Pennsylvania Health & Wellness, Inc.

Statutory-Basis Financial Statements
as of and for the years ended December 31, 2021 and 2020,
Supplemental Schedules as of and for the year ended
December 31, 2021, and Independent Auditors' Report

Pennsylvania Health & Wellness, Inc.

Statutory-Basis Financial Statements and

Supplemental Schedules

As of and for the years ended December 31, 2021 and 2020

Contents

KPMG LLP
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St. Louis, MO 63102-1761

Independent Auditors' Report

The Audit Committee of the Board of Directors
Pennsylvania Health & Wellness, Inc.:

Opinions

We have audited the financial statements of Pennsylvania Health & Wellness, Inc. (the Company), which comprise the statutory-basis statements of admitted assets, liabilities, and capital and surplus as of December 31, 2021 and 2020, 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, 2021 and 2020, 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 Pennsylvania Insurance Department 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, 2021 and 2020, 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 Pennsylvania Insurance Department, 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 Pennsylvania Insurance Department. 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 Investment Risks Interrogatories, Summary Investment Schedule, and Reinsurance Risk Interrogatories is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Pennsylvania Insurance Department. 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 29, 2022

Pennsylvania Health & Wellness, Inc.

Statutory-Basis Statements of Admitted Assets, Liabilities, and

Capital and Surplus

	As of December 31,	
	2021	**2020**
	($ in Thousands)	
Admitted Assets		
Cash, cash equivalents and short-term investments	$ 242,643	$ 178,876
Bonds	406,218	285,126
Other invested assets	10,687	—
Uncollected premiums	224,152	257,128
Accrued retrospective premiums	5,165	2,656
Receivable for amounts paid for uninsured plans	4,131	61
Net deferred tax asset	4,547	2,736
Healthcare and other amounts receivable	7,932	5,753
Other assets	3,622	1,967
Total admitted assets	$ 909,097	$ 734,303
Liabilities and Capital and Surplus		
Liabilities:		
Unpaid claims	$ 361,791	$ 321,373
Unpaid claims adjustment expenses	3,594	3,571
Aggregate health policy reserves	7,663	7,629
Liability for amounts held under uninsured plans	471	—
General expenses due or accrued	11,566	8,459
Federal income tax payable	9,604	8,477
State income tax payable	8,221	1,554
Amounts due to affiliates	2,847	412
Other liabilities	2,078	1,681
Total liabilities	407,835	353,156
Capital and surplus:		
Common stock (no par value, 100 shares authorized, issued and outstanding)	—	—
Gross paid-in and contributed surplus	395,610	395,610
Unassigned surplus (deficit)	105,652	(14,463)
Total capital and surplus	501,262	381,147
Total liabilities and capital and surplus	$ 909,097	$ 734,303

Pennsylvania Health & Wellness, Inc.

Statutory-Basis Statements of Revenue and Expenses

	For the Years Ended December 31,	
	2021	**2020**
	($ in Thousands)	
Revenue		
Premiums	$ 2,825,167	$ 2,858,989
Expenses		
Medical expenses	2,481,724	2,734,678
Claims adjustment expenses	15,706	34,864
General administrative expenses	138,041	92,214
Total expenses	$ 2,635,471	$ 2,861,756
Investment income:		
Net investment income	5,961	2,859
Net realized capital losses (net tax benefit of $16 and $6, respectively)	(61)	(24)
Income before federal income taxes	195,596	69
Federal income tax expense	41,774	2,710
Net income (loss)	$ 153,822	$ (2,641)

Pennsylvania Health & Wellness, Inc.

Statutory-Basis Statements of Changes in Capital and Surplus

	As of December 31,	
	2021	**2020**
	($ in Thousands)	
Capital and surplus, January 1	$ 381,147	$ 183,562
Net income (loss)	153,822	(2,641)
Change in deferred income tax	1,807	1,768
Change in net unrealized capital losses	(12)	(116
Change in nonadmitted assets	(5,502)	(1,426)
Dividends to parent	(30,000)	—
Capital contributions from parent	—	200,000
Net change in capital and surplus	120,115	197,585
Capital and surplus, December 31	$ 501,262	$ 381,147

Pennsylvania Health & Wellness, Inc.

Statutory-Basis Statements of Cash Flow

	For the Years Ended December 31, 2021	2020
	($ in Thousands)	
Cash from operations:		
Premiums collected, net of reinsurance	$ 2,856,236	$ 2,795,035
Net investment income	9,334	2,443
Benefits and loss related payments	(2,449,624)	(2,570,813)
Commissions, expenses paid and aggregate write-ins	(154,176)	(120,127)
Income taxes (paid) recovered	(40,630)	7,418
Net cash provided by operations	221,140	113,956
Cash from investments:		
Total investments sold, matured or repaid	17,848	10,040
Total investments acquired	(154,327)	(215,567)
Net cash used in investments	(136,479)	(205,527)
Cash from financing and miscellaneous sources:		
Capital contribution from parent	—	200,000
Dividend to parent	(30,000)	—
Other cash provided (used)	9,106	(203)
Net cash provided by financing and miscellaneous sources	(20,894)	199,797
Net change in cash, cash equivalents and short-term investments	63,767	108,225
Cash, cash equivalents and short-term investments, beginning of year	178,876	70,651
Cash, cash equivalents and short-term investments, end of year	$ 242,643	$ 178,876

($ in Thousands)

1. ORGANIZATION AND NATURE OF OPERATIONS

Pennsylvania Health & Wellness, Inc. ("the Company", "we", "our", "us") is a wholly-owned subsidiary of Centene Corporation ("Centene"), a publicly traded managed care services company.

The Company, which is organized as a Health Maintenance Organization ("HMO"), was incorporated on October 15, 2015 for the purposes of providing comprehensive managed healthcare services to the Pennsylvania market. It is subject to regulations by the Pennsylvania Insurance Department ("PID"). During 2017, the Company entered into a contract with an initial term of five years, beginning January 1, 2018 with the Commonwealth of Pennsylvania Department of Human Services ("DHS") to provide Community HealthChoices ("CHC") Services to Medicaid recipients in the State of Pennsylvania. The original contract contains a provision which would allow the state to renew their contract for an additional two year period upon the same terms and conditions. The Company also holds a contract with the Centers for Medicare and Medicaid Services ("CMS") to participate in the Medicare Advantage Program ("MA"). The contract is through December 31, 2022 and is renewable annually for successive one-year terms. The Company also offers coverage through the Pennsylvania Health Insurance Marketplace ("Marketplace").

The Company's total premiums by contract is shown below:

	Year Ended December 31,	
	2021	2020
Medicaid	2,631,468	$ 2,752,893
MA	169,648	88,823
Marketplace	24,051	17,273
Total Premiums	$ 2,825,167	$ 2,858,989

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 PID for determining and reporting the financial condition and the results of operations of an insurance company and for determining its solvency under Pennsylvania insurance law.

The State of Pennsylvania 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 PID Statutory Accounting Principles ("SAP"). In 2021 and 2020, 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 surplus. The balance of nonadmitted assets at December 31, 2021 and 2020, are $13,294 and $7,792, 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.
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 and 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 PID 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. 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. 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 2021 and 2020 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. Other Invested Assets

The Company has a minor ownership interest, less than 10%, in joint ventures, which is in the statutory-basis financial statements in accordance with SAP No. 48, *Joint Ventures, Partnerships, and Limited Liability Companies*. The Company values these investments based upon the underlying audited GAAP equity of the investee. The amount recorded is the initial investment in the investee at cost plus subsequent capital contributions to the investee, adjusted to recognize the reporting entity's share of the audited GAAP basis earnings or losses of the investee after the date of acquisition, adjusted for any distributions received. The Company's share of adjustments, excluding changes in capital contributions to the investee, that are recorded directly to the investee's stockholder equity under GAAP are recorded as adjustments to the carrying value of the investment with an offsetting amount recorded to unrealized capital gains and losses on investments. Distributions received from an investee are recognized in investment income when declared to the extent they are not in excess of the undistributed accumulated earnings attributable to the investee.

G. 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.

H. Healthcare and Other Amounts Receivable

Healthcare receivables consist of pharmaceutical rebate receivables admitted in accordance with Statement of Statutory Accounting Principles ("SSAP") No. 84, *Certain Healthcare Receivables and Receivables under Government Insured Plans*. 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. Accordingly, the Company recorded admitted healthcare and other amounts receivable at December 31, 2021 and 2020, in the amount of $7,932 and $5,753, respectively.

($ in Thousands)

Pharmacy rebate collections are as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Pharmacy Rebate Collections:		
Quarter 1	$ 1,539	$ 888
Quarter 2	2,247	923
Quarter 3	3,617	1,170
Quarter 4	4,083	1,593
Total	$ 11,486	$ 4,574

I. 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.

J. 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 Medicare Part D 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 Medicare Part D 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 - CMS reimburses the Company for 80% of the drug costs after a member reaches his or her out-of-pocket catastrophic threshold through a catastrophic reinsurance subsidy.

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

Catastrophic reinsurance subsidies and LICS subsidies represent cost reimbursements under the Medicare Part D 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 Medicare Part D payment reconciliation process for the CGDS, CMS will perform a cost-based reconciliation to ensure the Medicare Part D 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 $4,131 and $61 at December 31, 2021 and 2020, 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.

K. Accrued Retrospective Premiums/Aggregate Health Policy Reserves

The Company's MA and PDP premiums are subject to risk sharing through the CMS Medicare Part D 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, 2021 and 2020, there was a balance due from CMS of approximately $5,165 and $2,656, respectively. At December 31, 2021 and 2020, there was a balance due to CMS of approximately $362 and $2, respectively. The balance due from/to CMS is recorded as an adjustment to premiums at December 31, 2021 and 2020.

Medicare Minimum Loss Ratio

Beginning in 2014, 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). The Company had no balances recorded related to these programs of as of December 31, 2021 and 2020, in the aggregate health policy reserves on the statutory statements of admitted assets, liabilities, and capital surplus.

Marketplace Minimum Loss Ratio

The Affordable Care Act ("ACA") established risk spreading premium stabilization programs effective January 1, 2014. These programs, commonly referred to as the "three Rs," include a permanent risk adjustment program, a transitional reinsurance program, and a temporary risk corridor program. The transitional reinsurance program and risk corridor programs ended in 2016, and the Company had no balances recorded related to these programs as of December 31, 2021 and 2020.

The Company's accounting policies for the programs are as follows:

Risk Adjustment – The permanent risk adjustment program established by the ACA transfers funds from qualified individual insurance plans with below average risk scores to those plans with above average risk scores within each state. The Company estimates the receivable or payable under the risk adjustment program based on its estimated risk score compared to the state average risk score. The Company may record a receivable or payable as an adjustment to premium revenues to reflect the year to date impact of the risk adjustment based on its best estimate. The Company expects to refine its estimate as new information becomes available. As of December 21, 2021 and 2020, the Company recorded a risk adjustment liability of $6,938 and $5,549, respectively, which is included in Aggregate Health Policy Reserves within the Statements of admitted assets, liabilities, and capital and surplus.

L. 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. No premium deficiency reserve was recorded in aggregate health policy reserves at December 31, 2021 and 2020, based on the Company's expectation regarding the profitability of contracts in force at December 31, 2021 and 2020.

M. Premiums and Uncollected Premiums

Premiums are recognized in the period in which members are entitled to receive covered services. During 2021 and 2020, the Company earned all of its premiums, net of 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 SAP.

Certain state agencies, including Pennsylvania, 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 $27,096 and $27,371 for the years ended December 31, 2021 and 2020, 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.

N. 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, 2021 and 2020, 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.

O. 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.

P. General Administrative Expenses

The Company has a management services agreement with Centene Management Company, LLC ("CMC"). Under the agreement, the Company pays 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. 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. In addition, under the agreement, the Company also pays other direct costs associated with the business not covered by the management services agreement.

Q. Net Investment Income

Investment income is comprised of interest and dividends earned on the Company's invested assets, which include cash, cash equivalents, short-term investments, other invested assets 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, 2021 and 2020.

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, 2021 and 2020, 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. INVESTMENT AND RESTRICTED ASSETS

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

		Gross Unrealized At December 31, 2021		
	Amortized Cost	Gains	Losses	Fair Value
U.S. Governments	$ 1,931	$ 15	$ —	$ 1,946
U.S. States, territories and possessions	1,270	8	(4)	1,274
Political subdivisions of states, territories and possessions	7,605	59	(26)	7,638
Special revenue and assessments	73,240	860	(350)	73,750
Industrial and miscellaneous	322,172	2,119	(4,547)	319,744
Total	$ 406,218	$ 3,061	$ (4,927)	$ 404,352

		Gross Unrealized At December 31, 2020		
	Amortized Cost	Gains	Losses	Fair Value
U.S. Governments	$ 3,397	$ 62	$ —	$ 3,459
U.S. States, territories and possessions	1,323	12	—	$ 1,335
Political subdivisions of states, territories and possessions	4,526	60	—	4,586
Special revenue and assessments	47,884	1,497	(114)	49,267
Industrial and miscellaneous	227,996	4,103	(155)	$ 231,944
Total	$ 285,126	$ 5,734	$ (269)	$ 290,591

The above tables excludes short-term bonds reported in cash, cash equivalents and short-term investments at December 31, 2021 and 2020, of $2,865 and $18,886.

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 of the Company's 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, 2021					
	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. States, Territories and possessions	$ 1,134	$ (4)	$ —	$ —	$ 1,134	$ (4)
Political subdivisions of states, territories and possessions	3,812	(26)	—	—	3,812	(26)
U.S. Special revenue and special assessment, non-guaranteed agencies and government	34,073	(344)	487	(6)	34,560	(350)
Industrial and miscellaneous	202,563	(3,631)	26,888	(916)	229,451	(4,547)
Total	$ 241,582	$ (4,005)	$ 27,375	$ (922)	$ 268,957	$ (4,927)

	December 31, 2020					
	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. States, Territories and possessions	$ 25	$ —	$ —	$ —	$ 25	$ —
Political subdivisions of states, territories and possessions	586	—	—	—	586	—
U.S. Special revenue and special assessment, non-guaranteed agencies and government	6,139	(114)	—	—	6,139	(114)
Industrial and miscellaneous	61,077	(155)	—	—	61,077	(155)
Total	$ 67,827	$ (269)	$ —	$ —	$ 67,827	$ (269)

The Company views the decrease in value of all of the securities with unrealized losses at December 31, 2021 and 2020 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 2021 or 2020.

($ in Thousands)

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.

	At December 31, 2021	
	Amortized cost	Fair value
Due in one year or less	$ 19,377	$ 19,460
Due after one year through five years	183,673	183,355
Due after five years through ten years	197,989	196,400
Due after ten years	5,179	5,137
Total	$ 406,218	$ 404,352

Net proceeds from sales, maturities, repayments on bonds, and other disposals of investments in debt securities during 2021 and 2020 were $17,848 and $10,040, respectively. The Company had net realized losses on the sale of bonds of $61 and $24 during 2021 and 2020, respectively. Net investment income for the years ended December 31, 2021 and 2020 was $5,961 and $2,859, respectively.

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 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

($ in Thousands)

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

	Fair Value Measurements December 31, 2021				
	Aggregate fair value	Admitted assets	Level I	Level II	Level III
Cash, cash equivalents and short-term investments	$ 242,643	$ 242,643	$ 241,928	$ 715	$ —
Bonds	404,352	406,218	111	404,241	—
Other invested assets	10,687	10,687	—	10,687	—

	Fair Value Measurements December 31, 2020				
	Aggregate fair value	Admitted assets	Level I	Level II	Level III
Cash, cash equivalents and short-term investments	$ 178,871	$ 178,876	$ 160,965	$ 17,906	$ —
Bonds	290,591	285,126	465	290,125	—

There have been no movements between levels during the years ended December 31, 2021 or 2020.

5. REINSURANCE

In 2021 and 2020, the Company obtained reinsurance coverage for its members with an unaffiliated entity equal to 80% of expenses in excess of $3,000 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 these agreements, the Company recorded ceded premiums of $25 and $7, respectively, and reinsurance recoveries were $637 and $0, respectively, for the years ended December 31, 2021 and 2020, respectively.

($ in Thousands)

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:

	Year ended December 31, 2021	2020
Unpaid claims at January 1,	$ 321,373	$ 155,723
Claims expenses incurred related to:		
Current year	2,559,142	2,735,426
Prior years	(77,418)	(748)
	2,481,724	2,734,678
Claims expenses paid related to:		
Current year	(2,197,992)	(2,415,130)
Prior years	(243,314)	(153,898)
	(2,441,306)	(2,569,028)
Unpaid claims at December 31,	$ 361,791	$ 321,373

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 2021 and 2020, the Company experienced $77,418 and $748 favorable 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.

Claims adjustment expenses of $15,683 and $33,369 were paid during 2021 and 2020, respectively.

7. INCOME TAXES

The December 31, 2021 and 2020 balances and related disclosures are calculated and presented pursuant to SSAP No. 101, *Income Taxes*.

Pennsylvania Health & Wellness, Inc.

Notes to Statutory-Basis Financial Statements
Years Ended December 31, 2021 and 2020
($ in Thousands)

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

		2021			2020		
	(1)	Ordinary	Capital	Total	Ordinary	Capital	Total
(a)	Gross deferred tax assets	$ 4,548	$ 28	$ 4,576	$ 2,715	$ 24	$ 2,739
(b)	Statutory valuation allowance adjustment	—	—	—	—	—	—
(c)	Adjusted gross deferred tax assets	4,548	28	4,576	2,715	24	2,739
(d)	Deferred tax assets nonadmitted	—	—	—	—	—	—
(e)	Net admitted deferred tax assets	4,548	28	4,576	2,715	24	2,739
(f)	Deferred tax liabilities	(8)	(21)	(29)	(3)	—	(3)
(g)	Net admitted deferred tax asset/(Net deferred tax liability)	$ 4,540	$ 7	$ 4,547	$ 2,712	$ 24	$ 2,736
	(2)						
	Admission Calculation Components SSAP 101:						
(a)	Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	$ 4,548	$ —	$ 4,548	$ 2,691	$ —	$ 2,691
(b)	Adjusted Gross DTAs Expected to be Realized After Application of the Threshold Limitation	—	28	28	21	24	45
	1. Adjusted Gross DTAs Expected to be Realized Following the Balance Sheet Date	—	28	28	21	24	45
	2. Adjusted Gross DTAs Allowed per Limitation Threshold	XXX	XXX	74,507	XXX	XXX	56,762
(c)	Adjusted Gross Deferred Tax Assets Offset by Gross Deferred Tax Liabilities	—	—	—	—	—	—
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No 101	$ 4,548	$ 28	$ 4,576	$ 2,712	$ 24	$ 2,736

		Change		
	(1)	Ordinary	Capital	Total
(a)	Gross Deferred Tax Assets	$ 1,833	$ 4	$ 1,837
(b)	Statutory Valuation Allowance Adjustments	—	—	—
(c)	Adjusted Gross Deferred Tax Assets	1,833	4	1,837
(d)	Deferred Tax Assets Nonadmitted	—	—	—
(e)	Subtotal Net Admitted Deferred Tax Asset	1,833	4	1,837
(f)	Deferred Tax Liabilities	(5)	(21)	(26)
(g)	Net Admitted Deferred Tax Asset/Liability	$ 1,828	$ (17)	$ 1,811
	(2)			
	Admission Calculation Components SSAP 101:			
(a)	Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	$ 1,857	$ —	$ 1,857

($ in Thousands)

(b)	Adjusted Gross Deferred Tax Assets Expected to be Realized After Application of the Threshold Limitation	(21)	4	(17)
	1. Adjusted Gross Deferred Tax Asset Expected to be Realized Following the Balance Sheet Date	—	—	—
	2. Adjusted Gross Deferred Tax Asset Allowed per Limitation Threshold	XXX	XXX	17,624
(c)	Adjusted Gross Deferred Tax Assets Offset by Gross Deferred Tax Liabilities	—	—	—
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No 101	$ 1,836	$ 4	$ 1,840

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

(3)	2021	2020
Authorized control level risk-based capital ratio without net deferred tax asset	560.6 %	392.0 %
Adjusted capital and surplus	$ 496,715	$ 378,411

	(4)	2021		2020		Change	
	Impact of Tax-Planning Strategies	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
(a)	Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, By Tax Character as a Percentage						
1	Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact of Tax Planning Strategies	0.2 %	0.6 %	0.4 %	0.9 %	(0.2)%	(0.3)%
2	Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because of The Impact of Tax Planning Strategies	0.2 %	0.6 %	0.4 %	0.9 %	(0.2)%	(0.3)%
(b)	Does the Company's tax-planning strategies include the use of reinsurance?					Yes _____	No __X__

The Company has no temporary differences for which tax liabilities have not been established.

($ in Thousands)

Current income taxes incurred consist of the following major components:

	(1) Current Income Tax	2021	2020	Change
(a)	Federal	$ 41,692	$ 2,698	$ 38,994
(b)	Foreign	—	—	—
(c)	Subtotal	41,692	2,698	$ 38,994
(d)	Tax on capital gains/(losses)	(16)	(6)	(10)
(e)	Utilization of capital loss carryforwards	—	—	—
(f)	Other, including prior year underaccrual (overaccrual)	82	12	70
(g)	Federal and foreign income taxes incurred	$ 41,758	$ 2,704	$ 39,054

Deferred income tax assets and liabilities consist of the following major components:

	(2) Deferred Tax Assets	2021	2020	Change
(a)	Ordinary			
	Discounting of unpaid losses and LAE	$ 1,074	$ 1,035	$ 39
	Unearned premiums	46	22	24
	Policyholder reserves	—	—	—
	Investments	—	—	—
	Deferred acquisition costs	—	—	—
	Policyholder dividends accrued	—	—	—
	Fixed assets	—	—	—
	Accrued Expenses	636	22	614
	Pension accruals	—	—	—
	Nonadmitted assets	2,792	1,636	1,156
	Net operating loss carryforward	—	—	—
	Tax credit carryforward	—	—	—
	Goodwill & Intangible Amortization	—	—	—
	Premium deficiency reserve	—	—	—
	Other (separately disclose items >5%)	—	—	—
	Gross ordinary DTAs	$ 4,548	$ 2,715	$ 1,833
(b)	Statutory valuation adjustment adjustment - ordinary	—	—	—
(c)	Nonadmitted ordinary DTAs (-)	—	—	—
(d)	Admitted ordinary DTAs	$ 4,548	$ 2,715	$ 1,833
(e)	Capital			
	Investments	$ —	$ —	$ —
	Net capital loss carryforward	—	—	—
	Real estate	—	—	—
	Other (separately disclose items >5%)	—	—	—
	Unrealized capital losses	28	24	4
	Gross capital DTAs	$ 28	$ 24	$ 4

($ in Thousands)

(f)	Statutory valuation adjustment adjustment - capital (-)		—		—		—
(g)	Nonadmitted capital DTAs (-)		—		—		—
(h)	Admitted capital deferred tax assets	$	28	$	24	$	4
(i)	Admitted deferred tax assets	$	4,576	$	2,739	$	1,837
	(3) Deferred Tax Liabilities:						
(a)	Ordinary						
	Investments	$	(8)	$	(3)	$	(5)
	Fixed assets		—		—		—
	Deferred and uncollected premiums		—		—		—
	Policyholder reserves/salvage and subrogation		—		—		—
	Other (separately disclose items >5%)		—		—		—
	Ordinary DTLs	$	(8)	$	(3)	$	(5)
(b)	Capital						
	Investments		(21)		—		(21)
	Real estate		—		—		—
	Other (separately disclose items >5%)		—		—		—
	Unrealized capital gains		—		—		—
	Capital DTLs	$	(21)	$	—	$	(21)
(c)	DTLs	$	(29)	$	(3)	$	(26)
	(4) Net deferred tax assets/liabilities	$	4,547	$	2,736	$	1,811

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

		2021		2020		Change
Total deferred tax assets	$	4,576	$	2,738	$	1,838
Total deferred tax liabilities		(29)		(2)		(27)
Net deferred tax assets	$	4,547	$	2,736	$	1,811
Statutory valuation allowance adjustment		—		—		—
Net deferred tax assets after statutory valuation allowance	$	4,547	$	2,736	$	1,811
Tax effect of unrealized gains(losses)		(28)		(24)		(4)
Change in net deferred income tax [(charge)/benefit]	$	4,519	$	2,712	$	1,807

Pennsylvania Health & Wellness, Inc.

Notes to Statutory-Basis Financial Statements
Years Ended December 31, 2021 and 2020
($ in Thousands)

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, 2021 and 2020 to income before income taxes as follows:

	2021	2020
Income Before Taxes	$ 41,072	13
Tax-Exempt Interest	(45)	(17)
Proration	12	4
Health Insurer Fee	—	2,120
Meals & Entertainment, Nondeductible Expenses, Etc.	(14)	2
Statutory Valuation Allowance Adjustment	—	(875)
Deferred Taxes on Nonadmitted Assets	(1,156)	(299)
Other, Including Prior Year True-Up	82	12
Total Statutory Income Taxes	$ 39,951	$ 960

	2021	2020
Federal Income Taxes Incurred [Expense/(Benefit)]	$ 41,774	$ 2,710
Tax on Capital Gains/(Losses)	(16)	$ (6)
Change in Net Deferred Income Tax [Charge/(Benefit)]	(1,807)	$ (1,744)
Total Statutory Income Taxes	$ 39,951	$ 960

At December 31, 2021 and 2020, the Company had no operating loss or tax credit carryforwards for tax purposes.

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

Year:	Ordinary	Capital	Total
2019	N/A	$ —	$ —
2020	$ 2,696	$ —	$ 2,696
2021	$ 41,692	$ —	$ 41,692

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.

8. MINIMUM SURPLUS REQUIREMENTS AND DIVIDEND RESTRICTIONS

Under the laws of the State of Pennsylvania, the Company is required to maintain a minimum statutory net worth based upon the NAIC Managed Care Organizations Risk-Based Capital ("RBC"). As of December 31, 2021 and 2020, the Company's adjusted capital and surplus exceeded the thresholds set forth by the NAIC RBC formula. The minimum requirement as of December 31, 2021 and 2020 was $177,202 and $199,009 respectively, and the Company's actual total adjusted capital was $501,262 and $381,147, respectively. The amount of dividends that can be paid by the Company to its shareholder is limited by stature and subject to prior approval from the Commissioner of the PID. Ordinary dividends can only be paid out of unassigned surplus as distinguished from contributed capital. The Company is required to report to the PID all dividends and other distributions to Shareholders within 5 business days following the declaration thereof and at least 10 days, commencing from the date of receipt by the PID, prior to payment thereof. The Company paid cash dividends of $30,000 and $0 to the parent company, Centene, for the years ended December 31, 2021 and 2020, respectively.

9. RELATED PARTY TRANSACTIONS

Capital Contributions

The Company received capital contributions totaling $0 and 200,000 from its parent company, Centene, for the years ended December 31, 2021 and 2020, respectively.

Dividends

The Company paid cash dividends of $30,000 and $0 to the parent company, Centene, for the years ended December 31, 2021 and 2020, respectively.

($ in Thousands)

The Company's transactions, amounts due to and admitted amounts due from affiliates in exchange for services provided for the years ended December 31, 2021 and 2020 are as follows:

Affiliate	Expense 2021	Expense 2020	Amount due (to) from 2021	Amount due (to) from 2020		Services Provided
CMC	$ 129,305	$ 126,967	$ (2,715)	$ 412		General management services
Health Net of CA, Inc.	—	—	—	2	**	Managed care
Envolve Dental, Inc	5,249	3,657	119	(40)	**	Managed dental
Envolve PeopleCare, Inc.	144	227	52	(41)	**	Nurse-line triage and life and health management
Envolve Vision Company, Inc.	1,438	275	(21)	(218)	*	Managed vision
Envolve Pharmacy Solutions, Inc.	96,957	74,079	—	—		Pharmacy benefits management
Interpreta, Inc	1	1	—	—		IT services

*The 2021 amount due to is comprised of ($93) claims payable and $72 of due from affiliate (shown as a component of Other assets).

**Amounts due from/to affiliates reflected in other assets/liabilities at December 31, 2021 and 2020.

Centene has an interest in RxAdvance, Inc., in the form of an equity method investment. The Company's pharmacy benefit manager ("Envolve Pharmacy Solutions, Inc.") utilizes RxAdvance's adjudication engine to adjudicate pharmacy claims. Due to Centene's relationship with RxAdvance, Inc., the vendor is considered a related party. No amounts are directly due to or from RxAdvance.

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.

($ in Thousands)

The Company is monitoring the current COVID-19 pandemic. Our business has been affected by the spread of COVID-19, and the extent to which COVID-19 continues to impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence.

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. RECONCILIATION TO STATUTORY FILING

Subsequent to the issuance of the Company's 2021 Annual Statement and prior to the issuance of the Company's audited financial statements, the Company identified a reclassification between balance sheet line items. The adjustment has been recorded within the audited financial statements.

The following is a reconciliation of the Balance Sheet in the accompanying Statutory-Basis Financial Statements to the annual statement filed with the PID as of December 31, 2021:

	Amounts due from affiliates (within Other assets)	Amounts due to affiliates
Per Annual Statement	$ 375	$ 2,847
Adjustment	(132)	(132)
Per accompanying statutory-basis statements	$ 243	$ 2,715

12. SUBSEQUENT EVENTS

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, 2021 through April 29, 2022, which was the date the statutory-basis financial statements were issued.

The Company is subject to the annual industry fee under section 9010 of ACA. The industry fee is being levied on certain health insurers that provide insurance in the assessment year, and is allocated to health insurers based on each health insurer's share of net premiums for all U.S. health insurers in the year preceding the assessment. The 116th Congress passed a permanent repeal of the ACA industry fee starting in 2021 and repealed the other two ACA taxes, Medical Device Tax and Excise Tax, immediately.

Pennsylvania Health & Wellness, Inc.

Notes to Statutory-Basis Financial Statements
Years Ended December 31, 2021 and 2020
($ in Thousands)

The table below provides additional detail on the ACA fee and its effects:

			2020
A.	Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act?		N/A
B.	ACA fee assessment payable for the upcoming year	$	—
C.	ACA fee assessment paid	$	10,097
D.	Premium written subject to ACA 9010 assessment	$	—
E.	Total Adjusted Capital before surplus adjustment	$	381,147
F.	Total Adjusted Capital after surplus adjustment	$	381,147
G.	Authorized Control Level (Five-Year Historical Line 15)	$	99,504
H.	Would reporting the ACA assessment at December 31, have triggered an RBC action level?		N/A

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SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2021

(To Be Filed by April 1)

Of The Pennsylvania Health & Wellness, Inc.

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

NAIC Group Code 01295 NAIC Company Code 16041 Employer's ID Number 47-5340613

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. $ 909,097,282
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	MBS	$ 23,167,191	2.5 %
2.02	Philadelphia Redevelopment Authority	Municipal	$ 10,574,925	1.2 %
2.03	Federal National Mortgage Association	CMO, MBS	$ 10,552,075	1.2 %
2.04	Bain Capital Credit CLO 2020-5 Limited	ABS	$ 8,095,000	0.9 %
2.05	Bank of America Corporation	Bonds	$ 6,651,140	0.7 %
2.06	Keurig Dr Pepper Inc	Bonds	$ 6,404,859	0.7 %
2.07	LUXE Trust 2021-TRIP	MBS	$ 6,325,000	0.7 %
2.08	Benefit Street Partners Clo XXII Ltd	ABS	$ 6,215,000	0.7 %
2.09	GS Mortgage Securities Trust 2015-GC30	MBS	$ 6,089,896	0.7 %
2.10	American Tower Corporation	Bonds	$ 5,956,742	0.7 %

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	$ 249,312,909	27.4 %	3.07	P/RP-1	$	0.0 %
3.02	NAIC 2	$ 153,076,613	16.8 %	3.08	P/RP-2	$	0.0 %
3.03	NAIC 3	$ 6,692,869	0.7 %	3.09	P/RP-3	$	0.0 %
3.04	NAIC 4	$ 0	0.0 %	3.10	P/RP-4	$	0.0 %
3.05	NAIC 5	$ 0	0.0 %	3.11	P/RP-5	$	0.0 %
3.06	NAIC 6	$ 0	0.0 %	3.12	P/RP-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	$ 71,177,979	7.8 %
4.03	Foreign-currency-denominated investments	$	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$	0.0 %

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SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

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

		1	2
5.01	Countries designated NAIC 1	$ 71,177,979	7.8 %
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	$ 33,673,569	3.7 %
6.02	Country 2: Japan	$ 7,537,878	0.8 %
	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:

		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	Bain Capital Credit CLO 2020-5 Limited	1FE	$ 8,095,000	0.9 %
10.02	Benefit Street Partners Clo XXII Ltd.	1FE	$ 6,215,000	0.7 %
10.03	Macquarie Group Limited	1FE	$ 5,710,000	0.6 %
10.04	BlueMountain Fuji US CLO II Ltd.	1FE	$ 4,246,549	0.5 %
10.05	Coca-Cola Europacific Partners PLC	2FE	$ 3,895,469	0.4 %
10.06	Sound Point Clo XXVIII Ltd.	1FE	$ 3,790,000	0.4 %
10.07	Takeda Pharmaceutical Company Limited	2FE	$ 3,579,311	0.4 %
10.08	BNP Paribas SA	1FE, 2FE	$ 3,466,723	0.4 %
10.09	Crdit Agricole S.A	2FE	$ 2,438,656	0.3 %
10.10	Danske Bank A/S	2FE	$ 2,334,094	0.3 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

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 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

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.

	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	Short-Term Investment Trust - Invesco Government & Agency Portfolio	$ 44,000,000	$	$
14.07	Dreyfus Government Cash Management Fund	$ 43,000,000	$	$
14.08	Money Market Obligations Trust - Federated Government Obligations Fund	$ 40,000,000	$	$
14.09	BlackRock Liquidity Funds - T-Fund	$ 30,000,000	$	$
14.10	First American Funds, Inc. - Government Obligations Fund	$ 512,170	$	$
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 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

16. 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	Residential 2	Commercial 3	Commercial 4	Agricultural 5	Agricultural 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.

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 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

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

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage of Column 1 Line 13	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3+4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	1,931,313	0.293	1,931,313		1,931,313	0.293
1.02 All other governments	0	0.000	0		0	0.000
1.03 U.S. states, territories and possessions, etc. guaranteed	1,269,876	0.193	1,269,876		1,269,876	0.193
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	7,605,090	1.153	7,605,090		7,605,090	1.153
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	73,239,880	11.105	73,239,880		73,239,880	11.105
1.06 Industrial and miscellaneous	322,171,660	48.847	322,171,660		322,171,660	48.847
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 Total long-term bonds	406,217,820	61.590	406,217,819	0	406,217,819	61.590
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 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)	82,266,708	12.473	82,266,708		82,266,708	12.473
6.02 Cash equivalents (Schedule E, Part 2)	157,512,170	23.882	157,512,170		157,512,170	23.882
6.03 Short-term investments (Schedule DA)	2,864,572	0.434	2,864,572		2,864,572	0.434
6.04 Total cash, cash equivalents and short-term investments	242,643,450	36.789	242,643,450	0	242,643,450	36.789
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)	10,687,024	1.620	10,687,024		10,687,024	1.620
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	659,548,294	100.000	659,548,293	0	659,548,293	100.000

Pennsylvania Health & Wellness, Inc.

Reinsurance Risk Interrogatories
December 31, 2021

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?	Yes
	The Company's business is reinsured with an external reinsurer. Reinsured benefits are subject to aggregate annual claim limits and deductibles. For additional details refer to Note 5, Reinsurance.	
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