NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

AMERICAN PROGRESSIVE LIFE AND HEALTH INSURANCE COMPANY

OF NEW YORK

CONDITION: DECEMBER 31, 2017

DATE OF REPORT: MAY 23, 2019

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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AMERICAN PROGRESSIVE LIFE AND HEALTH INSURANCE COMPANY

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AS OF

DECEMBER 31, 2017

DATE OF REPORT:	MAY 23, 2019
EXAMINER:	LESTER C. SCHOTT, CFE

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Andrew M. Cuomo
Governor

Linda A. Lacewell
Acting Superintendent

May 29, 2019

The Honorable Linda Lacewell
Acting Superintendent of Financial Services
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31767, dated April 12, 2018, and annexed hereto, an examination has been made into the condition and affairs of American Progressive Life and Health Insurance Company of New York, hereinafter referred to as "the Company," at its main administrative office located at 8735 Henderson Road, Tampa, FL 33634. The Company's statutory home office is located at One New York Plaza, New York, NY 10004.

Wherever "Department" appears in this report, it refers to the New York State Department of Financial Services.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The material comments contained in this report are summarized below.

- Effective August 3, 2016, the Company ceded all its remaining traditional life insurance in force and accident and health business to Constitution Life Insurance Company ("Constitution Life"), a former affiliate, on a 100% coinsurance basis reinsurance agreement. This arrangement was part of a larger transaction in which Universal American Corp. ("Universal American"), the Company's parent, divested its entire traditional insurance block of business by selling all of the outstanding shares of Constitutional Life and Pyramid Life Insurance Company ("Pyramid"), former affiliates of the Company, to Nassau Reinsurance Group Holdings L.P. Under the terms of the agreement, Nassau acquired all outstanding shares of Constitution Life and Pyramid and the remaining portion of the Company's traditional insurance business for approximately $43 million in cash. (See item 3A of this report.)
- On April 28, 2017, WellCare Health Plans, Inc. ("WellCare") completed the acquisition of Universal American in an all cash transaction which resulted in Universal American becoming a wholly-owned subsidiary of WellCare. WellCare is a healthcare insurer focused on providing government-sponsored managed care services, primarily through Medicaid, Medicare Advantage and Medicare Prescription Drug Plans to families, children, seniors and individuals with complex medical needs. (See item 3A of this report.)
- On March 27, 2019, WellCare entered into an agreement and a plan of merger (the "Merger Agreement") with Centene Corporation ("Centene"), Wellington Merger Sub I, Inc. ("Merger Sub I") and Wellington Merger Sub II, Inc. ("Merger Sub II"), a Delaware corporations and direct, wholly owned subsidiaries of Centene. Pursuant to the Merger Agreement, subject to the terms and conditions thereof, Centene will acquire all of the outstanding shares of WellCare through a series of transactions: (1) First, Merger Sub I will merge with and into WellCare, with WellCare being surviving and the direct, wholly owned subsidiary of Centene, and (2) WellCare will then merge with and into Merger Sub II, with Merger Sub II being the surviving corporation. Subject to the terms and conditions set out in the Merger Agreement, WellCare's stockholders will receive cash and shares of Centene. The completion of the transactions under the Merger Agreement remains subject to certain closing conditions. (See item 8 of this report.)

2. SCOPE OF EXAMINATION

The examination of the Company was a full-scope examination as defined in the NAIC *Financial Condition Examiners Handbook, 2018 Edition* (the "Handbook"). The examination covers the three-year period from January 1, 2015, to December 31, 2017. The examination was conducted observing the guidelines and procedures in the Handbook and, where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2017, but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

The examination was conducted on a risk-focused basis in accordance with the provisions of the Handbook published by the National Association of Insurance Commissioners ("NAIC"). The Handbook guidance provides for the establishment of an examination plan based on the examiner's assessment of risk in the insurer's operations and utilizing that evaluation in formulating the nature and extent of the examination. The examiner planned and performed the examination to evaluate the current financial condition as well as identify prospective risks that may threaten the future solvency of the insurer. The examiner identified key processes, assessed the risks within those processes and evaluated the internal control systems and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, evaluating the overall financial statement presentation, and determining management's compliance with New York statutes and Department guidelines, Statutory Accounting Principles as adopted by the Department, and annual statement instructions.

The examination of the Company was conducted and coordinated with the examination of 11 other affiliated entities domiciled in ten jurisdictions. The affiliated entities and their state of domicile are listed in the table below:

Company Name	**Domiciliary State**
WellCare of Florida, Inc.	Florida
WellCare Prescription Insurance, Inc.	Florida
WellCare Health Insurance of Arizona, Inc.	Arizona
WellCare of Connecticut, Inc.	Connecticut
WellCare of Georgia, Inc.	Georgia
Harmony Health Plan, Inc.	Illinois
Missouri Care, Inc.	Missouri

Company Name	Domiciliary State
WellCare of Nebraska, Inc.	Nebraska
WellCare Health Plans of New Jersey, Inc.	New Jersey
WellCare of Ohio, Inc.	Ohio
WellCare of Oklahoma, Inc.	Oklahoma

The coordinated examination was led and facilitated by the State of Florida, with participation from the other states. Since the lead and participating states are all accredited by the NAIC, all states deemed it appropriate to rely on each other's work.

Information about the Company's organizational structure, business approach and control environment were utilized to develop the examination approach. The Company's risks and management activities were evaluated incorporating the NAIC's nine branded risk categories. These categories are as follows:

- Pricing/Underwriting
- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputational

The Company was audited annually, for the years 2015 through 2017, by the accounting firm of Deloitte & Touche LLP. The Company received an unmodified opinion in all years. Certain audit workpapers of the accounting firm were reviewed and relied upon for this examination. The Company is under the oversight of the internal audit department of the holding company which was given the task of assessing the internal control structure and compliance with the Sarbanes-Oxley Act of 2002 ("SOX") and the Model Audit Rule ("MAR"). Where applicable, SOX and MAR workpapers and reports were reviewed and portions were relied upon for this examination.

The examiner reviewed the corrective action taken by the Company with respect to the financial condition recommendation contained in the prior report on examination. The result of the examiner's review is contained in item 8 of this report.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a stock accident and health insurance company under the laws of the State of New York on September 22, 1945, under the name American Progressive Health Insurance Company of New York. The Company was licensed and commenced business on March 26, 1946. On January 25, 1979, the Company's charter was amended to include the writing of life insurance and annuities, and the Company's present name was then adopted.

Initial resources of $151,800, consisting of common capital stock of $101,200 and paid in and contributed surplus of $50,600, were provided through the sale of 1,012 shares of common stock (with a par value of $100 each) for $150 per share.

On April 29, 2011, the Company stopped writing Medicare Part D and sold the in force block of the business to SilverScript Insurance Corporation, a subsidiary of CVS Caremark Corporation. On June 1, 2012, the Company stopped writing individual life and accident and health insurance. On July 31, 2013, the Company loaned $13 million to its direct parent, Universal American Corp. ("Universal American"), to capitalize its affiliates that were formed pursuant to the Federal Patient Protection and Affordable Care Act.

Effective August 3, 2016, the Company ceded all its remaining traditional life insurance in force and accident and health business to Constitution Life Insurance Company ("Constitution Life"), a former affiliate, on a 100% coinsurance basis reinsurance agreement. This arrangement was part of a larger transaction in which Universal American divested its entire traditional insurance block of business by selling all of the outstanding shares of Constitutional Life and Pyramid Life Insurance Company ("Pyramid"), former affiliates of the Company, to Nassau Reinsurance Group Holdings L.P. Under the terms of the agreement, Nassau acquired all outstanding shares of Constitution Life and Pyramid and the remaining portion of the Company's traditional insurance business for approximately $43 million in cash.

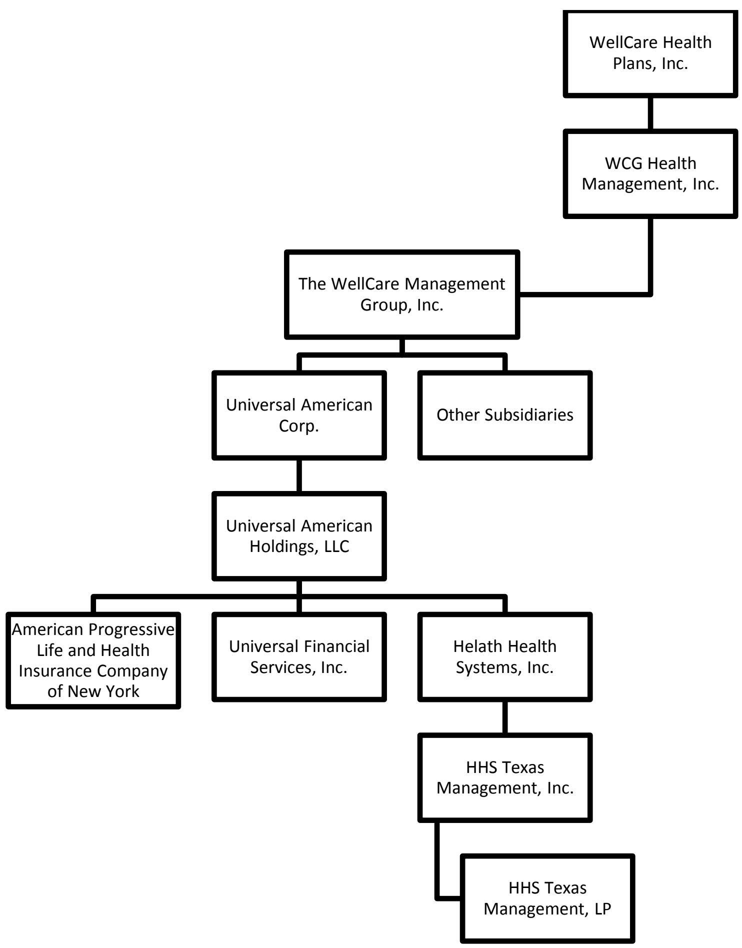
On April 28, 2017, WellCare Health Plans, Inc. ("WellCare") completed the acquisition of Universal American in an all cash transaction which resulted in Universal American becoming a wholly-owned subsidiary of WellCare. WellCare is a healthcare insurer focused on providing government-sponsored managed care services, primarily through Medicaid, Medicare Advantage and Medicare Prescription Drug Plans to families, children, seniors and individuals with complex medical needs.

B. Holding Company

The Company is a wholly owned subsidiary of Universal American Holdings, LLC ("UAH"), a Delaware-domiciled limited liability company. UAH is in turn a wholly owned subsidiary of Universal American, a Delaware-domiciled holding company. Universal American is ultimately owned by WellCare, a Delaware-domiciled holding company.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2017, follows:



D. Service Agreements

The Company had two service agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider of Services	Recipient of Services	Specific Services Covered	Expense For Each Year of the Examination
Service Expense Reimbursement and Cost Sharing Agreement Department File No.43427	08/01/2002 Amended 01/24/2011	Universal American Financial Services, Inc.	The Company	Actuarial and tax advice; regulatory compliance and government relations support services; office and systems support; strategic planning and general management services, including product development, sales and advertising, agent services, information systems, finance and accounting, human resources, legal services, business planning, and strategic acquisitions and mergers	2015 ($3,953,858) 2016 ($2,062,214) 2017 ($1,159,247)
Administrative Services Agreement Department File No. 34771	12/01/2005	HHS Texas Management, L.P.	The Company	Administrative services, including claims processing and reporting; medical management oversight; maintenance of provider files, enrollment and eligibility files; premium billing and collection; appeals and grievances; and member services	2015 ($2,258,479) 2016 ($3,634,125) 2017 ($3,529,870)

*Amount of Expense Incurred by the Company

The Company participates in a federal income tax allocation agreement with its ultimate parent company, WellCare, and several other affiliates.

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than seven and not more than eleven directors. Directors are elected for a period of one year at the annual meeting of the shareholders held on the fourth Friday of December of each year, or up to 30 days before or after this date with notice to the Superintendent. As of December 31, 2017, the board of directors consisted of seven members. The board shall have one regular meeting no later than the fourth Friday of April of each year. Special meetings may be called by the Chairman, the President, or the Secretary for any purpose and may be held at any time on written waiver of notice or consent of all the board members.

The seven board members and their principal business affiliation, as of December 31, 2017, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Andrew L. Asher Tampa, Florida	Chief Financial Officer and Treasurer American Progressive Life and Health Insurance Company of New York	2017
Kenneth A. Burdick Tampa, Florida	President American Progressive Life and Health Insurance Company of New York	2017
John J. Burke New York, New York	President for New York WellCare Health Plans, Inc.	2017
Anat Hakim Jupiter, Florida	Secretary and Vice President American Progressive Life and Health Insurance Company of New York	2017
Michael T. Meyer Lutz, Florida	Assistant Treasurer, Vice President, and Corporate Controller American Progressive Life and Health Insurance Company of New York	2017
Michael R. Polen Tampa, Florida	Executive Vice President, Medicare and Operations WellCare Health Plans, Inc.	2017
David T. Reynolds Deerfield, Florida	Senior Vice President for Northern Division WellCare Health Plans, Inc.	2017

All members of the board are employees of the insurance entities within the holding company system. The Company meets the independence requirement at the ultimate parent company level pursuant to Section 1202(b)(3) of the New York Insurance Law.

In September 2018, Kenneth A. Burdick and Michael R. Polen resigned from the board and were replaced by Andrew W. Clifton, Medicare Region President; and Michael W. Haber, Vice President and Assistant Secretary, Universal American Holdings, LLC. David T. Reynolds was then also removed as a director of the Company upon his departure from the WellCare group of companies and was replaced by William A. Jones.

The examiner's review of the minutes of the meetings of the board of directors and its committees indicated that meetings were well attended and that each director attended most meetings.

The following is a listing of the principal officers of the Company as of December 31, 2017:

Name	Title
Kenneth A. Burdick	President
Andrew L. Asher	Chief Financial Officer and Treasurer
Michael T. Meyer	Assistant Treasurer, Vice President, and Corporate Controller
Anat Hakim	Secretary and Vice President

John T. Mackin, Vice President, is the designated consumer services officer per Section 216.4(c) of 11 NYCRR 216 (Insurance Regulation 64).

4. TERRITORY AND PLAN OF OPERATIONS

The Company is authorized to write life insurance, annuities, and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business in 29 states and the District of Columbia. In 2017, 69.7% of life premiums, 59.7% of annuity considerations, and 95.8% of accident and health insurance premiums were received from New York. Policies are written on a non-participating basis.

The following tables show the percentage of direct premiums received, by state, and by major lines of business for the year 2017:

Life Insurance Premiums		Annuity Considerations	
New York	69.7%	New York	59.7%
Pennsylvania	12.1	Arizona	23.0
New Jersey	4.2	Taxes	14.0
Taxes	2.3	South Carolina	1.6
Maine	2.1	Pennsylvania	1.5
Subtotal	90.3%	Subtotal	99.8%
All others	9.7	All others	0.2
Total	100.0%	Total	100.0%

A. Statutory and Special Deposits

As of December 31, 2014, the Company had $1,550,000 (par value) of United States Treasury Notes on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company. As per confirmations received from the following states, which were reported on Schedule E of the 2017 filed annual statement, an additional $1,881,258 was being held by the states of Arkansas, Florida, Georgia, Massachusetts, New Hampshire, New Mexico, North Carolina and Virginia.

B. Direct Operations

The Company exclusively provides Medicare advantage products to Medicare beneficiaries through a contract with the federal government’s Centers for Medicare and Medicaid Services. The products are offered through Preferred Provider Organization Plans (“PPO”) and

Private Fee-for-Service Plans ("PFFS") in the northeast region of the United States, specifically in upstate New York and Maine. The PPO plans are built around a contracted network of providers and provide basic Medicare covered benefits with reduced member cost sharing and additional supplemental benefits, including defined prescription drug benefits. The PFFS plans provide enhanced health care benefits, compared to traditional Medicare, subject to cost sharing and other limitations. The PFFS plans have limited provider network restrictions, which allow the members more flexibility in the delivery of their health care services than other Medicare advantage plans.

The Company stopped marketing and selling its Medicare supplement insurance products, ordinary life insurance product, fixed annuities, and other accident and health products on June 1, 2012, including long term care and major medical .

C. Reinsurance

As of December 31, 2017, the Company had reinsurance treaties in effect with 14 companies, of which 10 were authorized or accredited. The Company's life and accident and health business is reinsured on a coinsurance, modified-coinsurance, yearly renewable term and other basis. Reinsurance is provided on an automatic basis.

Effective July 1, 2016, the Company entered into a ceded reinsurance agreement with Constitution Life , a former affiliate. Under this agreement, Constitution Life agreed to assume, on a 100% coinsurance basis, all the Company's net insurance liabilities on all life and accident and health insurance policies, regardless of whether the liabilities were direct or assumed. Constitution Life's obligations under this treaty are secured by funds withheld, which are deposited into a custodial account under the Company's control at Wilmington Trust, N.A.

The total face amount of life insurance ceded as of December 31, 2017, was $255,028,159, which represents 100% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to and reinsurance recoverables from unauthorized companies, totaling $109,442,767, was supported by letters of credit, a trust agreement, funds withheld, and other miscellaneous balances.

As of December 31, 2017, the total face amount of life insurance assumed was $7,373,097, and the total amount of accident and health insurance premiums assumed was $133,867.

5. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Company's financial growth (decline) during the period under review:

	December 31, 2014	December 31, 2017	Increase (Decrease)
Admitted assets	$227,682,737	$222,941,730	$ (4,741,007)
Liabilities	$111,289,840	$120,864,498	$ 9,574,658
Common capital stock	$ 2,500,050	$ 2,500,050	$ 0
Gross paid in and contributed surplus	94,466,497	94,466,497	0
Estimated ACA industry fee (following year)	7,200,000	9,771,352	2,571,352
Unassigned funds (surplus)	12,226,349	(4,660,667)	(16,887,016)
Total capital and surplus	$116,392,896	$102,077,232	$ (14,315,664)
Total liabilities, capital and surplus	$227,682,737	$222,941,730	$ (4,741,007)

The Company's invested assets as of December 31, 2017, comprised mainly bonds (89.5%), cash and short-term investments (7.9%), and stocks (2.5%).

The Company's entire bond portfolio, as of December 31, 2017, was composed of investment grade obligations.

The following has been extracted from the Exhibits of Accident and Health Insurance in the filed annual statements for each of the years under review:

	Ordinary		
	2015	2016	2017
Outstanding, end of previous year	56,922	57,110	45,378
Issued during the year	6,145	10,917	12,504
Other net changes during the year	(5,957)	(22,649)	(0)
Outstanding, end of current year	57,110	45,378	57,882

The following is the net gain (loss) from operations by line of business after federal income taxes but before realized capital gains (losses) reported for each of the years under examination in the Company's filed annual statements:

	2015	2016	2017
Ordinary:			
Life insurance	$ 322,560	$ (425,604)	$ 542,361
Individual annuities	6,261	9,245	3,386
Total ordinary	$ 328,821	$ (416,359)	$ 545,747
Accident and health:			
Group	$ (146,019)	$ (41,872)	$ 1,465,536
Credit	0	0	0
Other	(13,197,463)	10,512,590	(8,475,305)
Total accident and health	$ (13,343,482)	$10,470,718	$(7,009,769)
Total	$ (13,014,660)	$10,054,359	$(6,464,021)

The net loss from operations in the ordinary life insurance business in 2016 resulted from the 100% coinsurance agreement with Constitution Life. The increase in net gain from operations in 2017 was due to increased commissions and expense allowances on reinsurance ceded.

The net gain from operations in the group accident and health business during the examination period resulted primarily from the Medicare advantage business, driven by net operating gains from the PFFS plans and offset by net operating losses from the PPO plans.

The increase in net gain from operations in the other accident and health line of business in 2016 was due to increased Medicare advantage membership resulting in higher premiums. The loss experienced in 2017 was driven by the increase to the Medicare reserve margin. The Company, prior to WellCare's acquisition of Universal American, had established a reserve margin of 5% compared with the 9.5% margin established by WellCare for its entities. The margin increase resulted in the Company experiencing an 88.2% medical loss ratio.

The following ratios, applicable to the accident and health business of the Company, have been extracted from Schedule H for each of the indicated years:

	2015	2016	2017
Premiums earned	100.0%	100.0%	100.0%
Incurred losses	91.3	83.6	89.6
Commissions	3.0	3.4	2.1
Expenses	11.7	12.0	11.2
	106.0%	99.0%	102.9%
Underwriting results	(6.0)%	1.0%	(2.9)%

Underwriting results improved in 2016 because of the decrease in incurred losses that was driven by improved morbidity. The increase in incurred losses in 2017 resulted from the increased Medicare margins under the operations of WellCare as opposed to those used prior to WellCare's acquisition of Universal American.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2017, as contained in the Company's 2017 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2017, filed annual statement.

A. Independent Accountants

The firm of Deloitte & Touche LLP was retained by the Company to audit the Company's combined statutory basis statements of financial position as of December 31 of each year in the examination period, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the years then ended.

Deloitte & Touche LLP concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Company at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

B. Net Admitted Assets

Bonds	$150,725,428
Stocks:	
Preferred stocks	4,255,000
Cash, cash equivalents and short term investments	13,366,558
Investment income due and accrued	1,392,089
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	24,262,789
Accrued retrospective premiums	20,600
Other amounts receivable under reinsurance contracts	632,275
Current federal and foreign income tax recoverable and interest thereon	13,732,670
Net deferred tax asset	2,325,744
Guaranty funds receivable or on deposit	233,683
Receivables from parent, subsidiaries and affiliates	954,787
Health care and other amounts receivable	10,695,696
State taxes recoverable	344,411
Total admitted assets	$222,941,730

C. Liabilities, Capital and Surplus

Contract claims: Accident and health	$ 55,613,652
Premiums and annuity considerations for life and accident and health contracts received in advance	147,203
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	2,066,047
Interest maintenance reserve	285,556
Commissions to agents due or accrued	129,561
General expenses due or accrued	4,847,368
Taxes, licenses and fees due or accrued, excluding federal income taxes	236,219
Remittances and items not allocated	1,149,020
Miscellaneous liabilities:	
Asset valuation reserve	795,572
Payable to parent, subsidiaries and affiliates	5,841,248
Liability for amounts held under uninsured accident and health plans	4,742,994
Funds held under coinsurance	44,959,495
Payable for securities	48,173
Unclaimed property payable	2,390
Total liabilities	$120,864,498
Common capital stock	2,500,050
Gross paid in and contributed surplus	94,466,497
Estimated ACA industry fee (following year)	9,771,352
Unassigned funds (surplus)	(4,660,667)
Surplus	$ 99,577,182
Total capital and surplus	$102,077,232
Total liabilities, capital and surplus	$222,941,730

D. Condensed Summary of Operations

	2015	2016	2017
Premiums and considerations	$420,833,716	$463,892,563	$535,670,113
Investment income	7,145,538	5,673,767	3,978,614
Commissions and expense allowances on reinsurance ceded	2,067,056	(837,454)	6,383,289
Miscellaneous income	8,972	59,742	114,905
Total income	$430,055,282	$468,788,618	$546,146,921
Benefit payments	$373,128,126	$430,391,130	$472,508,258
Increase in reserves	1,827,747	(49,857,292)	0
Commissions	14,318,332	14,705,168	15,882,205
General expenses and taxes	58,944,988	64,186,635	68,671,850
Increase in loading on deferred and uncollected premiums	(46,044)	(535,963)	0
Total deductions	$448,173,149	$458,889,678	$557,062,313
Net gain (loss)	$ (18,117,867)	$ 9,898,940	$ (10,915,392)
Federal and foreign income taxes incurred	(5,103,209)	(155,419)	(4,451,371)
Net gain (loss) from operations before net realized capital gains	$ (13,014,658)	$ 10,054,359	$ (6,464,021)
Net realized capital gains (losses)	58,109	(9,543)	(106,335)
Net income	$ (12,956,551)	$ 10,044,816	$ (6,570,356)

The increase in premiums and considerations in 2016 was driven by higher Medicare advantage plan membership, which grew from 40,433 members to 45,372 from 2015 to 2016. Membership continued to increase in 2017 resulting in an even more increase premiums.

The increase in benefit payments in 2016 was driven by higher Medicare advantage plan membership. The increase in 2017 was primarily due to a continual increase in membership, resulting in a higher medical benefits ratio (“MBR”) of 88.2% in 2017 compared with 82.8% in 2016. The MBR increase was primarily driven by a higher margin for adverse experience.

The changes in reserves in 2016 and 2017 were due to the ceding of the Company’s traditional life and accident and health reserves to Constitutional Life on a 100% coinsurance basis.

E. Capital and Surplus Account

	2015	2016	2017
Capital and surplus, December 31, prior year	$116,392,896	$101,341,592	$109,306,627
Net income	$(12,956,551)	$ 10,044,816	$ (6,570,356)
Change in net unrealized capital gains (losses)	0	0	253,240
Change in net deferred income tax	(671,964)	(5,410,472)	(2,522,070)
Change in non-admitted assets and related items	(1,112,952)	2,740,318	2,310,423
Change in asset valuation reserve	(57,073)	843,139	54,882
Change in deferred ceding allowance	(252,764)	(252,765)	(252,764)
Interest maintenance reserve adjustment	0	0	(410,412)
Prior period adjustment	0	0	(92,338)
Net change in capital and surplus for the year	(15,051,304)	7,965,035	(7,229,395)
Capital and surplus, December 31, current year	$101,341,592	$109,306,627	$102,077,232

7. SUBSEQUENT EVENTS

On March 27, 2019, WellCare entered into an agreement and a plan of merger (the "Merger Agreement") with Centene Corporation ("Centene"), a Delaware corporation; Wellington Merger Sub I, Inc. ("Merger Sub I") and Wellington Merger Sub II, Inc. ("Merger Sub II"), a Delaware corporations and direct, wholly owned subsidiaries of Centene. Pursuant to the Merger Agreement, subject to the terms and conditions thereof, Centene will acquire all of the outstanding shares of WellCare through a series of transactions: (1) First, Merger Sub I will merge with and into WellCare, with WellCare being surviving and the direct, wholly owned subsidiary of Centene, and (2) WellCare will then merge with and into Merger Sub II, with Merger Sub II being the surviving corporation. Subject to the terms and conditions set out in the Merger Agreement, WellCare's stockholders will receive cash and shares of Centene. The completion of the transactions under the Merger Agreement remains subject to certain closing conditions.

8. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following is the financial condition recommendation contained in the prior report on examination and the subsequent action taken by the Company in response to the citation:

Item	Description
A	The examiner recommends that the Company continue to compute reserves using the assumptions and methodology as agreed upon with the Department. The actuarial review did not reveal any deviation from what was agreed on with the Department.

Respectfully submitted,

Lester C Schott

Lester C. Schott, CFE
Baker Tilly Virchow Krause, LLP

STATE OF NEW YORK) Maryland
)SS:
COUNTY OF NEW YORK) Baltimore County

Lester C. Schott, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

Lester C Schott

Lester C. Schott

Subscribed and sworn to before me
this 29 day of May 2019

Respectfully submitted,

_____________/s/___________
Courtney Williams
Principal Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

Courtney Williams, being duly sworn, deposes and says that the foregoing report, subscribed by him is true to the best of his knowledge and belief.

_____________/s/___________
Courtney Williams

Subscribed and sworn to before me

this__________ day of ___________________

APPOINTMENT NO. 31767

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, MARIA T. VULLO, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:

LESTER C. SCHOTT
(BAKER TILLY VIRCHOW KRAUSE, LLP)

as a proper person to examine the affairs of the

AMERICAN PROGRESSIVE LIFE AND HEALTH INSURANCE COMPANY OF NEW YORK

and to make a report to me in writing of the condition of said

COMPANY

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed my name
and affixed the official Seal of the Department
at the City of New York

this 12th day of April, 2018

MARIA T. VULLO
Superintendent of Financial Services

By:

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU