EXHIBIT A

STATE OF TENNESSEE

DEPARTMENT OF COMMERCE AND INSURANCE

REPORT ON EXAMINATION

OF

CARITEN HEALTH PLAN INC.

(NAIC # 95754)

KNOXVILLE, TENNESSEE

AS OF

DECEMBER 31, 2013

TABLE OF CONTENTS

Knoxville, Tennessee
April 24, 2015

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

Dear Commissioner:

Pursuant to your instructions and in accordance with the Tenn. Code Ann. § 56-1-408, regulations, and resolutions adopted by the National Association of Insurance Commissioners ("NAIC"), a full-scope financial examination and market conduct review as of December 31, 2013, has been made of the conditions and affairs of:

CARITEN HEALTH PLAN INC.
NAIC # 95754
2160 Lakeside Centre Way, Suite 200
Knoxville, Tennessee 37922

hereinafter generally referred to as the "Company" or "CHP" 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 25, 2014, and was conducted by duly authorized representatives of the TDCI. This examination was called through the NAIC's Financial Examination Electronic Tracking System ("FEETS"). The Company's ultimate parent is Humana, Inc. The exam was coordinated with several other states performing 2013 exams on companies in the Humana Group.

SCOPE OF EXAMINATION

The last examination of the Company was made as of December 31, 2009. This examination covers the period January 1, 2010, through December 31, 2013, and includes any material transactions and/or events occurring subsequent to the examination date which were noted during the course of examination.

The Company is part of Humana, Inc., a Holding Company Group ("the group"), with the group's lead state in the group being Wisconsin. Wisconsin did not perform an exam of their domestic company as of 2013; however, several other states in the group were performing exams. The TDCI was part of a coordinated group of several states that performed their exams on companies in the group as of 2013. Other participating states in the coordinated group were Utah, Texas, Arkansas, and Kentucky.

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*, as deemed appropriate. The examination was planned and performed to evaluate the financial condition of the Company as of December 31, 2013. 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 reviewed to determine which key activities and accounts would be examined. The key activities included: Investments; Premiums/Pricing; Claims; Reserving; Related Party; Other Assets – Health; and Capital and Surplus.

The Company's 2013 annual statement was compared with or reconciled to the corresponding general ledger account balances.

An examination of the Company's information systems ("IS") was conducted concurrently with the financial examination by the contract firm Highland Clark, LLC. This firm was engaged by the Utah Insurance Department, and the other members of the coordinated group were able to rely upon their work for their own domestic company examinations. All companies within the group share the computer systems. The IS examination included a review of management and organizational controls, logical and physical security controls, changes in applications controls, system and program development controls, contingency planning controls, service provider controls, operations controls, processing controls, e-commerce controls, and network and internet controls.

A separate market conduct review was also performed concurrently with the financial examination.

Humana, Inc. maintains an Internal Audit ("IA") Department, which is charged with performing the internal audit function for all companies within the holding company system. Reports generated by the IA Department were made available and were used in the examination, as deemed appropriate. In addition, Humana Inc. maintains a Sarbanes-Oxley ("SOX") Department that is responsible for the testing and documentation of all processes, the risks for each, and all mitigating controls over those risks as required by Section 404 of the Sarbanes-Oxley Act. The examiners reviewed the processes tested and requested the work papers for specific processes which had been identified as significant to the key activities and sub-activities being examined. The work papers were provided and were utilized where appropriate.

Independent actuaries, Lewis & Ellis, Inc., were utilized in the review of the Company's loss reserves.

PricewaterhouseCoopers, LLP was the certified public accountant ("CPA") and independent auditor for the Company for all years under examination. The CPA's work papers were reviewed for all years under examination, 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

The examination included a review to determine the current status of the comments and recommendations included in the previous report on examination, dated June 24, 2011, which covered the period from January 1, 2006, through December 31, 2009. The previous full-scope examination report as of December 31, 2009, contained one comment. The Company addressed the prior exam comment during the course of the previous examination. Below is a description of the prior examination report's comment:

Comment:

The Custodial Agreement with JP Morgan Chase Bank did not contain the required language as referenced in Tenn. Comp. R. & Regs. 0780-01-46. It was recommended to the Company that the agreement be modified to fully comply with this regulation. An amendment containing the language required by Tenn. Comp. R. & Regs. 0780-01-46 was executed prior to the completion of the examination.

COMPANY HISTORY

The Company incorporated on September 13, 1994, and commenced business on January 1, 1996, under the laws of Tennessee to operate as a health maintenance organization ("HMO"). The Company's original name was PHP Health Plans, Inc. On November 20, 1996, the Company amended its charter to change its name to Cariten Health Plan Inc. The TDCI approved the amendment on November 27, 1996. A new Certificate of Authority was issued to the Company on January 7, 1997.

The charter of the Company authorizes the issuance of 100,000 shares of common stock with a par value of $1.00 per share. Effective September 13, 1994, the Company became a wholly-owned subsidiary of PHP Companies, Inc. ("PHP"), a Tennessee for-profit corporation. On October 30, 2008, PHP was acquired by Humana, Inc., making the Company a subsidiary of Humana, Inc. ("Ultimate Parent").

The Company is an HMO subject to regulation by the federal government and the TDCI, and is authorized to sell health plan products in Tennessee. The Company offers coordinated health and pharmacy insurance coverage and other related services through a variety of plans for government-sponsored programs and employer groups. Under the Company's federal government contracts with the Centers for Medicare and Medicaid Services ("CMS"), the Company provides health and pharmacy insurance coverage to Medicare eligible members.

MANAGEMENT AND CONTROL

MANAGEMENT

The Company's Bylaws state that the business and affairs of the corporation shall be managed by a Board of Directors who shall be elected at the annual meeting of the shareholders. The Company's Bylaws state that the number of directors shall consist of not less than three (3) or more than fifteen (15) as the shareholders shall determine. A majority of the directors constitutes a quorum. Each director shall hold office for the term for which he or she is elected.

The following persons were duly elected by the shareholders on April 25, 2013, and were serving as members of the Board of Directors, as of December 31, 2013:

Name	Principal Occupation
Bruce Dale Broussard	President and CEO of Humana Inc.
James Elmer Murray	Executive VP and COO of Humana Inc.
James Harry Bloem	Senior VP, CFO and Treasurer of Humana Inc.

The Company's Bylaws require that an annual meeting of the shareholders be held to elect directors and to conduct such other business. The meeting may be held within or outside the State of Tennessee, at a date and time the Board of Directors designates.

The Bylaws allow any action required or permitted to be taken at a meeting of the Board, or of any committee thereof, to be taken without a meeting, if prior to such action a written consent thereto is signed by all Board or committee members, and such written consent is filed with the minutes of proceedings. Such consent shall have the same force and effect as a vote at a meeting. Any or all of the directors, or committee members may participate in meetings by means of conference telephone, or similar communication equipment.

The Bylaws provide that the officers of the corporation shall consist of a Chair, Vice Chair, President, CEO, Treasurer, CFO, Secretary, and such other officers as the Board of Directors may determine.

The following officers were duly elected by the Board of Directors on April 25, 2013, and were serving as officers of the Company, as of December 31, 2013:

Name	Title
Bruce Dale Broussard	President and CEO
James Harry Bloem	Senior VP, CFO and Treasurer
Pattie Dale Tye	President, Large Group
Clarence Evans Looney	Market President – Tennessee
Brian Phillip LeClaire	Senior VP and Chief Service and Information Officer
Elizabeth Diane Bierbower	President, Employer Group Segment
Thomas Joseph Liston	President, Retail Segment
Bruce Devereau Perkins	President, Healthcare Services Segment
Douglas Edward Haaland	Regional President – Senior Products/Mid-South Region
George Grant Beuernfeind	Vice President
John Gregory Catron	VP and Chief Compliance Officer
Roy Goldman, Ph. D	VP and Chief Actuary
Charles Frederic Lambert, III	Vice President
Joan Olliges Lenahan	VP and Corporate Secretary
Richard Donald Remmers	VP, Employer Group Segment
George Renaudin	VP and Division Leader – Southern Division
Debra Anne Smith	VP – Senior Products Strategy and Product Development
Timothy Alan Wheatley	VP – Senior Products
Ralph Martin Wilson	Vice President
Jonathan Albert Canine	Appointed Actuary
Josepth Christopher Ventura	Assistant Corporate Secretary

The Board of Directors may designate, establish, and charter any committees as it deems necessary or desirable. The Company's Board of Directors designated two committees during the period of examination.

The following is a list of committees as of December 31, 2013:

Audit Committee
Quality Improvement Committee

CONTROL

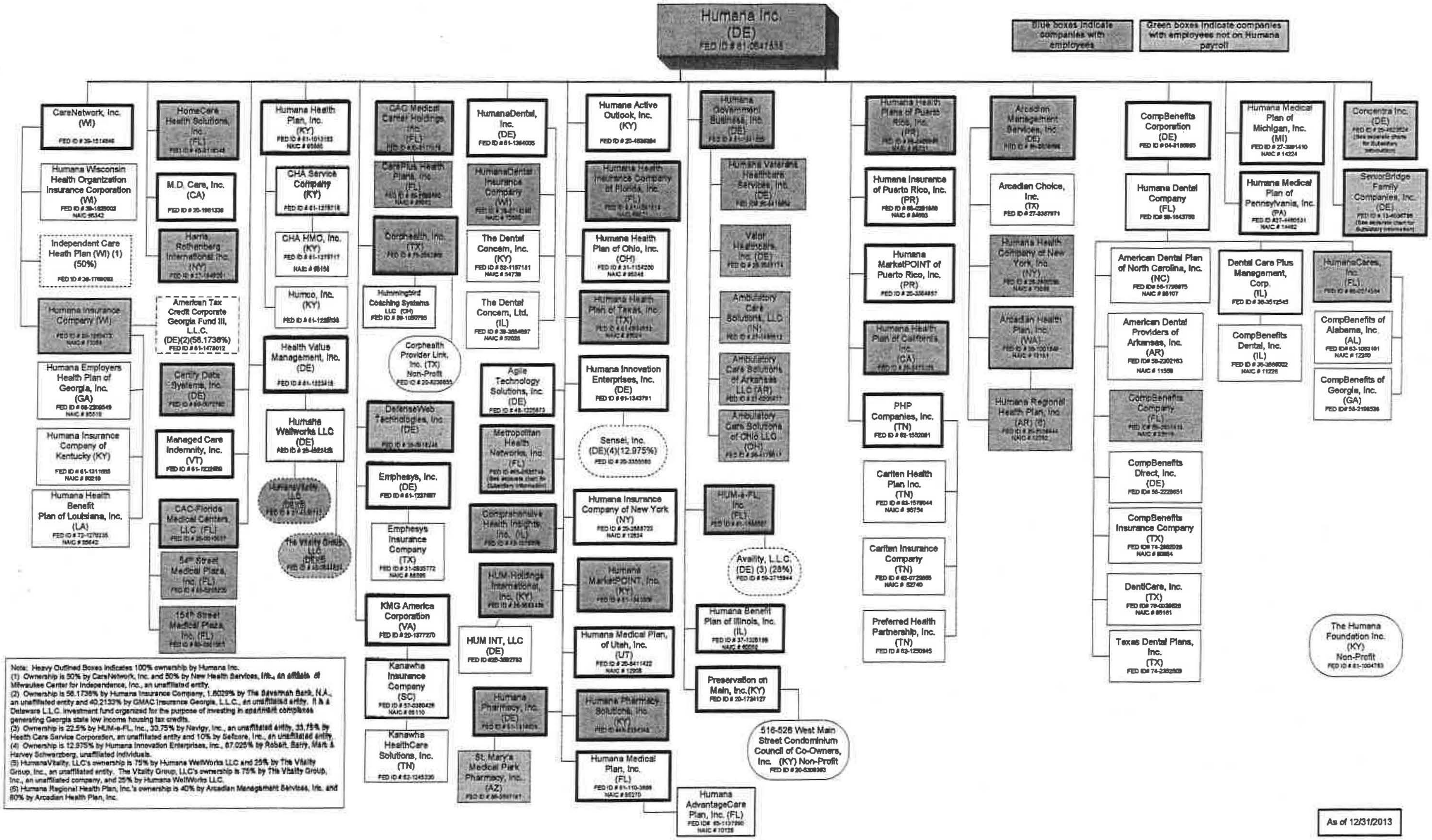
The Company is a member of an insurance holding company system as defined by Tenn. Code Ann. § 56-11-101(2008), and as such, is subject to the "Insurance Holding Company System Act of 1986," set forth in Tenn. Code Ann. § 56-11-101(2008), *et seq.* All outstanding shares of the Company are owned by the parent company, PHP, a Tennessee for-profit corporation. PHP is a wholly-owned subsidiary of Humana, Inc., which is a holding company domiciled in Delaware. Humana, Inc. is the ultimate parent of the Company, and is traded on the New York Stock Exchange (ticker symbol: HUM). The Company relies on Humana, Inc. and other affiliates under common control of its ultimate parent for support and operational functions under various agreements.

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. Humana, Inc. and all its subsidiaries have adopted a Code of Conduct Policy that 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.

ORGANIZATIONAL CHART



DIVIDENDS

During the period of examination, the Company declared and paid one ordinary dividend to its shareholders. The Company complied with the requirements of Tenn. Code Ann. § 56-11-105 (e) by notifying the TDCI of declaration of said dividend.

The following table lists each dividend amount, whether the dividend was determined to be Ordinary (O) or Extraordinary (E), the date the Company notified the TDCI of the dividend, and the date the Company paid the dividend to its shareholders.

Year	Ordinary (O) or Extraordinary (E)	Notification Date	Paid Date	Dividend Amount
2013	None			$0
2012	None			0
2011	None			0
2010	O	03/19/10	04/01/10	$22,000,000
	Total paid during period of Exam			$22,000,000

CORPORATE RECORDS

The minutes of meetings of the Company's shareholders, Board of Directors, and 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, 2013, is the Company's Amended Charter which was filed with the Secretary of State on August 11, 2011. The Charter states the Corporation is for-profit, organized to conduct business as a health maintenance organization under the laws of the State of Tennessee. The Company had one amendment to its Charter during the period of examination. The amendment changed its principal address from one location in Knoxville, Tennessee to another; the amendment was filed with the Secretary of State on August 11, 2011.

Bylaws

The Bylaws of the Company in effect as of December 31, 2013, are the Company's Amended and Restated Bylaws which were adopted by the Board of Directors on December 12, 2007. No amendments or restatements were made to the Company's Bylaws during the period of examination.

The Bylaws are such as are 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 of Directors, and its shareholders.

AGREEMENTS WITH PARENT, SUBSIDIARIES AND AFFILIATES

The Company had five (5) agreements with affiliated companies in effect, as of December 31, 2013. The following are summaries of the agreements in effect:

Corporate Service Agreement with Humana Inc.

The Company entered into a Service Agreement with its parent, Humana, Inc., effective January 1, 2009. The agreement automatically renews annually on the first day of each January, unless notice is given of non-renewal by any party to the other at least 90 days prior to the end of the current term. Under the terms of the agreement, Humana, Inc. will provide the Company services, management, and oversight to the HMO, including medical and product management, executive management, information systems, financial services, legal services, and human resources management. The HMO will pay a maximum of fifteen percent (15%) of premium, plus a maximum of $26 per member per month for Administrative Services Only ("ASO") membership for the services provided. Settlement of fees due under the agreement is to take place weekly, based on an estimate of expected costs. A final settlement is to be made quarterly, which is to be supported by a statement of actual costs. This agreement was filed on Form D on December 18, 2009, and was approved by the TDCI on January 26, 2010.

Service Center Service Agreement with Humana Ins. Co. and Humana Inc.

The Company entered into a service agreement with Humana Insurance Company ("Service Provider") and its parent, Humana, Inc. ("Repository"), effective January 1, 2011. The agreement automatically renews annually on the first day of each January, unless notice is given of non-renewal by any party to the other, at least 90 days prior to the end of the current term. Under the terms of the agreement, the Service Provider will provide health care management and service expertise, including claims processing, customer service, front end operations, billing, and enrollment. The Repository shall collect monies due to the Company and Service Provider in the operation of its business. The HMO will pay a maximum of fifteen percent (15%) of premium, plus a maximum of $26 per member per month for ASO membership for the services provided. Settlement of fees due under the agreement is to take place weekly, based on an estimate of expected costs. A final settlement is to be made quarterly, which is to be supported by a statement of actual costs. This agreement was filed on Form D on March 24, 2011, and was approved by the TDCI on April 29, 2011.

Medicare Risk Marketing Service Agreement with Humana Inc.

The Company entered into a service agreement with Humana MarketPOINT ("Service Provider") and its parent, Humana, Inc. ("Repository") effective January 1, 2011. The agreement automatically renews annually on the first day of each January, unless notice is given of non-renewal by any party to the other at least 90 days prior to the end of the current term. Under the terms of the agreement, the Service Provider will provide Medicare sales and marketing services. The Repository shall collect monies due to Company and Service Provider in the operation of its business. The HMO will pay a maximum of fifteen percent (15%) of premium, plus a maximum of $26 per member per month for ASO membership for the services provided. Settlement of fees due under the agreement is to take place weekly, based on an estimate of expected costs. A final settlement is to be made quarterly, which is to be supported by a statement of actual costs. This agreement was filed on Form D on March 24, 2011, and was approved by the TDCI on April 29, 2011.

Indemnity Agreement with Humana Inc.

The Company ("Indemnitee") entered into a service agreement with its parent, Humana, Inc. ("Indemnitor") effective October 31, 2008. Under the terms of the agreement, the Indemnitor agrees to indemnify the Indemnitee from any and all liability, loss, or damage Indemnitee may suffer as a result of Indemnitee's failure to perform its obligations arising under certificates of coverage issued and assumed by Indemnitee in respect to the furnishing of health care services to its subscribers, should the Indemnitee become insolvent or otherwise financially incapable of furnishing such health care services. This agreement was filed on Form D on December 18, 2009, and was approved by the TDCI on January 26, 2010.

Tax Allocation Agreement with Humana Inc. and Subsidiaries

The Company entered into a Tax Sharing Agreement with its parent, Humana Inc. and its subsidiaries, effective October 31, 2008. Under the terms of the agreement, Humana, Inc. will file consolidated tax returns for all members of its affiliated group. The consolidated tax liability will be apportioned among the members of the affiliated group in accordance with the ratio which that portion of the consolidated tax liability attributable to each member of the group having tax liability bears to the consolidated tax liability, pursuant to Internal Revenue Code Section 1552(a)(1) and Regulation 1.1522-1(a)(2). The parties are to settle balances owed within thirty (30) days. This agreement was filed on Form D on December 18, 2008, and was approved by the TDCI on January 26, 2010.

FIDELITY BOND AND OTHER INSURANCE

The Company is listed as a named insured on a Financial Institution Bond carried by Humana, Inc. Other insurance policies were reviewed and the Company is listed as a named insured on the following insurance coverages maintained by Humana, Inc. as of December 31, 2013:

Fidelity Bond	Fidelity Crime
Commercial Property	Directors and Officers Liability
Cyber Liability	Workers Compensation Liability

The Company's fidelity coverage exceeds the suggested minimum amount per the *NAIC Financial Condition Examiners 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. Similar coverage was in effect as of the date of this examination report.

EMPLOYEE BENEFITS AND PENSION PLANS

The Company has no employees. All business functions are performed by Humana, Inc., Humana Insurance Company, and/or Humana MarketPOINT, Inc., under service agreements discussed under the caption, "Agreements with Parent, Subsidiaries and Affiliates".

TERRITORY AND PLAN OF OPERATION

TERRITORY

The Company is a for-profit HMO licensed to transact business in the State of Tennessee. The Certificate of Authority granted by Tennessee was reviewed and found to be in effect at year-end 2013.

In 2014, the Company requested approval from the TDCI to expand its writing territory into the State of Alabama. The TDCI approved the Company's request on December 19, 2014. Once approval was received from the TDCI, the Company applied with the State of Alabama for a license to write business there, and received approval of that request in 2015. The Company will start writing business in Alabama on January 1, 2016. See also "Subsequent Events" section later in this report.

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

SCHEDULE T – PREMIUMS AND OTHER CONSIDERATIONS

State	Licensed? (Yes or No)	Accident & Health Premiums	Medicare Title XVIII Premiums	Total Premiums
Tennessee	Yes	$1,226,725	$1,043,363,698	$1,044,590,423
Totals		$1,226,725	$1,043,363,698	$1,044,590,423

PLAN OF OPERATION

The Company is an HMO subject to regulation by the federal government and the TDCI, and is authorized to sell health plan products in Tennessee. The Company offers coordinated health and pharmacy insurance coverage and related services through a variety of plans for government-sponsored programs and employer groups. Under the Company's federal government contracts with the CMS, the Company provides health and pharmacy insurance coverage to Medicare eligible members.

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:

Year	Admitted Assets	Liabilities	Capital and Surplus	Net Premium Income
2013	$286,043,218	$107,261,564	$178,781,654	$1,044,590,423
2012	$238,666,104	$123,484,055	$115,182,049	$857,510,449
2011	$133,231,507	$79,484,186	$53,747,321	$730,742,897
2010	$111,822,925	$58,553,013	$53,269,912	$593,809,319

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:

Year	Medical Losses Incurred	Earned Premiums	Loss Ratio
2013	$832,990,025	$1,044,590,423	79.74%
2012	771,316,563	857,510,449	89.95%
2011	649,916,780	730,742,897	88.94%
2010	538,878,599	593,809,319	90.75%
Total All Years	$2,793,101,967	$3,226,653,088	86.56%

REINSURANCE AGREEMENTS

During the period of examination and as of December 31, 2013, the Company did not have any reinsurance agreements in force with any other parties.

LITIGATION AND CONTINGENT LIABILITIES

During the period of examination and as of December 31, 2013, the Company is a party to various pending legal proceedings arising in the ordinary course of business. Based in part upon the opinion of its counsel as to the ultimate disposition of such lawsuits and claims, Company management believes that the liability, if any, resulting from the disposition of such proceedings will not 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 named jurisdictions or custodians as of December 31, 2013.

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

Jurisdiction	Description of Security	Book/Adjusted Carrying Value	Fair Value	Par Value (Dollars)
Tennessee – Department of Insurance	US TREASURY BOND 4.50%, Due 11-15-2015 CUSIP# 912828EN6	$2,208,308	$2,208,486	$2,050,000
	US TREASURY BOND 4.125%, Due 05-15-2015 CUSIP# 912828DV9	1,050,528	1,053,200	1,000,000
	US TREASURY BOND 1.375%, Due 11-30-2015 CUSIP# 912828PJ3	1,020,497	1,019,340	1,000,000
	US TREASURY BOND 1.75%, Due 03-31-2014 CUSIP# 912828KJ8	550,023	552,211	550,000
	US TREASURY BOND 1.875%, Due 04-30-2014 CUSIP# 912828KN9	499,119	502,870	500,000
	US TREASURY BOND 1.25%, Due 10-31-2015 CUSIP# 912828PE4	507,700	508,280	500,000
	US TREASURY BOND 2.125%, Due 02-29-2016 CUSIP# 912828QJ2	258,117	259,120	250,000
	US TREASURY BOND 1.25%, Due 10-31-2015 CUSIP# 912828PE4	203,080	203,312	200,000
	Total	$6,297,372	$6,306,819	$6,050,000

Deposits with said jurisdictions or custodians 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 PricewaterhouseCoopers, LLP, 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. 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 Knoxville, Tennessee.

MARKET CONDUCT ACTIVITIES

A market conduct review was made of the Company, as of December 31, 2013, in conjunction with this examination. The Company exclusively writes Medicare Advantage ("MA") coverage, which is a federal program regulated by the Centers for Medicare and Medicaid Services ("CMS"). Accordingly, many CMS standards supersede any State law or regulation. As a result, the Company was not examined for compliance with State requirements in the following areas:

- Marketing and Sales Standards
- Producer Licensing Standards
- Policyholder Service Standards
- Underwriting and Rating Standards
- Claims Review

The following market conduct areas of the Company were reviewed in conjunction with this examination, as of December 31, 2013.

Operations and Management Standards

Company antifraud initiatives were examined to determine if they are reasonably calculated to detect, prosecute and prevent fraudulent insurance acts. Company procedures and policies relating to privacy and HIPPA were reviewed to determine compliance with applicable statutes, rules and regulations. No issues were noted.

Complaint Handling Standards

The Company exclusively writes MA coverage, which is a federal program regulated by CMS. CMS standards supersede any State law or regulation in this area. Complaints on the Company are reported and monitored through the CMS Complaints Tracking Module in compliance with CMS regulations. No issues were noted.

SUBSEQUENT EVENTS

On January 1, 2014, the Company was subject to an annual fee under section 9010 of the Patient Protection and Affordable Care Act ("ACA"). This annual fee is allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U. S. health risk that is written during the preceding calendar year. On September 30, 2014, the Company paid $13.8 million for the annual health insurance industry fee. Had the 2014 annual health insurance fee accrual been accelerated into 2013, this assessment would have lowered 2013 capital and surplus and the risk based capital ratio by seven and six tenths percent (7.6%).

On January 1, 2015, the Company was subject to an annual fee under section 9010 of the ACA. The Company estimates its portion of the annual health insurance industry fee payable on September 30, 2015, to be $21,885,380. This amount is reflected in special surplus. This assessment is expected to impact risk based capital ratio by thirteen and forty-nine hundredths percent (13.49%).

On May 1, 2014, the Company paid a $30 million ordinary dividend to its ultimate parent, Humana, Inc. Prior notice of the dividend was sent by the Company, and received by the TDCI on April 8, 2014.

On April 20, 2015, the Company sent a prior notice and dividend approval request to the TDCI for an ordinary and extraordinary dividend to be paid to its ultimate parent, Humana, Inc. The Company declared both of these dividends on April 13, 2015. The ordinary cash dividend was to be in the amount of $16 million and the extraordinary dividend was to be in the amount of $20 million. During the review of these dividends, the Company notified the TDCI that the Company only intended to pay the ordinary cash dividend of $16 million. The Company paid the ordinary cash dividend in the amount of $16 million on or about May 20, 2015.

In 2014, the Company requested approval from the TDCI to expand its writing territory into the State of Alabama. The TDCI approved the Company's request on December 19, 2014.

Once approval was received from the TDCI, the Company applied with the State of Alabama for a license to write business there, and received approval of that request in 2015. The Company will start writing business in Alabama on January 1, 2016. See "Territory and Plan of Operations" earlier in this report.

During the examination, the examiners performed a review of subsequent events and did not note any that required additional disclosure in this examination report, other than the items described above. Our review confirmed the Company's disclosures in its 2013 Annual Statement and in its Letter of Representation. Management stated in its Letter of Representation that they were not aware of any events subsequent to December 31, 2013, that could have a material effect on the Company's financial condition.

FINANCIAL STATEMENTS

There follows a statement of assets, liabilities and a statement of revenue and expenses as of December 31, 2013, together with a reconciliation of capital and surplus for the period under review, as reported by the Company in its 2013 Annual Statement.

ASSETS

	Assets	Non-Admitted Assets	Net Admitted Assets
Bonds	$242,812,331		$242,812,331
Cash and cash equivalents	(233,305)		(233,305)
Investment income due and accrued	1,503,999		1,503,999
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	2,461,667	$404,631	2,057,036
Accrued retrospective premiums	29,511,175		29,511,175
Amounts receivable relating to uninsured plans	881,113		881,113
Net deferred tax asset	3,692,292		3,692,292
Health care and other amounts receivable	8,585,326	2,766,749	5,818,577
Aggregate write-ins for other than invested assets	3,537,079	3,537,079	0
Totals	$292,751,677	$6,708,459	$286,043,218

LIABILITIES, CAPITAL AND SURPLUS

Claims unpaid		$80,609,252
Accrued medical incentive pool and bonus amounts		1,327,660
Unpaid claims adjustment expenses		1,591,060
Aggregate health policy reserves		1,447,823
Premiums received in advance		1,649,986
General expenses due or accrued		162,010
Current federal income tax payable		2,200,131
Remittance and items not allocated		820,098
Amounts due to parent, subsidiaries and affiliates		12,667,489
Liability for amounts held under uninsured plans		4,551,549
Aggregate write-ins for other liabilities		234,506
Total Liabilities		$107,261,564
Common capital stock	$100,000	
Gross paid in and contributed surplus	111,214,528	
Unassigned funds (surplus)	67,467,126	
Total Capital and Surplus		178,781,654
Totals		$286,043,218

STATEMENT OF REVENUE AND EXPENSES

Member Months		1,149,556
Net premium income		$1,044,590,423
Total Revenues		1,044,590,423
HOSPITAL AND MEDICAL:		
Hospital/medical benefits	$712,040,687	
Other professional services	20,845,114	
Emergency room and out-of-area	23,556,516	
Prescription drugs	75,220,048	
Incentive pool, withhold adjustments and bonus amounts	1,327,660	
Total Hospital and Medical		832,990,025
Claims adjustment expenses, including cost containment	55,337,177	
General administrative expenses	75,484,805	
Total Underwriting Deductions		963,812,007
Net Underwriting Gain		80,778,416
INVESTMENT INCOME:		
Net investment income earned	6,519,260	
Net realized capital gains	162,664	
Net Investment Gain		6,681,924
OTHER INCOME:		
Aggregate write-ins for other income or expense	75,035	
Total Other Income		75,035
Net income or (loss) after capital gains tax and before all other federal income taxes		87,535,375
Federal income taxes incurred		22,599,616
Net Income		$64,935,759

CAPITAL AND SURPLUS ACCOUNT

	2013	2012	2011	2010
Capital and Surplus December 31, previous year	$115,182,049	$53,747,321	$53,269,912	$78,982,204
Net income or (loss)	$64,935,759	($18,293,415)	($5,322,236)	$2,266,953
Change in net unrealized capital gains or (losses)	(7,799)	19,785	(23,164)	(2,849)
Change in net deferred income tax	(6,723,635)	8,660,238	(1,873,390)	3,167,786
Change in non-admitted assets	5,395,280	(9,313,203)	7,696,199	(5,644,182)
Surplus adjustments:				
Paid in	-0-	80,000,000	-0-	-0-
Dividends to stockholders	-0-	-0-	-0-	(22,000,000)
Aggregate write-ins for gains and losses in surplus	-0-	361,323	-0-	(3,500,000)
Net change in capital and surplus for the year	63,599,605	61,434,728	477,409	(25,712,292)
Capital and Surplus December 31, current year	$178,781,654	$115,182,049	$53,747,321	$53,269,912

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Total Capital and Surplus: $178,781,654

Total capital and surplus, as established by this examination, is the same as what was reported by the Company in its December 31, 2013, Annual Statement. There were no changes made to any asset or liability items as a result of our examination as performed as of December 31, 2013.

Tenn. Code Ann. § 56-32-112(a)(2) requires an insurer of this Company's type, HMO, to establish and maintain minimum net worth equal to the greater of (1) $1,500,000 or (2) an amount totaling four percent (4%) of the first $150 million of annual premium revenue earned plus one and one-half percent (1.5%) of the amount earned in excess of $150 million for the most recent Annual Statement filed with the Commissioner. The Company's premium revenue per documentation obtained from their 2013 Annual Statement totaled $1,044,590,423; therefore, based upon Tenn. Code Ann. § 56-32-112(a)(2), the Company's minimum statutory net worth requirement was $19,418,856, as of December 31, 2013. Therefore, as of December 31, 2013, the Company maintains capital and surplus in excess of the amount required per Tenn. Code Ann. § 56-32-112(a)(2).

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 NAIC have been followed in connection with the verification and valuation of assets and the determination of liabilities of Cariten Health Plan Inc., located in Knoxville, Tennessee.

In such manner, it was found that as of December 31, 2013, the Company had admitted assets of $286,043,218 and liabilities, exclusive of capital and surplus, of $107,261,564. Thus, there existed for the additional protection of the policyholders, the amount of $178,781,654 in the form of common capital stock, gross paid in and contributed surplus, and unassigned funds.

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

In addition to the undersigned, Gregory Bronson, CIE, AMCM, Mike Bacon and David Bobo, Insurance Examiners from the State of Tennessee, and Mike Mayberry, FSA, MAAA of the actuarial firm Lewis & Ellis, Inc., Richardson, Texas participated in the work of this examination.

Respectfully submitted,

A. Jay Uselton, CFE
Examiner-in-Charge
State of Tennessee

AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of Cariten Health Plan Inc. located in Knoxville, Tennessee, dated April 24, 2015, and made as of December 31, 2013, 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.

A. Jay Uselton, CFE
Examiner-in-Charge
State of Tennessee

State Tennessee

County Davidson

Subscribed to and sworn before me

this 16th day of June, 2015

Helen W. Dorsey

(NOTARY)

My Commission Expires: 11/06/2017

HELEN W DORSEY
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY

EXHIBIT B

STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243

June 16, 2015

CERTIFIED MAIL
7012 1010 0003 2379 5407

Mr. Bruce D. Broussard, President
Cariten Health Plan, Inc.
500 West Main Street
Louisville, KY 40202

RE: **Report of Examination of Cariten Health Plan, Inc.**

Dear Mr. Broussard:

Enclosed please find a FINAL copy of the Report of Examination for Cariten Health Plan, Inc., made as of December 31, 2013. If you are in agreement with the report, please respond immediately, in writing, to that effect. A sample response letter is attached for your convenience. Your response may be submitted via email to my attention at joy.little@tn.gov.

If you wish to make a written submission or rebuttal with respect to any matter contained within the report, pursuant to Tenn. Code Ann. 56-1-411(d)(1), please provide this office with your company's position by June 17, 2015. When preparing your submission or rebuttal, please quote the Comment, Recommendation or page number from the report and detail your comments, providing any supporting documentation.

Should you have questions, you may reach me at (615) 741-6796. We appreciate your timely assistance with this matter and your courteous cooperation during the examination.

Sincerely,

E. Joy Little, CPA, CFE, MCM
Insurance Examinations Director/Chief Examiner
Enclosure

Humana

Humana Inc.
500 West Main Street
Louisville, Ky. 40202
humana.com

June 17, 2015

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

RE: Cariten Health Plan Inc. – Report of Examination

Dear Ms. Little:

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

Sincerely,

Joan O. Lenahan

Joan O. Lenahan, Vice President & Corporate Secretary