,041	—	5,041
	Other	—	—	—
	Gross Ordinary DTAs	$ 6,602	$ 1,102	$ 5,500
(b)	SVA adjustments - Ordinary (-)	(1,468)	—	(1,468)
(c)	Nonadmitted Ordinary DTAs (-)	—	—	—
(d)	Admitted Ordinary DTAs	$ 5,134	$ 1,102	$ 4,032
(e)	Capital			
	Investments	—	—	—
	Net capital loss carryforward	—	—	—
	Real estate	—	—	—
	Unrealized capital losses	71	22	49
	Other	—	—	—
	Gross Capital DTAs	$ 71	$ 22	$ 49
(f)	SVA adjustments - Capital (-)	(67)	—	(67)
(g)	Nonadmitted Capital DTAs (-)	—	—	—
(h)	Admitted Capital DTAs	$ 4	$ 22	$ (18)
(i)	Admitted DTAs	$ 5,138	$ 1,124	$ 4,014

	(3) (DTLs) Resulting From:	2023	2022	Change
(a)	Ordinary			
	Investments	$ —	$ —	$ —
	Fixed assets	—	—	—
	Deferred and uncollected premiums	—	—	—
	Policyholder reserves/salvage and subrogation	(17)	(34)	17
	Other	—	—	—
	Ordinary (DTLs)	$ (17)	$ (34)	$ 17

($ in Thousands)

(b) Capital			
Investments	—	—	—
Real estate	—	—	—
Unrealized capital gains	—	—	—
Other	—	—	—
Capital (DTLs)	$ —	$ —	$ —
(c) (DTLs)	$ (17)	$ (34)	$ 17
(4) Net DTAs	$ 5,121	$ 1,090	$ 4,031

The change in deferred income taxes reported in surplus before consideration of nonadmitted assets is comprised of the following components:

	2023	2022	Change
Total DTAs	$ 6,673	$ 1,124	$ 5,549
Total DTLs	(17)	(34)	17
Net DTAs	$ 6,656	$ 1,090	$ 5,566
SVA adjustments	(1,535)	—	(1,535)
Net DTAs after SVA	$ 5,121	$ 1,090	$ 4,031
Tax effect of unrealized (losses)	(70)	(21)	(49)
Change in net deferred income tax charge	$ 5,051	$ 1,069	$ 3,982

The Company's income tax incurred and change in deferred income tax differs from the amount obtained by applying the federal statutory rate of 21% for the years ended December 31, 2023 and 2022 to income before income taxes as follows:

	2023	2022
Income Before Taxes	$ (10,827)	$ 5,095
Tax-Exempt Interest	(55)	(33)
Proration	14	8
Meals & Entertainment, Nondeductible Expenses, Etc.	—	1
Statutory Valuation Allowance Adjustment	1,535	—
Deferred Taxes on Nonadmitted Assets	(447)	416
Other, Including Prior Year True-Up	55	(76)
Total Statutory Income Taxes	$ (9,725)	$ 5,411

	2023	2022
Federal Income Taxes Incurred (Benefit)\Expense	$ (5,645)	$ 5,161
Tax on Capital Losses	(98)	(7)
Change in Net Deferred Income Tax (Benefit)\Charge	(3,982)	257
Total Statutory Income Taxes	$ (9,725)	$ 5,411

At December 31, 2023 and 2022, the Company had no operating loss or tax credit carryforwards for tax purposes.

($ in Thousands)

The amount of income tax expense that is available for recoupment in the event of future net losses is:

Year:	Ordinary	Capital	Total
2021	N/A	$ 5	$ 5
2022	$ 5,121	$ —	$ 5,121
2023	$ —	$ —	$ —

The aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Code (IRC) is $0.

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

The Company's federal income tax return is consolidated with Centene and its eligible subsidiaries as listed in NAIC Statutory Statement Schedule Y.

The method of allocation among companies is subject to written agreements whereby allocation is made primarily on a separate company basis using the percentage method pursuant to provisions of IRC Sections §1502 and §1552 and Treasury Regulations §1.1502 and §1.1552. This percentage method allocates a tax asset (i.e., intercompany receivable) for any benefit derived by the consolidated group for the member's losses or credits that offset consolidated taxable income. In accordance with the tax sharing agreements, each member shall pay to Centene or receive from Centene the amount of tax liability or benefit reported on each member's pro forma federal income tax return within 90 days of the date Centene files its consolidated federal income tax return.

The Inflation Reduction Act was enacted on August 16, 2022, and includes a new corporate alternative minimum tax ("CAMT"). The Company has determined that they are subject to the CAMT; however they do not pay any CAMT pursuant to the tax sharing agreement.

Valuation allowances are provided when it is considered more likely than not that deferred tax assets will not be realized. The realization of the deferred tax asset is dependent upon the Company's ability to generate sufficient taxable income in future periods. Based on historical results and the prospects for current operations, management anticipates that it is more likely than not that future taxable income will not be sufficient for the realization of the remaining deferred tax assets.

8. MINIMUM SURPLUS REQUIREMENTS AND DIVIDEND RESTRICTIONS

Arizona Statutes 20-210; 20-211; 20-212 require the greater of $600 or 200% of the Action Level RBC Calculation. The Company was in compliance with the minimum statutory surplus requirements as of December 31, 2023 and 2022.

Dividends are restricted to surplus, which is derived from realized net profits. Ordinary and extraordinary dividends are paid as determined by the Board of Directors and extraordinary dividends require approval by the AZDIFI prior to the dividend declaration.

The portion of unassigned funds reduced by unrealized losses on investments was $340 and $101 at December 31, 2023 and 2022, respectively.

($ in Thousands)

In 2023 and 2022 respectively, the Company paid a cash dividend in the amount of $0 and $10,000 to its Parent Company, Centene.

9. RELATED PARTY TRANSACTIONS

The Company's transactions, amounts due to and admitted amounts due from affiliates in exchange for services provided for the years ended December 31, 2023 and 2022 are as follows:

Affiliate	Expense 2023	Expense 2022	Amount due (to) from 2023	Amount due (to) from 2022	Services Provided
CMC	$ 123,223	$ 88,290	$ 7,512	$ 18,213	General management services
Envolve Vision, Inc.	6,647	1,442	(1)	(421)	Managed vision (1)
Envolve Dental, Inc.	3,499	5,365	76	158	Managed dental
National Imaging Association, Inc.	30	907	—	(343)	Radiology services (1)
Centene Pharmacy Solutions, Inc.	3,378	—	40	—	Pharmacy benefits management
Envolve Dental of Florida, Inc.	5,240	2,035	(22)	668	Managed dental (1)
Centene Corporation	—	—	10,000	—	Capital contribution
Envolve PeopleCare, Inc.	—	—	—	(49)	Nurse-line triage and life and health management (1)

(1) Amounts due to affiliates reflected in other liabilities at December 31, 2023 and 2022.

In 2023, the Company utilized affiliates AcariaHealth, Inc. and its subsidiaries, to fill $2,239 of prescription drugs as part of the Company's contract with its external pharmacy benefit manager. The amount is recorded in Medical expenses on the statutory-basis statement of revenue and expenses.

Capital Contributions

As of December 31, 2023 and 2022, the Company had a capital contribution receivable of $10,000 and $0, respectively, recorded within amount due from affiliates on the Statement of Admitted Assets, Liabilities, and Capital and Surplus.

10. RISKS AND CONTINGENCIES

The Company's profitability depends in large part on accurately predicting and effectively managing medical service costs. The Company continually reviews its premium and benefit structure to reflect its underlying claims experience and revised actuarial data; however, several factors could adversely affect the medical service costs. Certain of these factors, which include changes in healthcare practices, inflation, new technologies, major epidemics, natural disasters, and malpractice litigation, are beyond any health plan's control and could adversely affect the Company's ability to accurately predict and effectively control healthcare costs. Costs in excess of those anticipated could have a material adverse effect on the Company's results of operations.

From time to time, the Company may be involved in litigation arising in the ordinary course of operations. While the results of litigation cannot be predicted with certainty, management is of the opinion, after reviewing these matters with legal counsel, that the final outcome of such litigation, if any, will not have a material adverse effect on the Company's financial position.

11. SUBSEQUENT EVENTS

In February 2024, the Company received a cash capital contribution of $10,000 from Centene Corporation, its Parent Company. The Company received approval from the AZDIFI prior to the capital contribution. The Company recorded the contribution in its Q4 2023 statement as a Type I subsequent event in accordance with Statutory Statement of Accounting Principles No. 72, paragraph 8.

In connection with the preparation of the statutory-basis financial statements, the Company evaluated subsequent events after the statutory-basis statements of admitted assets, liabilities, and capital and surplus date of December 31, 2023 through April 9, 2024, which was the date the statutory-basis financial statements were issued.

WellCare Health Insurance of Arizona, Inc.
Reinsurance Risks Interrogatories
December 31, 2023

1.	Does the reporting entity have any reinsurance contracts subject to A-791 that include a provision, which limits the reinsurer's assumption of significant risks identified as in A-791?	No
2.	Does the reporting entity have any reinsurance contracts not subject to A-791, for which reinsurance accounting was applied and includes a provision that limits the reinsurer's assumption risk?	No
3.	Does the reporting entity have any reinsurance contracts that contain features described below which result in delays in payment in form or in fact:	
a.	Provisions which permit the reporting of losses, or settlements are made, less frequently than quarterly or payments due from the reinsurer are not made in cash within ninety days of the settlement date?	No
b.	Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?	No
4.	Does the reporting entity reflect a reinsurance accounting credit for any contracts not subject to Appendix A-791 and not yearly renewable term, which meet the risk transfer requirements of SSAP No. 61R for the following?	
a.	Assumption Reinsurance?	No
b.	Non-proportional reinsurance, which does not result in significant surplus relief?	No
5.	Does the reporting entity cede any risk which is not subject to A-791 and not yearly renewable term reinsurance, under any reinsurance contract during the period covered by the financial statement, and either:	
a.	Accounted for that contract as reinsurance under SAP and as a deposit under GAAP; or	No
b.	Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?	No

SUPPLEMENT FOR THE YEAR 2023 OF THE WellCare Health Insurance of Arizona, Inc.

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2023

(To Be Filed by April 1)

Of The WellCare Health Insurance of Arizona, Inc.

Address (City, State and Zip Code) St. Louis, MO 63105

NAIC Group Code 01295 NAIC Company Code 83445 Employer's ID Number 86-0269558

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 314,551,224
2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	Federal Home Loan Mortgage Corporation	CMO, MBS	$ 11,857,601	3.8 %
2.02	Federal National Mortgage Association	MBS	$ 7,807,274	2.5 %
2.03	Volkswagen Group of America Finance, LLC	Bonds	$ 5,449,463	1.7 %
2.04	Lowe's Companies, Inc.	Bonds	$ 3,720,621	1.2 %
2.05	Mercedes-Benz Finance North America LLC	Bonds	$ 3,547,079	1.1 %
2.06	The Cigna Group	Bonds	$ 3,316,796	1.1 %
2.07	The Walt Disney Company	Bonds	$ 3,028,917	1.0 %
2.08	Sound Point Clo XXVIII Ltd.	ABS	$ 2,870,000	0.9 %
2.09	Macquarie Bank Limited	Bonds	$ 2,795,490	0.9 %
2.10	The New York State Urban Development Corporation	Municipal	$ 2,762,835	0.9 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC 1	$ 93,883,662	29.8 %	3.07	NAIC 1	$	0.0 %
3.02	NAIC 2	$ 58,553,666	18.6 %	3.08	NAIC 2	$	0.0 %
3.03	NAIC 3	$ 4,668,370	1.5 %	3.09	NAIC 3	$	0.0 %
3.04	NAIC 4	$ 0	0.0 %	3.10	NAIC 4	$	0.0 %
3.05	NAIC 5	$ 0	0.0 %	3.11	NAIC 5	$	0.0 %
3.06	NAIC 6	$ 0	0.0 %	3.12	NAIC 6	$	0.0 %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 4.01 above is yes, responses are not required for interrogatories 5 – 10.

4.02	Total admitted assets held in foreign investments	$ 27,338,925	8.7 %
4.03	Foreign-currency-denominated investments	$	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$	0.0 %

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

		1	2
5.01	Countries designated NAIC 1	$ 27,338,925	8.7 %
5.02	Countries designated NAIC 2	$	0.0 %
5.03	Countries designated NAIC 3 or below	$	0.0 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC 1:		
6.01	Country 1: Cayman Islands	$ 10,951,492	3.5 %
6.02	Country 2: Australia	$ 6,118,330	1.9 %
	Countries designated NAIC 2:		
6.03	Country 1:	$	0.0 %
6.04	Country 2:	$	0.0 %
	Countries designated NAIC 3 or below:		
6.05	Country 1:	$	0.0 %
6.06	Country 2:	$	0.0 %

		1	2
7.	Aggregate unhedged foreign currency exposure	$	0.0 %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

See accompanying independent auditor's report

SUPPLEMENT FOR THE YEAR 2023 OF THE WellCare Health Insurance of Arizona, Inc.

		1	2
8.01	Countries designated NAIC 1	$	0.0 %
8.02	Countries designated NAIC 2	$	0.0 %
8.03	Countries designated NAIC 3 or below	$	0.0 %

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC 1:		
9.01	Country 1:	$	0.0 %
9.02	Country 2:	$	0.0 %
	Countries designated NAIC 2:		
9.03	Country 1:	$	0.0 %
9.04	Country 2:	$	0.0 %
	Countries designated NAIC 3 or below:		
9.05	Country 1:	$	0.0 %
9.06	Country 2:	$	0.0 %

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Designation	3	4
10.01	Sound Point Clo XXVIII Ltd.	1FE	$ 2,870,000	0.9 %
10.02	Macquarie Bank Limited	1FE	$ 2,795,490	0.9 %
10.03	Dryden 64 CLO Ltd	1FE	$ 2,322,276	0.7 %
10.04	Transurban Finance Company Pty Ltd	2FE	$ 2,302,908	0.7 %
10.05	NXP B.V.	2FE	$ 2,092,442	0.7 %
10.06	Nissan Motor Co., Ltd.	3FE	$ 2,050,132	0.7 %
10.07	Symphony CLO XXIV Ltd.	1FE	$ 2,000,000	0.6 %
10.08	Columbia Central Clo 30 Ltd.	1FE	$ 1,960,000	0.6 %
10.09	Octagon Investment Partners 18-R, Ltd.	1FE	$ 1,799,216	0.6 %
10.10	Coperatieve Rabobank U.A.	1FE	$ 1,712,774	0.5 %

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

		1	2
11.02	Total admitted assets held in Canadian investments	$	0.0 %
11.03	Canadian-currency-denominated investments	$	0.0 %
11.04	Canadian-denominated insurance liabilities	$	0.0 %
11.05	Unhedged Canadian currency exposure	$	0.0 %

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$	0.0 %
12.04		$	0.0 %
12.05		$	0.0 %

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 13.01 is yes, responses are not required for the remainder of Interrogatory 13.

	1 Issuer	2	3
13.02		$	0.0 %
13.03		$	0.0 %
13.04		$	0.0 %
13.05		$	0.0 %
13.06		$	0.0 %
13.07		$	0.0 %
13.08		$	0.0 %
13.09		$	0.0 %
13.10		$	0.0 %
13.11		$	0.0 %

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for 14.02 through 14.05.

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	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	0.0 %
14.04		$	0.0 %
14.05		$	0.0 %

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 Non-Diversified
14.06	State Street Master Funds - State Street U.S. Government Money Market Portfolio	$ 32,000,000	$	$
14.07	First American Funds, Inc. - Government Obligations Fund	$ 2,429,431	$	$
14.08	Allspring Funds Trust - Allspring Government Money Market Fund	$ 1,000	$	$
14.09	First American Funds, Inc. - Treasury Obligations Fund	$ 2	$	$
14.10		$	$	$
14.11		$	$	$
14.12		$	$	$
14.13		$	$	$
14.14		$	$	$
14.15		$	$	$

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	0.0 %
	Largest three investments in general partnership interests:		
15.03		$	0.0 %
15.04		$	0.0 %
15.05		$	0.0 %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	0.0 %
16.03		$	0.0 %
16.04		$	0.0 %
16.05		$	0.0 %
16.06		$	0.0 %
16.07		$	0.0 %
16.08		$	0.0 %
16.09		$	0.0 %
16.10		$	0.0 %
16.11		$	0.0 %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$	0.0 %
16.13	Mortgage loans over 90 days past due	$	0.0 %
16.14	Mortgage loans in the process of foreclosure	$	0.0 %
16.15	Mortgage loans foreclosed	$	0.0 %
16.16	Restructured mortgage loans	$	0.0 %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

Loan-to-Value	Residential 1	 2	Commercial 3	 4	Agricultural 5	 6
17.01 above 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.02 91% to 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.03 81% to 90%	$	0.0 %	$	0.0 %	$	0.0 %
17.04 71% to 80%	$	0.0 %	$	0.0 %	$	0.0 %
17.05 below 70%	$	0.0 %	$	0.0 %	$	0.0 %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

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Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1	2	3
18.02		$	0.0 %
18.03		$	0.0 %
18.04		$	0.0 %
18.05		$	0.0 %
18.06		$	0.0 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$	0.0 %

Largest three investments held in mezzanine real estate loans:

19.03		$	0.0 %
19.04		$	0.0 %
19.05		$	0.0 %

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$	0.0 %	$	$	$
20.02 Repurchase agreements	$	0.0 %	$	$	$
20.03 Reverse repurchase agreements	$	0.0 %	$	$	$
20.04 Dollar repurchase agreements	$	0.0 %	$	$	$
20.05 Dollar reverse repurchase agreements	$	0.0 %	$	$	$

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	Owned		Written	
	1	2	3	4
21.01 Hedging	$	0.0 %	$	0.0 %
21.02 Income generation	$	0.0 %	$	0.0 %
21.03 Other	$	0.0 %	$	0.0 %

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
22.01 Hedging	$	0.0 %	$	$	$
22.02 Income generation	$	0.0 %	$	$	$
22.03 Replications	$	0.0 %	$	$	$
22.04 Other	$	0.0 %	$	$	$

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
23.01 Hedging	$	0.0 %	$	$	$
23.02 Income generation	$	0.0 %	$	$	$
23.03 Replications	$	0.0 %	$	$	$
23.04 Other	$	0.0 %	$	$	$

SUMMARY INVESTMENT SCHEDULE

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
Investment Categories	Amount	Percentage of Column 1 Line 13	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3+4) Amount	Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	3,127,096	1.662	3,127,096		3,127,096	1.662
1.02 All other governments	0	0.000			0	0.000
1.03 U.S. states, territories and possessions, etc. guaranteed	1,870,850	0.994	1,870,850		1,870,850	0.994
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	1,158,391	0.616	1,158,391		1,158,391	0.616
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	30,540,209	16.231	30,540,209		30,540,209	16.231
1.06 Industrial and miscellaneous	120,008,316	63.780	120,008,316		120,008,316	63.780
1.07 Hybrid securities	0	0.000			0	0.000
1.08 Parent, subsidiaries and affiliates	0	0.000			0	0.000
1.09 SVO identified funds	0	0.000			0	0.000
1.10 Unaffiliated bank loans	0	0.000			0	0.000
1.11 Unaffiliated certificates of deposit	0	0.000			0	0.000
1.12 Total long-term bonds	156,704,862	83.282	156,704,862	0	156,704,862	83.282
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)	0	0.000			0	0.000
2.02 Parent, subsidiaries and affiliates	0	0.000			0	0.000
2.03 Total preferred stocks	0	0.000	0	0	0	0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	0	0.000			0	0.000
3.02 Industrial and miscellaneous Other (Unaffiliated)	0	0.000			0	0.000
3.03 Parent, subsidiaries and affiliates Publicly traded	0	0.000			0	0.000
3.04 Parent, subsidiaries and affiliates Other	0	0.000			0	0.000
3.05 Mutual funds	0	0.000			0	0.000
3.06 Unit investment trusts	0	0.000			0	0.000
3.07 Closed-end funds	0	0.000			0	0.000
3.08 Exchange traded funds	0	0.000			0	0.000
3.09 Total common stocks	0	0.000	0	0	0	0.000
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages	0	0.000			0	0.000
4.02 Residential mortgages	0	0.000			0	0.000
4.03 Commercial mortgages	0	0.000			0	0.000
4.04 Mezzanine real estate loans	0	0.000			0	0.000
4.05 Total valuation allowance	0	0.000			0	0.000
4.06 Total mortgage loans	0	0.000	0	0	0	0.000
5. Real estate (Schedule A):						
5.01 Properties occupied by company	0	0.000	0		0	0.000
5.02 Properties held for production of income	0	0.000	0		0	0.000
5.03 Properties held for sale	0	0.000	0		0	0.000
5.04 Total real estate	0	0.000	0	0	0	0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	(3,375,017)	(1.794)	(3,375,017)		(3,375,017)	(1.794)
6.02 Cash equivalents (Schedule E, Part 2)	34,430,433	18.298	34,430,433		34,430,433	18.298
6.03 Short-term investments (Schedule DA)	400,835	0.213	400,835		400,835	0.213
6.04 Total cash, cash equivalents and short-term investments	31,456,251	16.718	31,456,251	0	31,456,251	16.718
7. Contract loans	0	0.000	0		0	0.000
8. Derivatives (Schedule DB)	0	0.000	0		0	0.000
9. Other invested assets (Schedule BA)	0	0.000	0		0	0.000
10. Receivables for securities	0	0.000	0		0	0.000
11. Securities Lending (Schedule DL, Part 1)	0	0.000	0	XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)	0	0.000	0		0	0.000
13. Total invested assets	188,161,114	100.000	188,161,113	0	188,161,113	100.000

WellCare Health Insurance of Arizona, Inc.

Statutory-Basis Medicaid Statement of Revenue and Expenses
($ in Thousands)

	Total		Medicaid STAT			Medicaid GAAP to STAT Adjustments			Medicaid GAAP		
	(1)	(2)	(3A)	(3B)	(3C)	(4A)	(4B)	(4C)	(5)	(6)	(7)
	Total	Other Non-Medicaid	QI Medicaid Subtotal	BH Medicaid Subtotal	Total	QI Medicaid Subtotal	BH Medicaid Subtotal	Total	QI Medicaid	BH Medicaid	Medicaid
	(Col 2+ Sum of 3)				(3A + 3B)			(4A + 4B)	(3A + 4A)	(3B + 4B)	(Col 3 + 4)
REVENUE											
Premium revenue	$ 904,384	$ 503,694	$ 330,772	$ 69,918	$ 400,690	$ (7)	$ —	$ (7)	$ 330,765	$ 69,918	$ 400,683
Other revenue	-	-	-	-	-	-	-	-	-	-	-
Total revenue	$ 904,384	$ 503,694	$ 330,772	$ 69,918	$ 400,690	$ (7)	$ —	$ (7)	$ 330,765	$ 69,918	$ 400,683
EXPENSES											
Medical expenses	$ 793,786	$ 457,210	$ 280,826	$ 55,750	$ 336,576	$ 11,720	$ 2,042	$ 13,762	$ 292,546	$ 57,792	$ 350,338
Claims administrative expenses	7,301	4,448	2,674	179	2,853	(2,674)	(179)	(2,853)	-	-	-
General administrative expenses (a)	137,436	78,523	49,201	9,712	58,913	(9,053)	(1,863)	(10,916)	40,148	7,849	47,997
Increase in premium deficiency	24,004	24,004	-	-	-	-	-	-	-	-	-
Total expenses	$ 962,527	$ 564,185	$ 332,701	$ 65,641	$ 398,342	$ (7)	$ —	$ (7)	$ 332,694	$ 65,641	$ 398,335

(a) Includes premiums written off and other expense