EXHIBIT A
STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

REPORT ON EXAMINATION
OF
SECURITYCARE OF TENNESSEE, INC.
(NAIC # 15005)
(NAIC Group #3498)

CHATTANOOGA, TENNESSEE

AS OF
DECEMBER 31, 2015
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Scope of Examination</td>
<td>1</td>
</tr>
<tr>
<td>Compliance with Previous Examination Findings</td>
<td>3</td>
</tr>
<tr>
<td>Company History</td>
<td>3</td>
</tr>
<tr>
<td>Management and Control</td>
<td>3</td>
</tr>
<tr>
<td>Management</td>
<td>3</td>
</tr>
<tr>
<td>Abbreviated Organizational Chart</td>
<td>5</td>
</tr>
<tr>
<td>Conflicts of Interest and Pecuniary Interests</td>
<td>5</td>
</tr>
<tr>
<td>Dividends</td>
<td>6</td>
</tr>
<tr>
<td>Corporate Records</td>
<td>6</td>
</tr>
<tr>
<td>Agreements with Parent, Subsidiaries, and Affiliates</td>
<td>7</td>
</tr>
<tr>
<td>Fidelity Bond and Other Insurance</td>
<td>7</td>
</tr>
<tr>
<td>Employee Benefits and Pension Plans</td>
<td>8</td>
</tr>
<tr>
<td>Territory and Plan of Operation</td>
<td>8</td>
</tr>
<tr>
<td>Growth of Company</td>
<td>9</td>
</tr>
<tr>
<td>Loss Experience</td>
<td>9</td>
</tr>
<tr>
<td>Reinsurance Agreements</td>
<td>9</td>
</tr>
<tr>
<td>Litigation and Contingent Liabilities</td>
<td>9</td>
</tr>
<tr>
<td>Statutory Deposits</td>
<td>10</td>
</tr>
<tr>
<td>Accounts and Records</td>
<td>10</td>
</tr>
<tr>
<td>Subsequent Events</td>
<td>11</td>
</tr>
<tr>
<td>Financial Statements</td>
<td>12</td>
</tr>
<tr>
<td>Assets</td>
<td>12</td>
</tr>
<tr>
<td>Liabilities, Capital, and Surplus</td>
<td>13</td>
</tr>
<tr>
<td>Statement of Revenue and Expenses</td>
<td>14</td>
</tr>
<tr>
<td>Capital and Surplus Account</td>
<td>15</td>
</tr>
<tr>
<td>Analysis of Changes in Financial Statements</td>
<td>15</td>
</tr>
<tr>
<td>Comments and Recommendations</td>
<td>15</td>
</tr>
<tr>
<td>Conclusion</td>
<td>16</td>
</tr>
<tr>
<td>Affidavit</td>
<td>17</td>
</tr>
<tr>
<td>Affidavit</td>
<td>18</td>
</tr>
</tbody>
</table>
Chattanooga, Tennessee
January 25, 2017

Honorable Julie Mix McPeak
Commissioner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, Tennessee 37243

Dear Commissioner:

Pursuant to your instructions and in accordance with the Tennessee Code Annotated ("Tenn. Code Ann.") § 56-1-408, regulations, and resolutions adopted by the National Association of Insurance Commissioners (NAIC), a full-scope financial examination as of December 31, 2015, has been made of the conditions and affairs of:

SECURITYCARE OF TENNESSEE, INC.
NAIC # 15005
NAIC Group # 3498
1 Cameron Hill Circle
Chattanooga, Tennessee 37402

hereinafter generally referred to as the “Company” or “SCTN” and a report thereon is submitted as follows:

INTRODUCTION

This examination was arranged by the Tennessee Department of Commerce and Insurance (TDCI or “Department”) under rules promulgated by the NAIC. The examination commenced on August 15, 2016, and was conducted by duly authorized representatives of the TDCI and representatives of Noble Consulting Services, Inc. (“Noble”). This examination was called through the NAIC’s Financial Examination Electronic Tracking System (FEETS).

SCOPE OF EXAMINATION

The Company was incorporated December 12, 2012, and commenced business on January 1, 2014. The Company has not previously been examined. This examination covers the period January 1, 2013, through December 31, 2015, and includes any material transactions and/or events occurring subsequent to the examination date that
were noted during the course of examination. The Company is part of the BlueCross BlueShield of Tennessee (BCBST) Holding Company Group.

The examination was conducted in accordance with rules and procedures as prescribed by the statutes of the State of Tennessee, and in accordance with the NAIC Financial Condition Examiners Handbook ("Handbook"), as deemed appropriate. The examination was planned and performed to evaluate the financial condition of the Company as of December 31, 2015. The examination sought to identify prospective risks by obtaining information about the Company, including its corporate governance, by identifying and assessing inherent risks within the Company, and by evaluating system controls and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with statutory accounting principles and Annual Statement instructions.

During planning, all accounts and balances were considered to determine which key activities and accounts would be examined. The key activities included: Investments; Pricing/Underwriting; Reserving/Claims; Financial Reporting/Capital and Surplus; Reinsurance; Other Assets; General Expense and Other Liabilities; and Related Parties.

The Company's 2015 Annual Statement was compared with or reconciled to the corresponding general ledger account balances.

An examination of the Company's information technology general controls (ITGC) was conducted. The examination included a review of management and organizational controls, logical and physical security controls, system and program development controls, contingency planning controls, service provider controls, operations controls, processing controls, e-commerce controls, and network and internet controls.

BCBST maintains an Internal Audit (IA) Department, which is charged with performing the IA function for all companies within the holding company system. As part of its annual internal audit plan, IA performs Model Audit Rule (MAR) compliance testing. The scope of MAR testing includes the Company's internal controls over financial reporting. The examiners reviewed the processes tested and requested the workpapers for specific processes identified as significant to the key activities and sub-activities being examined. The workpapers were provided and were utilized where appropriate.

The actuarial firm of Lewis & Ellis, Inc. was utilized in the examination review of the Company's loss reserves.
Independent reinsurance and investment specialists were not deemed necessary for this examination. The reinsurance and investment areas were reviewed by examination staff from Noble.

Ernst & Young LLP (E&Y) was the Company's Certified Public Accountant (CPA) and independent auditor for the Company for all years under examination. The CPA's workpapers were reviewed for the 2014 and 2015 audits and copies were incorporated into the examination, as deemed appropriate.

The Company provided a Letter of Representation certifying that management has disclosed all significant matters and records.

**COMPLIANCE WITH PREVIOUS EXAMINATION FINDINGS**

This is the first examination for SCTN covering the period January 1, 2013, through December 31, 2015.

**COMPANY HISTORY**

The Company is a wholly-owned subsidiary of Southern Diversified Business Services, Inc. (SDBS), which in turn is a wholly-owned subsidiary of BCBST. The Company was incorporated in the State of Tennessee for a perpetual period under the name of SecurityCare of Tennessee on December 12, 2012, pursuant to the provisions of the Tennessee General Corporation Act. The Company's original Charter authorized the corporation to issue a maximum of one hundred (100) shares with a par value of $100 per share.

The Company's principal place of business and their books and records are located at its main office in Chattanooga, Tennessee.

**MANAGEMENT AND CONTROL**

**MANAGEMENT**

**Directors**

The Company's Bylaws state that the business and affairs of the Company shall be conducted subject to the general direction and oversight of the Board of Directors ("Board"), except as may be otherwise provided by applicable laws, the Charter, or the Bylaws. The Company's Bylaws require that an annual meeting of the shareholders be
held to elect directors and to conduct other proper business. The meeting may be held within or outside the State of Tennessee, as shall be designated by the Board.

Each director shall hold office for a term of one (1) year, until his/her successor is elected and qualified or until his/her earlier death, disability, resignation, or removal. The Company’s Bylaws state that the number of directors shall consist of not less than three (3) nor more than eleven (11) directors. Individuals do not need to be Tennessee residents or shareholders of the Company to serve as a director.

A majority of the directors constitutes a quorum. The Bylaws allow any action that may be taken at a meeting of the Board to be taken without a meeting if all of the directors consent, in writing, to taking that action without a meeting. The written consent shall be filed with the minutes of the Company. Any or all of the directors may participate in meetings by means of video conference, telephone conference, or similar communication equipment.

At December 31, 2015, the following persons were serving as members of the Board:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jason D. Hickey</td>
<td>Lookout Mountain, Tennessee</td>
<td>Chairperson, President, and Chief Executive Officer, BCBST</td>
</tr>
<tr>
<td>John F. Giblin</td>
<td>Chattanooga, Tennessee</td>
<td>Chief Financial Officer, BCBST</td>
</tr>
<tr>
<td>Scott C. Pierce</td>
<td>Chattanooga, Tennessee</td>
<td>Chief Operating Officer, BCBST</td>
</tr>
</tbody>
</table>

**Officers**

The Bylaws provide that the officers of the corporation shall consist of a President, Secretary, Treasurer, and such other offices as are elected by the Board. A Managing Director may be appointed, but the Managing Director and President may not be held by one (1) person. Likewise, the President and Secretary may not be one (1) person.

The following officers were duly elected by the Board and were serving as officers of the Company, as of December 31, 2015:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>George Henry Smith</td>
<td>President and Chief Executive Officer</td>
</tr>
<tr>
<td>Toliver Ralph Woodard, Jr.</td>
<td>Treasurer</td>
</tr>
<tr>
<td>James Kertz Rochat</td>
<td>Assistant Treasurer</td>
</tr>
<tr>
<td>Shelia Dian Clemons</td>
<td>Secretary</td>
</tr>
<tr>
<td>Katharine Anne Laurance</td>
<td>Assistant Secretary</td>
</tr>
</tbody>
</table>
The Board may create from time to time, standing or special Committees, as it shall deem necessary or appropriate. There were no appointed Committees as of December 31, 2015.

**CONTROL**

The Company is a member of an insurance holding company system as defined by Tenn. Code Ann. § 56-11-101(b)(7), and as such, is subject to the Insurance Holding Company System Act of 1986, set forth in Tenn. Code Ann. §§ 56-11-101, et seq. All outstanding shares of the Company are owned by the holding company, SDBS, a Tennessee for-profit corporation. The ultimate parent company is BCBST, which is domiciled in Tennessee.

**ABBREVIATED ORGANIZATIONAL CHART**

```
                              BlueCross BlueShield
                             of Tennessee, Inc
                                 (Not-for-Profit)

                             Healthbox Nashville I LLC
                                    (Joint Venture)

                               BeneVive, Inc.
                                    (For-Profit)

                               Southern Diversified
                                    Business Services, Inc.
                                    (For-Profit)

                               Tennessee Health
                                    Foundation, Inc.
                                    501(c)(3)
                                    (Not-for-Profit)

                               Southern Health
                                    Plan, Inc.
                                    501(c)(4)
                                    (Not-for-Profit)

Shared Health, Inc.
(For-Profit)

RiverTrust
Solutions, Inc.
(For-Profit)

Riverbend
Govt. Benefits
Administrator, Inc.
(For-Profit)

Onlife Health,
Tennessee, Inc.
(For-Profit)

Volunteer State
Health Plan, Inc.
(For-Profit)

Group Insurance
Services, Inc.
(For-Profit)

Golden Security
Insurance Co.
(For-Profit)

SecurityCare of
Tennessee, Inc.
(For-Profit)
```

**CONFLICTS OF INTEREST AND PECUNIARY INTERESTS**

The Company is required to comply with Tenn. Code Ann. § 56-3-103 prohibiting officers and directors of insurance companies from having a pecuniary interest in the
investment or disposition of funds of a domestic insurance company. BCBST and all its subsidiaries have adopted an Enterprise Compliance Program which requires compliance with all laws and regulations applicable to its business at all governmental levels. The policy requires all directors and employees to conduct business of the Company on the highest ethical level and be free from conflicting interests and relationships. The policy further requires that all directors and management employees annually report all information required to be reported herein and such other information as may be relevant to determine the existence or likely development of a significant conflict of interest.

The annual conflict of interest disclosure statements filed by the Company's directors, officers, and responsible employees in each year of the examination period were reviewed. No conflicts were noted.

DIVIDENDS

During the period of examination, the Company paid no dividends.

CORPORATE RECORDS

The minutes of meetings of the Company's shareholders, Board, and BCBST committees (which serve in lieu of separate, stand-alone committees) were reviewed for the period under examination. They were complete as to necessary detail and appear to adequately reflect the acts of the respective bodies. The review of the minutes indicates that all investment transactions were approved by the Board.

Charter

The Charter of the Company in effect as of December 31, 2015, is the Company's original charter. The Charter states the Corporation is for-profit, organized to conduct business as a health maintenance organization (HMO) under the laws of the State of Tennessee. The Company had no amendments to its Charter during the period of examination.

Bylaws

The Bylaws of the Company in effect as of December 31, 2015, are the Company's Amended and Restated Bylaws, which were adopted by the Board on May 4, 2015.

The Bylaws are such as generally found in corporations of this type and contain no unusual provisions. They provide for the regulation of the business and for the conduct of the affairs of the Company, the Board, and its shareholders.
AGREEMENTS WITH PARENT, SUBSIDIARIES, AND AFFILIATES

The Company had many agreements with affiliated companies in effect as of December 31, 2015. The following are summaries of two (2) significant agreements in effect:

**Administrative Service Agreement**

Effective January 14, 2013, the Company and BCBST entered into an Administrative Services Agreement whereby BCBST provides administrative services and duties including, but not limited to, those surrounding the provision of medical coverage, managed behavioral health coverage, and pharmacy benefits, plus liability insurance coverage, finance and strategic consulting, legal services, and consulting and information technology support. The Company pays BCBST the fully allocated cost of providing services pursuant to this agreement.

**Tax Allocation Agreement**

Effective October 17, 2014, BCBST and its subsidiaries entered into a Consolidated Tax Allocation Agreement whereby BCBST will make payments on the consolidated tax liability for each taxable period including the payment of estimated tax installments, and the Company will pay its share of each payment within ninety (90) days of receiving notice. The Company's portion of the tax liability is an amount equal to the tax liability of the Group, multiplied by a fraction, the numerator being the Company's separate tax return liability, and denominator the sum of the separate return tax liabilities of all members within the BCBST Group.

**FIDELITY BOND AND OTHER INSURANCE**

The Company is listed as a named insured on a financial institution bond carried by its parent, BCBST. Other insurance policies were reviewed and the Company is listed as a named insured on the following insurance coverages maintained by BCBST as of December 31, 2015:

- Fidelity Bond
- Commercial Property
- Cyber Liability
- Automobile
- Fiduciary
- Directors and Officers Liability
- Employment Practices Liability
- Umbrella Liability

The Company's fidelity coverage exceeds the minimum amount suggested in the NAIC Handbook. The bonds and policy coverages were inspected and appear to be in force as of the date of this examination. All of the above policies were issued by companies licensed to transact business in the State of Tennessee or by authorized surplus lines insurers.
EMPLOYEE BENEFITS AND PENSION PLANS

The Company has no employees. All business functions are performed by BCBST under service agreements discussed under the caption, “Agreements with Parent, Subsidiaries, and Affiliates”.

TERRITORY AND PLAN OF OPERATION

TERRITORY
The Company is a stock for-profit HMO insurer licensed to transact business in the State of Tennessee. The Certificate of Authority granted by Tennessee was reviewed and found to be in force at December 31, 2015.

Premium tax records were reviewed for Tennessee, and no exceptions were noted.

SCHEDULE T – PREMIUMS

<table>
<thead>
<tr>
<th>State</th>
<th>Licensed (Yes or No)</th>
<th>Accident &amp; Health</th>
<th>Medicare Title XVIII</th>
<th>Federal Employees Health Benefits Plan Premiums</th>
<th>Total Premiums</th>
</tr>
</thead>
<tbody>
<tr>
<td>TN</td>
<td>Yes</td>
<td>$0</td>
<td>$15,370,803</td>
<td>$0</td>
<td>$15,370,803</td>
</tr>
</tbody>
</table>

PLAN OF OPERATION
The Company, doing business as BlueChoice Tennessee, is primarily engaged in offering within the State of Tennessee Medicare Advantage HMO products as authorized by the Centers for Medicare and Medicaid Services (CMS).
GROWTH OF COMPANY

The following exhibit depicts certain aspects of the growth and financial history of the Company for the period subject to this examination, according to its Annual Statements as filed with the TDCI:

<table>
<thead>
<tr>
<th>Year</th>
<th>Admitted Assets</th>
<th>Liabilities</th>
<th>Capital and Surplus</th>
<th>Net Premium Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$6,114,284</td>
<td>$2,406,815</td>
<td>$3,707,469</td>
<td>$15,370,803</td>
</tr>
<tr>
<td>2014</td>
<td>$2,812,764</td>
<td>$166,112</td>
<td>$2,646,652</td>
<td>$1,846,741</td>
</tr>
<tr>
<td>2013</td>
<td>$3,006,982</td>
<td>$1,124</td>
<td>$3,005,858</td>
<td>$0</td>
</tr>
</tbody>
</table>

LOSS EXPERIENCE

As developed from applicable amounts included in the Company's Annual Statements filed with the TDCI, the ratios of losses incurred to earned premiums for the period subject to this examination were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Medical Losses Inurred</th>
<th>Earned Premiums</th>
<th>Loss Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$14,889,626</td>
<td>$15,370,803</td>
<td>96.87%</td>
</tr>
<tr>
<td>2014</td>
<td>$2,062,073</td>
<td>$1,846,741</td>
<td>111.66%</td>
</tr>
<tr>
<td>2013</td>
<td>0</td>
<td>0</td>
<td>N/A</td>
</tr>
</tbody>
</table>

REINSURANCE AGREEMENTS

The Company had no assumed or ceded reinsurance during the examination period.

LITIGATION AND CONTINGENT LIABILITIES

During the period of examination, and as of December 31, 2015, the Company reported no litigation or contingent liabilities that would be material to the Company's financial condition or results of operations.
STATUTORY DEPOSITS

In compliance with statutory and other requirements, the Company maintained deposits with the jurisdictions or custodians named below, as of December 31, 2015.

The following are deposits with the state where special deposits are for the benefit of all policyholders, claimants, and creditors of the Company:

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Description of Security</th>
<th>Book/Adjusted Carrying Value</th>
<th>Fair Value</th>
<th>Par Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tennessee Department of Insurance</td>
<td>Colgate &amp; Palmolive Co Issuer Obligation - Maturity Date: 03/15/2019 CUSIP #: 19416QEF3 Rate: 1.750%</td>
<td>$25,000</td>
<td>$25,056</td>
<td>$25,000</td>
</tr>
<tr>
<td></td>
<td>JP Morgan Chase &amp; Co Issuer Obligation – Maturity Date: 01/25/2018 CUSIP #: 46625HJG6 Rate: 1.800%</td>
<td>901,452</td>
<td>898,794</td>
<td>900,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$926,452</td>
<td>$923,850</td>
<td>$925,000</td>
</tr>
</tbody>
</table>

The deposits with the jurisdiction or custodian, above, were verified by direct correspondence with the custodians of such deposits.

ACCOUNTS AND RECORDS

Tenn. Comp. R. & Regs. 0780-01-65-.08(4), states that no partner or other person responsible for rendering a report by a certified public accounting firm may act in that capacity for more than five (5) consecutive years. The Company is audited annually by E&Y, and is in compliance with this regulation.

During the course of the examination, certain balances were tested and amounts were traced from the Company's trial balance to the Annual Statement. Minor differences were noted in the Company's financial statements attributable to rounding. All of the Company's investment securities were confirmed with the custodian of such securities as of the date of this examination. All Annual Statements for the period under examination were reviewed for completeness and adequacy of disclosure. The
Company’s risk-based capital filings were reviewed. These test checks and reviews revealed no material discrepancies.

The Company’s books and records are located in Chattanooga, Tennessee.

**SUBSEQUENT EVENTS**

No subsequent events were noted.
FINANCIAL STATEMENTS

There follows a statement of assets, liabilities, capital and surplus, and a statement of revenue and expenses as of December 31, 2015, together with a reconciliation of capital and surplus for the period under review, as reported by the Company in its 2015 Annual Statement.

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Non-Admitted Assets</th>
<th>Net Admitted Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>$926,452</td>
<td>$926,452</td>
</tr>
<tr>
<td>Cash, cash equivalents and short-term investments</td>
<td>4,482,159</td>
<td>4,482,159</td>
</tr>
<tr>
<td>Subtotals, cash and invested assets</td>
<td>5,408,611</td>
<td>5,408,611</td>
</tr>
<tr>
<td>Investment income due or accrued</td>
<td>7,149</td>
<td>7,149</td>
</tr>
<tr>
<td>Premiums and considerations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncollected premiums and agents balances in the course of collection</td>
<td>13,039</td>
<td>13,039</td>
</tr>
<tr>
<td>Accrued retrospective premiums</td>
<td>320,000</td>
<td>320,000</td>
</tr>
<tr>
<td>Amounts receivable relating to uninsured plans</td>
<td>157,933</td>
<td>157,933</td>
</tr>
<tr>
<td>Net deferred tax asset</td>
<td>65,066</td>
<td>65,066</td>
</tr>
<tr>
<td>Receivables from parent, subsidiaries and affiliates</td>
<td>38,709</td>
<td>38,709</td>
</tr>
<tr>
<td>Health care and other amounts receivable</td>
<td>269,097</td>
<td>165,320</td>
</tr>
<tr>
<td>Aggregate write-ins for other than invested assets (Prepays and Miscellaneous)</td>
<td>2,317</td>
<td>2,317</td>
</tr>
<tr>
<td>Total assets excluding separate accounts</td>
<td>6,281,921</td>
<td>167,637</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$6,281,921</strong></td>
<td><strong>$167,637</strong></td>
</tr>
<tr>
<td>Description</td>
<td>Covered</td>
<td>Uncovered</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Claims unpaid</td>
<td>$2,163,72</td>
<td></td>
</tr>
<tr>
<td>Accrued medical incentive pool and bonus amounts</td>
<td>3,756</td>
<td></td>
</tr>
<tr>
<td>Unpaid claims adjustment expenses</td>
<td>38,756</td>
<td></td>
</tr>
<tr>
<td>Aggregate health policy reserves</td>
<td>200,000</td>
<td></td>
</tr>
<tr>
<td>Remittances and items not allocated</td>
<td>560</td>
<td></td>
</tr>
<tr>
<td>Aggregate write-ins for other liabilities</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>2,406,815</strong></td>
<td></td>
</tr>
<tr>
<td>Aggregate write-ins for special surplus funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common capital stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross paid in and contributed surplus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unassigned funds (surplus)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Capital and Surplus</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities, Capital, and Surplus</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
STATEMENT OF REVENUE AND EXPENSES

Member months 25,458

Net premium income $15,370,803

Total Revenues $15,370,803

Hospital and Medical:
Hospital/medical benefits: 12,376,800
Other professional services 977,667
Prescription drugs 1,528,434
Incentive pool, withhold adjustments and bonus amounts 6,725
Total Hospital and Medical Benefits 14,889,626

Less:
Claims adjustment expenses 1,147,545
General administrative expenses 1,399,805
Total underwriting deductions 17,436,976

Net underwriting gain (loss) (2,066,173)

Net investment income earned 24,027
Net realized capital gains (losses) 0
Net investment gains 24,027

Net income or loss after capital gains tax and before federal income taxes (2,042,146)
Federal and foreign income taxes incurred (696,583)

Net Income (Loss) ($1,345,563)
CAPITAL AND SURPLUS ACCOUNT

Capital and Surplus

<table>
<thead>
<tr>
<th>December 31, previous year</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>$2,646,652</td>
<td>$3,005,858</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Net income or (loss)</td>
<td>(1,345,563)</td>
<td>(350,256)</td>
<td>5,858</td>
</tr>
<tr>
<td>Change in net deferred income tax</td>
<td>59,457</td>
<td>5,620</td>
<td>0</td>
</tr>
<tr>
<td>Change in non-admitted assets</td>
<td>(153,077)</td>
<td>(14,560)</td>
<td>0</td>
</tr>
<tr>
<td>Surplus adjustment: Paid in</td>
<td>2,500,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net change in capital and surplus for the year</td>
<td>1,060,817</td>
<td>(359,206)</td>
<td>5,858</td>
</tr>
<tr>
<td>Capital and Surplus</td>
<td>$3,707,469</td>
<td>$2,646,652</td>
<td>$3,005,858</td>
</tr>
</tbody>
</table>

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Capital and Surplus $3,707,469

Total capital and surplus, as established by this examination, is the same as what was reported by the Company in its December 31, 2015, Annual Statement. There were no changes made to any asset or liability items as a result of our examination performed as of December 31, 2015.

Tenn. Code Ann. §§ 56-2-114(a) and 56-2-115 require an insurer of this Company's type to maintain a minimum capital and surplus of $2,000,000, collectively. Therefore, the Company as of December 31, 2015, for this examination maintains capital and surplus in excess of the amounts required.

COMMENTS AND RECOMMENDATIONS

The following list presents a summary of comments and recommendations noted in this report:

Comments
There were no comments noted during the completion of this examination.

Recommendations
There were no recommendations noted during the completion of this examination.
CONCLUSION

The customary insurance examination practices and procedures as promulgated by the National Association of Insurance Commissioners have been followed in connection with the verification and valuation of assets and the determination of liabilities of SecurityCare of Tennessee, Inc.

In such manner, it was found that as of December 31, 2015, the Company had admitted assets of $6,114,284 and liabilities, exclusive of capital and surplus, of $2,406,815. Thus, there existed for the additional protection of the shareholders, the amount of $3,707,469 in the form of common capital stock, gross paid in and contributed surplus, and unassigned funds.

The courteous cooperation of the officers of the Company and employees of BCBST, extended during the course of the examination, is hereby acknowledged.

In addition to the undersigned, Jim Hattaway CFE, CIA, CIE, AMCM, ARC; Vicky Hugo AES, CFE, CISA, CPA; Natalie Cunningham; Kris Sampson; and Victoria Chi, CISA, CISM, CRISC, CGEIT, CRMA of the contracting firm Noble Consulting Services, Inc., Indianapolis, Indiana; and Mike Mayberry, FSA, MAAA from the actuarial firm Lewis & Ellis, Inc., Richardson, Texas participated in the work of this examination.

Respectfully submitted,

Daniel P. McBay, CFE, CPA
Examiner-in-Charge
Noble Consulting Services, Inc.
Representing the State of Tennessee

Bryant Cummings, CFE, MCM
Assistant Chief Examiner
Tennessee Department of Commerce and Insurance
AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of SecurityCare of Tennessee, Inc. located in Chattanooga, Tennessee, dated January 25, 2017, and made as of December 31, 2015, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says he is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of his knowledge, information and belief.

Daniel P. McBay, CFE, CPA
Examiner-in-Charge
Noble Consulting Services, Inc.
Representing the State of Tennessee

State _______ North Carolina _______

County _______ Guilford _______

Subscribed to and sworn before me this 1 day of June, 2017

Deonte L. Turrentine
Notary Public - North Carolina
Guilford County
My Commission Expires 12/11/2021

My Commission Expires: 12/11/2024
AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of SecurityCare of Tennessee, Inc. located in Chattanooga, Tennessee, dated January 25, 2017, and made as of December 31, 2015, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says he is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of his knowledge, information and belief.

Bryant Cummings, CFE, MCM
Assistant Chief Examiner
Tennessee Department of Commerce and Insurance

State __Tennessee________

County __Davidson________

Subscribed to and sworn before me
this 2nd day of June, 2017

(NOTARY)

My Commission Expires: 6/19/18
June 9, 2017

E. Joy Little  
Director of Financial Examinations/Chief Examiner  
Tennessee Department of Commerce and Insurance  
500 James Robertson Parkway  
Nashville, TN 37243-1135


Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination for SecurityCare of Tennessee, Inc. By signing below, we indicate acceptance of the report, as transmitted, and without rebuttal.

Sincerely,

[Signature]

Joel Giblin  
Executive Vice President & Chief Financial Officer