

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Senior Health Insurance : No. 1 SHP 2020
Company of Pennsylvania in :
Rehabilitation :

NOTICE OF FILING OF QUARTERLY REPORT

Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania, in her capacity as the Statutory Rehabilitator (“Rehabilitator”) of Senior Health Insurance Company of Pennsylvania (“SHIP”), hereby gives notice to all interested persons currently on the Master Service List that on March 31, 2021, she has filed her Quarterly Report on the Status of the Rehabilitation of SHIP. An electronic copy of this filing will be available on the Court Documents page of the web site for SHIP in Rehabilitation, <https://www.shipltc.com/>. Paper copies will be distributed to the parties who requested and received placement on the hard copy service list.

Dated: March 31, 2021

Respectfully submitted,

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SENIOR HEALTH INSURANCE
COMPANY OF PENNSYLVANIA

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Senior Health Insurance : No. 1 SHP 2020
Company of Pennsylvania in :
Rehabilitation :

**QUARTERLY REPORT OF THE REHABILITATOR
ON THE STATUS OF THE REHABILITATION OF
SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA**

Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania, in her capacity as the Statutory Rehabilitator (“Rehabilitator”) of Senior Health Insurance Company of Pennsylvania (“SHIP”), hereby submits this quarterly report on the status of the rehabilitation of SHIP.

I. INTRODUCTION

SHIP was placed in rehabilitation by Order of this Court on January 29, 2020. On April 22, 2020, the Rehabilitator filed a Rehabilitation Plan and provided notice to all policyholders and interested parties of the filing that plan. There followed a period for formal and informal comments and objections. The chief insurance regulators from the states of Maine, Massachusetts and Washington applied for and were granted leave to intervene, as were a group of agents and brokers, certain insurers that had ceded insurance business to SHIP, the National Organization of Life and Health Insurance Guaranty Associations (“NOLHGA”), certain Health Insurers, and two individual policyholders (collectively, the “Intervenors”). After considering the positions articulated by the Intervenors, the formal and informal

comments, and the Rehabilitator's own continuing analysis, on October 21, 2020, the Rehabilitator filed the Amended Rehabilitation Plan. On February 25, 2021, the Court entered a Scheduling Order, *inter alia*, setting a hearing on the rehabilitation plan for May 17, 2021.

This report is intended to inform the Court about SHIP's current financial condition and certain collateral matters that may be of interest to the Court. For the information of the Court, the Special Deputy Rehabilitator ("SDR") has summarized information from several sources in this report. The descriptions of several matters are necessarily brief and may be incomplete. This report is not intended, and should not be interpreted, as a complete description of those matters. Its sole purpose is to advise the Court of significant developments in SHIP's rehabilitation proceeding. The SDR stands ready to respond to the Court's request for additional information regarding any of these matters.

II. REPORT

A. FINANCIAL STATUS

Attached as Exhibit A is a financial package prepared for the Court ("Financial Package") by SHIP and the SDR containing a detailed summary of the financial status of SHIP as of December 31, 2020. In summary, and as set forth in detail in the Financial Package, as of December 31, 2020, the total value of SHIP's assets is \$1,369,908,000, and the total value of SHIP's liabilities is \$2,592,415,000.

SHIP's total adjusted capital as of December 31, 2020, is \$1,220,692,000. (Ex. A, Financial Package at 5.) The Financial Package includes financial reporting, trend tracking, professional and consulting fees, and an analytics dashboard for SHIP. The Notes set forth on page four and throughout the Financial Package should be included in any review of the information contained therein.

B. COVID-19

In December 2019, a new virus emerged in Wuhan, China, identified in due course as severe acute respiratory syndrome coronavirus 2, resulting in a pandemic of coronavirus disease 2019 ("COVID-19"). As of the filing of this report, at least 128 million people have been infected worldwide, resulting in at least 2.8 million deaths. In the United States, the first cases were reported in January 2020, with total estimates now exceeding thirty million and fatalities exceeding 550,000. COVID-19 is particularly threatening to the elderly and those with impaired respiratory systems or other underlying health conditions. While intense work continues around the globe, no effective cure has yet emerged. There has been substantial progress in efforts to develop and distribute several effective vaccines. At this time, about 16% of the U.S. population has been fully vaccinated. The implications of COVID-19 for the Plan fall in three major areas.

Case Management: Restrictions on travel and personal contact imposed as preventive measures have caused SHIP to revise, at least temporarily, the manner in which it conducts its business and, specifically, how it confirms eligibility for benefits and other aspects of case management. The vast majority of staff for SHIP

and its subsidiary Fuzion have been working from home during the last year. The transition was successful with no material loss in productivity. Although current protocols, which have now been in effect for about a year, emphasize means of communication other than in-person visits, the Company remains attentive to the needs of its insureds as well as to the important function of preventing fraud, waste and abuse. At this juncture, these changes are not expected to have a material effect on the Plan or on the options it will offer to eligible policyholders.

Mortality and Morbidity: Although sufficient reliable data is not yet available, preliminary data indicates that COVID-19 may be causing a decrease in the number of SHIP insureds filing claims and an increase in the number of deaths among the aging population insured by SHIP. While these unfortunate developments may combine to reduce slightly SHIP's deficit, it is possible that, at least in part, they are temporary. The Rehabilitator cannot yet project what, if any, permanent impact these consequences will have on the Plan.

Suspension of Premium Payments: Many SHIP policyholders have delayed making their required premium payment. While SHIP delayed lapsing or cancelling policies for non-payment of premiums because of the exceptional circumstances, protracted delays in making these payments may aggravate SHIP's financial difficulties. These delays are waning gradually. Some regulatory agencies have requested or required that insurers (including SHIP) accommodate some premium deferrals, but many of these deferrals are also expiring or will soon expire. Continued non-payment of premium beyond the expiration of the deferral period is expected to result in an increased number of policy terminations. The Rehabilitator has already observed a slight increase in the number of policy terminations that appear not to be the result of increased insured mortality. However, in the aggregate they are not expected to be material to the Plan.

C. REINSURANCE ASSUMED

On October 11, 1994, JC Penney Insurance Company and JC Penney Life Insurance Company (collectively "JCP") entered into a Reinsurance and Purchase Agreement and Administrative Services Agreement with American Travellers Life Insurance Company ("American Travellers"). The Reinsurance and Purchase Agreement was structured on an Indemnity Reinsurance basis and a trust account

was later established pursuant to a Trust Agreement executed on December 31, 2002. American Travellers was purchased by Conseco in 1996 and subsequently changed its name to Conseco Senior Health Insurance Company and then to Senior Health Insurance Company of Pennsylvania (“SHIP”). JCP changed its name to Stonebridge Life Insurance Company in 2002 and, as a result of corporate transactions, is now Transamerica Life Insurance Company.

On December 20, 1995, Primerica Life Insurance Company (“Primerica”) and Transport Life Insurance Company (“Transport Life”) entered into a Reinsurance and Administration Agreement whereby Transport Life, on an indemnity basis, accepted 100% of the policy liabilities of Primerica’s individual and group accident and health insurance policies. Transport Life merged with Conseco Senior Health Insurance Company in November 1997 and, with the separation from Conseco, Senior Health Insurance Company of Pennsylvania (“SHIP”) became the successor under the Reinsurance and Administration Agreement. Amendment #2 to the Reinsurance and Administration Agreement, dated November 11, 2008, limits the scope of SHIP’s reinsurance and administration to long-term care insurance policies only.

On November 1, 1996, Transport Life entered into a Reinsurance Agreement whereby Transport Life agreed to administer and reinsure, on a coinsurance basis, 100% of the liability of American Health and Life Insurance Company’s (“AH&L”)

long-term care insurance policies. As a result of certain corporate transactions, and later the separation of SHIP from Conseco, SHIP became the successor to Transport Life's interests under the Reinsurance Agreement and continues to administer the policies.

The insurance policies for which SHIP became responsible from Transamerica, Primerica and AH&L or their predecessors (the "ceding companies") are what is generally referred to in the industry as "reinsurance assumed." All of these assumed LTCI policies have historically been treated by SHIP for administrative purposes in a manner very similar to those issued directly by SHIP. However, communications with policyholders and regulators properly identified them as policies of the ceding companies.

It is important to note that while these policies have been reinsured by SHIP, they were never novated as part of the transactions. Thus, the policyholders retained, and continue to retain, their contractual rights against the ceding companies or their successors. In turn, the ceding companies retain contractual rights against SHIP.

The preliminary plan of rehabilitation filed on April 22, 2020, proposed to treat Direct Business and Reinsurance Assumed in the same way under the Plan. The Rehabilitator believed that this would be most advantageous to the affected policyholders. However, this proposal resulted in a number of objections from insurance regulators around the country, asserting that it departs from established

custom and practice and is unsupported by applicable law. In response to these objections, the Rehabilitator changed that provision of the preliminary plan of rehabilitation. The Amended Plan proposes to treat the reinsurance assumed differently from the policies issued directly by SHIP and its predecessors. As a result of this change, if the Plan is approved as proposed: (1) the reinsurance assumed policies will not be modified under the Plan and the policyholders will not be asked (or have the ability) to make elections under the Plan; (2) SHIP will not be financially responsible for claims and commissions owed under these policies and will not have the right to treat premiums paid by these policyholders as assets of SHIP; and (3) if SHIP is placed in liquidation, the terms of these policies will remain unchanged and the policyholders will not receive benefits from any life and health insurance Guaranty Association. Instead, in that case, the ceding companies (or their successors) will remain fully responsible for these policies and any claims and commissions owed under these policies.

Consistent with this change in the Plan, Transamerica and SHIP entered into a Recapture Agreement through which Transamerica assumed complete responsibility for the LTC insurance policies its predecessors had ceded to SHIP's predecessors. This Agreement was approved by the Court on December 29, 2020, and made effective October 1, 2020,.

D. KINGDOM ENERGY LOAN

In June 2016, SHIP entered into a Secured Term Note loaning \$4.2 million to Kingdom Energy Resources, LLC; DDB Energy Resources, LLC; Montana Bakken, LLC; Little Creek Coal Co., Inc.; Green Equity Partners, LLC; and KEP-RMA, LLC (collectively, the “Borrowers”). At the same time, Consecos subsidiaries BRe BCLIC Primary and BRe WNIC 2013 LTC Primary loaned the Borrowers \$11.8 million and \$6 million, respectively. Collectively, SHIP and the Consecos subsidiaries loaned the Borrowers \$22 million (the “Loan”). In November 2016, the Consecos subsidiaries assigned their interests in the Loan to Washington National Insurance Company (“WNIC”) and Bankers Consecos Life Insurance Company (“BCLIC”; together, the “Consecos Lenders”) respectively. As a result, WNIC and BCLIC had 27.273% and 53.636% interests in the Loan, respectively, with the remaining 19.091% being SHIP’s portion.

The Loan has been in default since late 2016. The current balance, including accrued and unpaid interest and fees, approximates \$40 million, secured by approximately 19,500 acres of land located in Harlan and Bell Counties in southeastern Kentucky known as Pathfork, Left Fork, and Brookside (the “Collateral”). In August 2020, the Rehabilitator requested authority from this Court to purchase the Consecos Lenders’ interests in the Loan for four million dollars (\$4,000,000.00), for reasons more fully explained in her August 14, 2020, verified

Application. The Court granted the Application on September 25, 2020, and SHIP now owns the entire Loan.

Since acquiring the Consecro Lenders' interest in the Loan, SHIP has been exploring ways to maximize recovery, including negotiations with the Borrowers. Recognizing that foreclosure on the loan and obtaining the collateral may be necessary to effect a reasonable recovery, SHIP has engaged in due diligence on the Collateral. Also, anticipating the steps necessary to foreclose, SHIP has formed a Delaware limited liability company (HBKY, LLC) to serve as a special purpose entity that would hold the loan and the collateral, insulating SHIP from any associated potential liabilities.

As of the date of this report, SHIP is preparing to convey the loan to HBKY, LLC while continuing negotiations with the borrowers and related parties. If those negotiations prove fruitless, the Rehabilitator anticipates that HBKY, LLC will foreclose on the loan, secure the collateral, and attempt to dispose of it on the best terms possible.

E. COLLATERAL LITIGATION

There are very few pending litigation matters to which SHIP is a party. One is the remainder of the Beechwood litigation described below. Two are regulatory challenges to the Proposed Rehabilitation Plan, and the last is a small claim case.

1. Beechwood Litigation

Beginning in 2014 SHIP began investing what eventually became \$320 million with Beechwood Capital Group, LLC and its affiliates (“Beechwood”). The relationship became complex and by 2016 it became evident that Beechwood had become embroiled in the collapse of the Platinum Partners Credit Opportunities Fund (“Platinum”) and its affiliates. Seeking to recover losses under the Beechwood Investment Management Agreements, SHIP eventually joined in pending litigation by other Platinum and Beechwood clients. SHIP then became the target of a number of cross claims and counterclaims. SHIP was able to recover most of its defense costs for these proceedings from its liability insurers. In addition, SHIP recovered about \$84 million of assets from the investment program. In due course, the SDR oversaw the wind-down of all but one aspect (discussed below) of the Beechwood litigation. The final piece was an agreement to settle the claims of the receiver appointed for Platinum by the United States Securities and Exchange Commission (SEC) against SHIP and SHIP’s claims against Platinum (except as noted below), which resulted in an additional \$9.5 million payment to SHIP with a possible additional \$4.5 million recovery as the Platinum receivership winds down.

Remaining open are the claims related to the liquidation in the Cayman Islands of Platinum’s affiliate, Platinum Partners Value Arbitrage Fund (“PPVA”). The claims in this proceeding (now pending in Delaware Chancery Court) include

competing claims by SHIP and PPVA’s Joint Official Liquidators (“JOL”) to certain collateral underlying Beechwood investments and claims by the JOL against SHIP for losses suffered by PPVA investors in a complicated transaction partially funded by SHIP under the Beechwood program but outside the Investment Management Agreements. That matter is currently the subject of a mediation proceeding.

2. Regulatory Challenges to the Proposed Plan

The proposed plan of rehabilitation provides policyholders with multiple options by which they can change the premiums and benefits of their existing insurance policy, avoiding certain future losses to SHIP by allowing policyholders to align their future coverage with their potential needs and ability to pay. The state insurance regulators of Louisiana and South Carolina have filed complaints in other jurisdictions to prevent this Court from considering such a plan and to prevent the Rehabilitator from implementing it.¹

a. Louisiana

On September 11, 2020, James J. Donelon, in his capacity as the Commissioner of Insurance for the State of Louisiana, filed a Complaint in the United States District Court for the Middle District of Louisiana, naming as a defendant Commissioner Altman in her capacity as Rehabilitator of SHIP. *Donelon v. Altman*, Case No. 3:20-cv-00604 (M.D. La.). In the Complaint, Commissioner

¹ The insurance regulators of Louisiana and South Carolina elected not to intervene in this action.

Donelon seeks a declaratory judgment that the Rehabilitator cannot impose rate and benefit modifications on Louisiana policies without complying with Louisiana's laws and regulations, and seeks as well a permanent injunction against implementation or enforcement of the proposed plan if approved. The Rehabilitator disagrees strongly with the allegations in the Complaint and, should further litigation be necessary, will defend vigorously her ability to offer the policyholder choices provided by the Plan and Amended Plan.

On November 24, 2020, the Rehabilitator filed a Motion to Dismiss the Complaint on numerous grounds—specifically, the lack of case or controversy; the absence of personal jurisdiction; the Anti-Injunction Act's bar against the requested relief; Commissioner Donelon's failure to state a claim; and various federal court abstention doctrines. That motion is fully briefed and the parties are awaiting a decision from the Court. All proceedings are stayed pending a decision on the Motion to Dismiss. If the Court rules in favor of the Rehabilitator, the matter will be dismissed and terminated.

b. South Carolina

On December 10, 2020, Plaintiffs Raymond G. Farmer, in his capacity as Director of the South Carolina Department of Insurance, and the South Carolina Department of Insurance filed a Complaint naming as defendants Commissioner Altman, in her capacity as Rehabilitator of SHIP, Patrick Cantilo, in his capacity as

Special Deputy Rehabilitator of SHIP, and SHIP in rehabilitation. That Complaint was filed in South Carolina state court, in the Court of Common Pleas for the Fifth Judicial Circuit, Richland County. *Farmer v. Altman*, No. 2020-CP-4005802 (S.C. C.C.P.). On January 11, 2021, Defendants removed the matter to the United States District Court for the District of South Carolina where it is currently pending. *Farmer v. Altman*, Case No. 3:21-cv-00097 (D.S.C.).

In the Complaint, Commissioner Farmer and the South Carolina Department of Insurance seek a declaratory judgment that the proposed plan is invalid and unenforceable to the extent it does not comply with South Carolina's regulatory authority to set rates and benefits. Plaintiffs also seek a permanent injunction against implementing or enforcing the plan coupled with certain financial penalties for any act in violation of that injunction. As with the Louisiana litigation, the Rehabilitator disagrees strongly with the allegations in the Complaint. The proposed Plan and Amended Plan comport with all applicable laws, and South Carolina's decision to pursue collateral litigation is inappropriate.

Two motions are pending in South Carolina federal court. On January 19, 2021, Defendants filed a Motion to Dismiss on numerous grounds—specifically, the lack of case or controversy; the Anti-Injunction Act's bar against the requested relief; Plaintiffs failure to state a claim; the absence of personal jurisdiction; and various federal court abstention doctrines. That motion is fully briefed. On February

10, 2021, Plaintiffs filed a Motion to Remand, asking the federal court to remand the case to state court rather than dismiss it outright. That motion is fully briefed as well, and the parties are awaiting decisions on both motions. At present, all proceedings are stayed, including discovery, pending a decision on the Motion to Dismiss and Motion to Remand. If the Court rules in favor of the SHIP defendants, the matter will be dismissed and terminated. If the Court rules in favor of the South Carolina Plaintiffs, the matter will be remanded to state court, and the SHIP defendants will file a new Motion to Dismiss addressed to the procedural and substantive defects in the Complaint.

3. Anthony vs. SHIP

On July 27, 2020, Wayne L. Anthony sued SHIP in the Court of Common Pleas in Lancaster, Pennsylvania, for the cancellation of his policy for non-payment of premiums. SHIP believes strongly that the claim is without merit and does not believe that its result will be material to SHIP's financial condition or rehabilitation.

F. OTHER MATTERS

With the help of counsel, the SDR continues to investigate and assess all potential avenues for asset recovery, including but not limited to claims against third parties where necessary. Those investigations are ongoing, and the Rehabilitator and the SDR will advise the Court of any recovery made or litigation filed as a result.

Dated: March 31, 2021

Respectfully submitted,

/s/ Michael J. Broadbent

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SENIOR HEALTH INSURANCE
COMPANY OF PENNSYLVANIA

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EXHIBIT A



Senior Health Insurance Company of Pennsylvania In Rehabilitation (“SHIP”)

Court Reporting Package

December 31, 2020

SHIP Reporting Package Table of Contents

Financial

- A. Reporting Package
- B. Trend Tracking
- C. Professional and Consulting Fees
- D. Analytics Package



SHIP Reporting Package

Financial Reporting Package As of December 31, 2020

Contents:

- i. Notes to the Financial Statements
- ii. Financial Summary
- iii. Balance Sheet
- iv. Income Statement
- v. Expenses



Senior Health Insurance Company of Pennsylvania In Rehabilitation

Monthly Financial Reporting Package

Notes

As of December 2020

1 Policyholder liabilities are not being adjusted in interim months between quarters. Liabilities are being reported based on the most recent quarter-end balance.

2 Provisions for income tax are not computed in interim months between quarters. The overall impact to the Company is immaterial given Company NOLs. In 2020, the Company reported a \$273 thousand tax benefit resulting from its tax sharing agreement with its subsidiary Fuzion. On a consolidated basis, this benefit is offset by tax expense allocated to Fuzion.

3 Legal expenses related to investments (i.e. Beechwood litigation) were reclassified from investment expense to general expense in 2020.

4 Asset valuation reserve is not adjusted in interim months between quarters. The reserve reported is based on the most recent quarter-end balance. During Q3 2020, an increase in the reserve was due to the Company realizing \$8 million in gains which included \$6 million from Beechwood assets. The reduction in the Asset valuation reserve in Dec 2020 primarily relates to the Transamerica recapture.

5 Common stock balance for Q3 2019 onward includes the equity balance of the Company's wholly-owned subsidiary Fuzion. The balance of Fuzion is updated monthly based on the prior month's equity balance.

6 Various general expense items include rehabilitation expenses totaling \$10.2 million from January through December 2020.

7 The Company has insurance against certain litigation costs. The amount receivable from this policy is recorded monthly under Insurance Carrier Receivable. Discussions continue with insurance carriers to push the reimbursement level from 65% to 100%; however, the financials currently reflect recovery at 65%. In November, the Company received \$2.6 million payment based on an expected maximum benefit of \$10 million from one of the carriers.

8 Taxes, Licenses & Fees includes \$232 thousand in tax refunds received from the State of Florida and State of Illinois, as well as a \$40 thousand true up of premium taxes accrued over 2019 that were filed and paid during Q1 2020. Additionally, costs related to rehabilitation were included in insurance department exam fees for FY2019 but moved to general expenses for FY2020. In November 2020, a credit of \$44 thousand was recorded to Interest and Penalty expense as a result of interest from an IRS tax refund.

9 During Q1 2020, Oliver Wyman transitioned as the Company's actuaries and recognized higher premium deficiency reserves of \$30 million due to no morbidity improvement and adjusting lapse rates. During Q2 2020, Oliver Wyman updated their model for lower new money rates as the portfolio turns over and increasing claim liability on certain policies that were not built into past models. These adjustments increased the premium deficiency reserves by another \$80 million.

10 Remittance Items Not Allocated at the end of Q2 2020 includes proceeds from the sale of investments totaling \$3.3 million that were recorded to the suspense account at June 30 and posted to the proper cash account as of July 1 by the Company's investment management firm. Investment income is not affected by this timing difference. Included in December 2020 is a Transamerica payable of \$21.1 million which will be part of the settlement related to the recapture noted below in note #16.

11 The PPCO lawsuit was settled in August 2020. This included a cash settlement of \$9.5 million of which \$3.3 million reduced Other Invested Assets and \$6.2 million was recorded as a realized gain. An additional \$4.5 million was received in a Trust until the PPVA litigation is settled. This amount is not recorded in the financial statements due to uncertainty of receipt.

12 During Q3 2020, there were favorable underwriting results from higher than expected active life lapses. From March 2020 through August 2020, policies with past due premiums over 90 days were not cancelled due to coronavirus; in September, 238 of these policies were lapsed. On average, pre-coronavirus lapse activity was 30 to 40 lapses per month. All lapses have been caught up except in 4 states that have extended the COVID 19 regulation.

13 During Q3 2020, new claims were fewer than expected, resulting in \$6 million favorability from 156 policies.

14 During Q3 2020, recoveries and exhaustions on disabled life reserves were higher than expected, resulting in a favorable variance of \$12 million from 239 policies, 136 due to deaths.

15 In November 2020, the increase in Other Investment Assets is due to the Company purchasing 100% of the interest in Kingdom Energy from CNO Financial Group (WNIC and BCLIC) for \$4 million. Additionally the company wrote down its original investment in Kingdom, resulting in OTTI of \$930 thousand. In December 2020, the Kingdom investment of \$4 million was non-admitted.

16 Effective October 1st, Transamerica recaptured their block of business primarily resulting in a transfer of assets (primarily bonds), reserves and other liabilities and assets such as commission payable. The recapture resulted in a loss of \$169 million.

Senior Health Insurance Company of Pennsylvania In Rehabilitation

Financial Summary

As of December 2020

(in 000s)

	Prior Year				Current Year					
	Q1-FY19	Q2-FY19	Q3-FY19	Q4-FY19	Q1-FY20	Q2-FY20	Q3-FY20	Oct-2020	Nov-2020	Dec-2020
Assets										
Invested Assets	2,120,050	2,053,850	1,949,842	1,886,939	1,808,648	1,744,218	1,702,048	1,683,373	1,658,356	1,351,105
Other Assets	17,360	18,350	19,994	20,242	20,120	17,488	17,157	15,959	14,822	18,803
Total Assets	<u>2,137,410</u>	<u>2,072,200</u>	<u>1,969,836</u>	<u>1,907,181</u>	<u>1,828,768</u>	<u>1,761,706</u>	<u>1,719,205</u>	<u>1,699,332</u>	<u>1,673,178</u>	<u>1,369,908</u>
Liabilities										
Policyholder Liabilities	2,597,561	2,547,356	2,498,460	2,805,641	2,808,630	2,835,523	2,760,544	2,760,544	2,760,544	2,544,157
Other Liabilities	21,120	21,084	12,216	17,639	16,505	13,912	29,037	29,490	20,694	48,258
Total Liabilities	<u>2,618,680</u>	<u>2,568,440</u>	<u>2,510,676</u>	<u>2,823,279</u>	<u>2,825,135</u>	<u>2,849,435</u>	<u>2,789,582</u>	<u>2,790,035</u>	<u>2,781,238</u>	<u>2,592,415</u>
Net Income YTD	(13,083)	(26,817)	(80,074)	(462,034)	(80,262)	(170,654)	(150,121)	(170,108)	(188,333)	(305,847)
Capital and Surplus	(481,271)	(496,240)	(540,840)	(916,098)	(996,368)	(1,087,729)	(1,070,377)	(1,090,703)	(1,108,060)	(1,222,507)
Total Adjusted Capital										
Capital and Surplus (Rollup)	(481,271)	(496,240)	(540,840)	(916,098)	(996,368)	(1,087,729)	(1,070,377)	(1,090,703)	(1,108,060)	(1,222,507)
Asset Valuation Reserve	1,839	3,319	47	206	600	1,934	5,801	5,801	5,801	1,816
Total Adjusted Capital	<u>(479,431)</u>	<u>(492,920)</u>	<u>(540,793)</u>	<u>(915,892)</u>	<u>(995,768)</u>	<u>(1,085,795)</u>	<u>(1,064,576)</u>	<u>(1,084,902)</u>	<u>(1,102,260)</u>	<u>(1,220,692)</u>
Member Count - Non NFO	41,066	39,692	38,526	37,281	35,869	34,794	33,706	32,925	32,444	31,693
Claim Count - Non NFO	6,272	6,185	6,122	5,997	5,783	5,617	5,422	5,233	5,169	4,971
<i>* NFO members removed due to the limited liability with an average reserve at ~\$4k</i>										
Invested Assets per Member	51.63	51.74	50.61	50.61	50.42	50.13	50.50	51.13	51.11	42.63
Policyholder Liabilities per Member	63.25	64.18	64.85	75.26	78.30	81.49	81.90	83.84	85.09	80.28

Senior Health Insurance Company of Pennsylvania In Rehabilitation

Monthly Financial Results - Balance Sheet

As of December 2020

(in 000s)

	Prior Year				Current Year					
	Q1-FY19	Q2-FY19	Q3-FY19	Q4-FY19	Q1-FY20	Q2-FY20	Q3-FY20	Oct-2020	Nov-2020	Dec-2020
Assets										
Bonds (16)	1,955,374	1,891,464	1,810,655	1,721,888	1,657,498	1,604,419	1,548,916	1,534,770	1,513,531	1,201,083
Preferred Stocks	109,433	109,433	86,271	86,271	86,271	79,903	79,903	79,903	79,903	77,608
Common Stocks (5)	613	937	3,336	3,578	3,957	4,153	4,264	4,327	4,507	4,735
Mortgage Loans	17,277	17,002	16,722	12,682	12,454	12,212	11,967	11,884	11,800	11,717
Cash and Short Term Investments	21,035	23,642	20,027	46,682	17,209	30,918	47,736	43,627	36,686	46,100
Other Invested Assets (11) (15)	11,818	11,372	12,739	15,701	14,732	12,612	9,263	8,863	11,928	9,862
Receivables for Securities	4,500	0	90	136	16,525	0	0	0	0	0
Insurance Carrier Recoverable (7)	0	0	2,334	3,588	3,324	1,006	1,497	1,565	0	421
Investment Income Due	15,125	14,039	13,132	12,082	12,189	11,720	10,852	11,201	11,578	9,363
Uncollected Premiums	930	879	758	928	880	862	879	564	567	961
Reinsurance Recoverable	55	49	25	22	83	178	52	12	38	59
Prepaid Expenses	0	0	0	0	0	0	18	18	46	42
Federal Tax Recoverable (2)	(121)	2,036	2,364	2,364	2,364	2,364	2,581	1,323	1,323	1,380
Guaranty Funds Recoverable	1,311	1,314	1,314	1,209	1,218	1,218	1,220	1,220	1,220	1,135
Transamerica Receivable (16)	0	0	0	0	0	0	0	0	0	5,408
Receivable from Affiliate	60	34	67	50	62	139	56	56	49	35
Total Assets	2,137,410	2,072,200	1,969,836	1,907,181	1,828,768	1,761,706	1,719,205	1,699,332	1,673,178	1,369,908
Liabilities										
Active Life Reserves (1) (12) (16)	1,283,062	1,257,168	1,232,067	1,234,831	1,202,619	1,177,017	1,141,574	1,141,574	1,141,574	1,047,770
Active Life Reserves - PDR (1) (9) (16)	291,202	277,403	263,605	590,807	640,834	720,935	695,282	695,282	695,282	728,008
Active Life Reserves - PDR (IMR Release) (1)	63,280	57,430	51,580	45,730	42,946	40,161	37,377	37,377	37,377	34,592
Disabled Life Reserves (1) (13) (14) (16)	958,260	953,835	949,653	932,811	920,835	896,046	885,098	885,098	885,098	732,814
Advanced Premiums (1) (16)	1,757	1,519	1,555	1,462	1,397	1,365	1,214	1,214	1,214	972
Reinsurance Payable	20	35	34	18	18	(39)	16	14	15	16
Interest Maintenance Reserve (16)	1,936	2,303	3,317	4,746	5,293	5,525	5,849	5,885	5,757	18,457
Commissions Due (16)	716	491	496	581	592	579	527	872	1,223	433
General Expenses Due	4,765	3,626	3,628	6,630	4,813	3,544	3,512	3,700	4,440	2,965
Taxes, licenses and fees Due	434	497	538	414	430	491	552	547	581	480
Federal Income Tax Due (2)	(2,051)	0	0	0	0	0	0	0	0	0
Remittance Items Not Allocated (10) (16)	249	233	205	330	459	(3,147)	233	276	301	21,539
Payable to Affiliate	(9)	0	140	0	0	0	0	3	0	0
Asset Valuation Reserve (4)	1,839	3,319	47	206	600	1,934	5,801	5,801	5,801	1,816
Payable for securities	10,531	8,000	1,110	1,976	1,543	2,553	9,929	9,874	0	0
Unclaimed Property (16)	2,689	2,579	2,702	2,738	2,758	2,472	2,618	2,518	2,577	2,553
Total Liabilities	2,618,680	2,568,440	2,510,676	2,823,279	2,825,135	2,849,435	2,789,582	2,790,035	2,781,238	2,592,415
Capital and Surplus										
Common and Preferred Stock	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Surplus Note	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Paid In Capital	1,196,326	1,196,326	1,198,824	1,198,824	1,198,824	1,198,824	1,198,824	1,198,824	1,198,824	1,198,824
Unassigned Surplus	(1,720,699)	(1,720,699)	(1,720,699)	(1,720,699)	(2,172,422)	(2,172,422)	(2,172,422)	(2,172,422)	(2,172,422)	(2,172,422)
Net Income Current Year	(13,083)	(26,817)	(80,074)	(462,034)	(80,262)	(170,654)	(150,121)	(170,108)	(188,333)	(305,847)
Unrealized Gain/Loss	442	698	599	842	379	878	1,428	1,097	1,960	2,188
Change in Nonadmitted Assets	24	14	2,999	9,617	8	(127)	9	1	6	(1,140)
Change in Asset Valuation Reserve (4)	(1,781)	(3,261)	11	(148)	(394)	(1,728)	(5,595)	(5,595)	(5,595)	(1,610)
Total Capital and Surplus	(481,271)	(496,240)	(540,840)	(916,098)	(996,368)	(1,087,729)	(1,070,377)	(1,090,703)	(1,108,060)	(1,222,507)
Liabilities, Capital and Surplus	2,137,410	2,072,200	1,969,836	1,907,181	1,828,768	1,761,706	1,719,205	1,699,332	1,673,178	1,369,908

Senior Health Insurance Company of Pennsylvania In Rehabilitation
Monthly Financial Results - Income Statement
As of December 2020
(In 000s)

	Prior Year					Current Year					
	Q1-FY19	Q2-FY19	Q3-FY19	Q4-FY19	FY2019	Q1-FY20	Q2-FY20	Q3-FY20	Oct-2020	Nov-2020	Dec-2020
Investment Income											
Investment income, gross without IMR	20,897	20,859	20,354	18,483	80,593	19,353	17,590	15,670	5,417	4,866	5,024
Amortization of IMR (16)	60	54	107	277	497	197	108	220	84	64	1,826
Net Realized Capital Gains (Losses) (11) (15) (16)	350	541	(35,189)	(4,251)	(38,549)	(13,511)	402	6,829	155	(1,746)	18,390
Gains/(Losses) transferred to IMR (16)	(430)	(421)	(1,121)	(1,706)	(3,679)	(744)	(340)	(545)	(120)	64	(14,526)
Investment Expenses (3) (16)	(2,314)	(3,262)	(2,082)	(3,037)	(10,695)	471	(997)	(269)	(90)	(90)	(78)
Other Income	0	0	0	0	0	0	0	0	0	0	0
Total Investment Income	18,562	17,771	(17,930)	9,765	28,168	5,766	16,763	21,906	5,446	3,159	10,636
Management Income	0	0	0	0	0	0	0	0	0	0	144
Underwriting Income											
Premiums - Collected and Waived (16)	21,500	19,880	18,899	18,197	78,476	18,014	16,964	15,459	4,909	4,977	3,808
Premium Accruals (16)	(233)	626	886	917	2,196	256	395	1,130	(307)	3	1,375
Claims Paid and Waived (16)	(90,528)	(92,348)	(93,820)	(92,930)	(369,626)	(90,344)	(88,588)	(82,797)	(26,655)	(23,793)	(21,024)
Claims - Change in Reserves (1) (13) (14) (16)	692	4,414	4,167	16,830	26,104	11,957	24,771	10,917	0	0	95,663
Change in ALR (1) (12) (16)	28,572	25,470	24,069	(3,404)	74,708	31,991	25,375	34,377	0	0	37,339
Change in Premium Deficiency Reserve (1) (9) (16)	13,798	13,798	13,798	(327,202)	(285,807)	(50,028)	(80,100)	25,653	0	0	(77,438)
Change in PDR (IMR Release) (1) (16)	5,343	5,850	5,850	5,850	22,892	2,785	2,785	2,785	0	0	2,785
Reinsurance Activity (16)	0	0	0	0	0	0	0	0	0	0	(168,507)
Total Underwriting Income	(20,855)	(22,309)	(26,151)	(381,742)	(451,057)	(75,369)	(98,400)	7,523	(22,053)	(18,813)	(125,997)
Expenses											
Commissions (16)	1,540	1,399	1,308	1,408	5,654	1,303	1,265	1,083	346	347	278
General Insurance Expense (3) (6) (7)	7,923	7,071	7,374	7,028	29,396	9,270	7,194	7,690	2,973	2,170	2,010
Insurance Taxes, Licenses & Fees (8)	794	726	823	1,547	3,890	85	296	340	60	54	65
Total Expenses	10,256	9,196	9,505	9,983	38,940	10,658	8,755	9,113	3,380	2,570	2,353
Net Gain (Loss) from Operations	(12,549)	(13,734)	(53,586)	(381,960)	(461,829)	(80,262)	(90,392)	20,316	(19,987)	(18,225)	(117,571)
<i>*Investment Income plus Underwriting less Expenses</i>											
Federal Income Tax Expense (Benefit) (2)	534	0	(329)	0	205	0	0	(217)	0	0	(57)
Net Income	(13,083)	(13,734)	(53,257)	(381,960)	(462,034)	(80,262)	(90,392)	20,533	(19,987)	(18,225)	(117,514)

Senior Health Insurance Company of Pennsylvania In Rehabilitation
Monthly Financial Results - Expenses
As of December 2020
(In 000s)

	Prior Year					Current Year					
	Q1-FY19	Q2-FY19	Q3-FY19	Q4-FY19	FY2019	Q1-FY20	Q2-FY20	Q3-FY20	Oct-2020	Nov-2020	Dec-2020
General Insurance Expense											
Service/Administration Fee	3,195	3,195	3,195	3,195	12,779	3,195	3,161	3,179	1,060	1,060	1,060
LTCG Fees (6)	2,736	2,744	2,732	2,650	10,862	2,726	2,502	2,405	790	745	941
Actuarial Fees - Valuation (6)	1,289	970	867	959	4,085	2,299	1,708	1,151	408	342	125
Legal Fees (3) (6) (7)	2,446	3,017	2,050	2,800	10,313	(111)	(1,105)	(391)	313	(600)	(475)
Portfolio Management Fees	297	254	277	271	1,100	238	260	258	86	85	75
Mortgage Loans Service Fees	15	13	12	11	51	9	8	10	4	5	3
Audit Fees - External	105	80	21	-	206	107	92	-	-	-	-
Software Development	68	48	33	30	178	3	155	267	90	94	-
Appl Software Lic and Fees	-	(60)	15	-	(45)	-	-	-	-	-	-
Bank Service Charges	-	0	-	-	-	-	-	-	-	-	-
Claim Cost Containment	41	28	34	26	130	15	20	20	7	1	9
Consulting (6)	8	29	173	67	276	307	1,125	982	259	405	268
Legal Fees - Claim Settlement	-	-	2	-	2	-	-	-	-	-	-
Medical Reports	-	-	-	3	3	-	-	-	-	-	-
Miscellaneous Expenses	8	0	15	13	36	-	-	-	(1)	-	(8)
Postage and Printing (6)	4	0	6	2	13	1	232	72	2	67	17
Election Package	-	-	-	-	-	-	-	-	23	23	71
Tax Consultation Fees	19	11	16	32	77	5	24	-	45	30	3
Employee Medical	6	3	6	5	21	3	6	6	-	2	2
Agents' Balances Charged Off	0	(0)	1	2	3	3	-	-	-	-	-
Investment Expense - Reclass	(2,314)	(3,262)	(2,082)	(3,037)	(10,695)	471	(997)	(269)	(90)	(90)	(78)
Total General Insurance Expense	7,923	7,071	7,374	7,028	29,396	9,270	7,194	7,690	2,973	2,170	2,010
Investment Expense - Reclass	(2,314)	(3,262)	(2,082)	(3,037)	(10,695)	471	(997)	(269)	(90)	(90)	(78)
Total General Insurance Expense before Reclass	10,237	10,333	9,456	10,065	40,090	8,799	8,190	7,959	3,064	2,260	2,088
Insurance Taxes, Licenses & Fees											
General Assessments	17	8	14	2	42	5	5	2	-	1	-
Guaranty Assoc Assessments	205	1	3	42	250	1	2	1	10	18	(15)
Insurance Dept Exam Fees (8)	273	315	496	1,213	2,297	-	-	-	-	-	-
Interest & Penalties Fees (8)	0	1	2	0	3	1	1	-	-	(44)	1
Licenses and Fees	12	20	15	15	62	49	21	14	-	4	4
Municipal Taxes	(12)	7	12	0	7	12	6	10	-	-	-
Premium Taxes	298	376	280	277	1,231	249	261	313	49	75	75
State Taxes (8)	-	(1)	-	(1)	(3)	(232)	-	-	-	-	-
Other Taxes	-	-	-	-	-	1	-	-	-	-	-
Total Insurance Taxes, Licenses & Fees	794	726	823	1,547	3,890	85	296	340	60	54	65

SHIP Reporting Package

Trend Tracking As of December 31, 2020

Contents:

- i. 2018-2020 Numbers
- ii. Net Investment Income
- iii. Collected Premium and Paid Claims
- iv. Change in Claim Reserves
- v. Change in Active Life Reserves (“ALR”)
- vi. Change in Premium Deficiency Reserves
- vii. General Expenses



Senior Health Insurance Company of Pennsylvania In Rehabilitation
December 31, 2020
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	<u>Jan-2020</u>	<u>Feb-2020</u>	<u>Mar-2020</u>	<u>Apr-2020</u>	<u>May-2020</u>	<u>Jun-2020</u>	<u>Jul-2020</u>	<u>Aug-2020</u>	<u>Sep-2020</u>	<u>Oct-2020</u>	<u>Nov-2020</u>	<u>Dec-2020</u>
Investment Income Collected	\$ 7,093	\$ 6,024	\$ 6,790	\$ 5,848	\$ 6,129	\$ 6,270	\$ 5,522	\$ 5,278	\$ 5,566	\$ 5,674	\$ 5,657	\$ 5,219
Change in Investment Due and Accrued	(192)	(162)	(200)	(205)	(238)	(214)	(259)	(216)	(221)	(256)	(790)	(194)
Net Investment Income	6,900	5,862	6,590	5,643	5,891	6,056	5,263	5,062	5,345	5,417	4,866	5,024
Realized Gains/(Losses)	69	520	(14,101)	(2)	391	12	(44)	6,239	634	155	(1,746)	18,390
Gains/Losses Transf to IMR	(54)	(367)	(323)	1	(309)	(32)	(272)	(80)	(192)	(120)	64	(14,526)
Amortization of IMR	60	67	70	(18)	70	56	78	54	88	84	64	1,826
Investment General Expenses	(549)	(333)	1,353	(816)	(93)	(87)	(88)	(91)	(89)	(90)	(90)	(78)
Premiums Collected & Waived	6,192	5,861	5,961	5,795	5,515	5,654	5,325	5,245	4,889	4,909	4,977	3,808
Premiums Accrued	(391)	(538)	1,185	(0)	(150)	545	(112)	73	1,168	(307)	3	1,375
Earned Premium	5,801	5,323	7,146	5,795	5,365	6,199	5,214	5,318	6,057	4,602	4,980	5,184
Claims Paid and Waived	(31,274)	(29,010)	(30,060)	(29,643)	(29,021)	(29,924)	(28,154)	(27,615)	(27,028)	(26,655)	(23,793)	(21,024)
Change in Claim Reserves	0	-	11,957	0	-	24,770	0	-	10,917	-	-	95,663
Change in Active Life Reserves	0	-	31,991	(0)	-	25,375	(0)	-	34,377	-	-	37,339
Change in Premium Deficiency Reserves	0	-	(50,028)	0	-	(80,100)	0	-	25,653	-	-	(77,438)
Change in PDR (IMR Release)	(0)	-	2,785	0	-	2,785	0	-	2,785	-	-	2,785
Incurred Claims	(31,274)	(29,010)	(33,355)	(29,643)	(29,021)	(57,094)	(28,154)	(27,615)	46,703	(26,655)	(23,793)	37,325
Reinsurance Activity	-	-	-	-	-	-	-	-	-	-	-	(168,507)
Management Income	-	-	-	-	-	-	-	-	-	-	-	144
Commissions	432	426	445	438	408	418	377	379	327	346	347	278
G&A Expenses (excluding Inv Exp Reclass)	3,595	3,430	1,774	1,480	3,989	2,722	2,451	2,832	2,676	3,064	2,260	2,088
G&A Expenses (including Inv Exp Reclass)	3,045	3,098	3,127	663	3,896	2,634	2,362	2,741	2,586	2,973	2,170	2,010
Taxes, Licenses and Fees	133	212	(28)	98	90	108	184	113	43	60	54	65
Federal and State Taxes	0	0	(232)	-	-	-	0	-	(217)	0	-	(57)
Net Income	\$ (22,658)	\$ (21,672)	\$ (35,932)	\$ (20,240)	\$ (22,100)	\$ (48,052)	\$ (20,927)	\$ (14,347)	\$ 55,807	\$ (19,987)	\$ (18,225)	\$ (117,514)

Senior Health Insurance Company of Pennsylvania In Rehabilitation

December 31, 2019

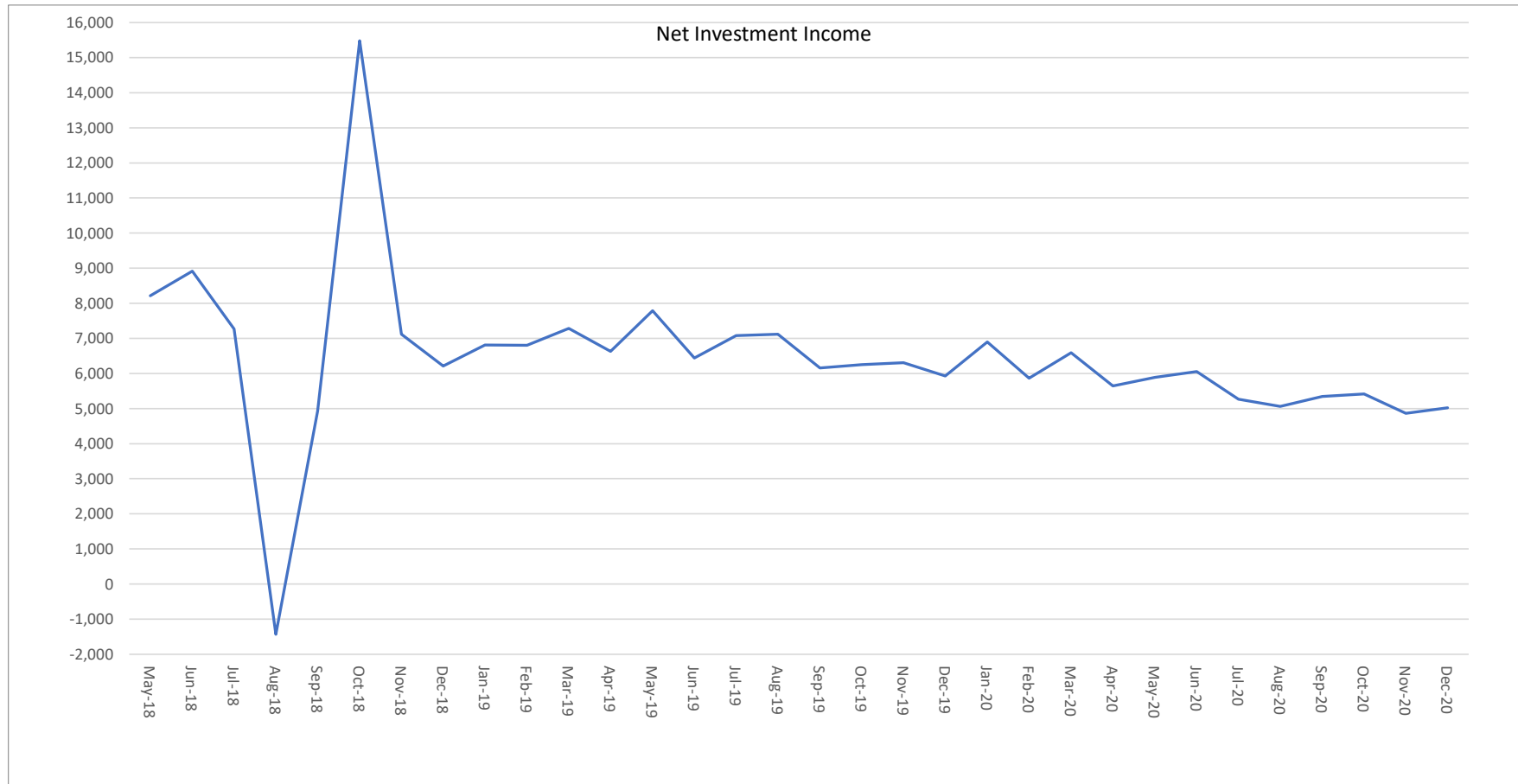
in 000s

	<u>Jan-2019</u>	<u>Feb-2019</u>	<u>Mar-2019</u>	<u>Apr-2019</u>	<u>May-2019</u>	<u>Jun-2019</u>	<u>Jul-2019</u>	<u>Aug-2019</u>	<u>Sep-2019</u>	<u>Oct-2019</u>	<u>Nov-2019</u>	<u>Dec-2019</u>
Investment Income Collected	\$ 6,954	\$ 6,961	\$ 7,397	\$ 6,773	\$ 7,944	\$ 6,608	\$ 7,258	\$ 7,309	\$ 6,354	\$ 6,495	\$ 6,878	\$ 6,171
Change in Investment Due and Accrued	(140)	(160)	(116)	(143)	(159)	(164)	(180)	(190)	(197)	(246)	(575)	(240)
Net Investment Income	6,814	6,801	7,281	6,630	7,784	6,444	7,078	7,119	6,157	6,249	6,304	5,931
Realized Gains/(Losses)	(179)	209	320	403	235	(97)	53	741	(35,982)	455	493	(5,200)
Gains/Losses Transf to IMR	(10)	(167)	(253)	(312)	(186)	76	(42)	(585)	(494)	(360)	(389)	(958)
Amortization of IMR	13	3	44	6	27	21	24	37	46	60	81	136
Investment General Expenses	(931)	(974)	(409)	(793)	(884)	(1,585)	(1,314)	(653)	(115)	(1,189)	(1,531)	(317)
Premiums Collected & Waived	7,284	7,035	7,181	6,879	6,589	6,412	6,655	6,016	6,228	6,053	5,349	6,795
Premiums Accrued	118	49	(400)	201	29	396	286	(230)	830	(134)	636	415
Earned Premium	7,402	7,084	6,781	7,080	6,618	6,808	6,941	5,786	7,058	5,919	5,985	7,210
Claims Paid and Waived	(31,166)	(30,515)	(28,848)	(32,198)	(31,578)	(28,572)	(32,551)	(31,768)	(29,501)	(31,808)	(30,968)	(30,154)
Change in Claim Reserves	702	1,218	(1,228)	1,608	2,107	700	2,497	3,472	(1,802)	4,809	4,809	7,213
Change in Active Life Reserves	9,462	9,462	9,649	10,417	10,417	4,636	9,018	9,018	6,034	10,054	10,054	(23,513)
Change in Premium Deficiency Reserves	4,599	4,599	4,599	4,599	4,599	4,599	4,599	4,599	4,599	4,599	4,599	(336,401)
Change in PDR (IMR Release)	1,908	1,908	1,528	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950
Incurred Claims	(14,495)	(13,328)	(14,300)	(13,624)	(12,505)	(16,687)	(14,486)	(12,729)	(18,720)	(10,396)	(9,555)	(380,905)
Commissions	486	532	522	493	469	438	428	439	440	409	417	582
G&A Expenses (excluding Inv Exp Reclass)	3,550	3,717	2,970	3,285	3,471	3,577	3,942	3,209	2,305	3,577	3,870	2,617
G&A Expenses (including Inv Exp Reclass)	2,619	2,744	2,560	2,492	2,587	1,992	2,628	2,556	2,190	2,388	2,339	2,301
Taxes, Licenses and Fees	185	231	378	185	364	179	285	199	338	568	436	544
Federal and State Taxes	-	-	534	(1)	-	-	-	-	(329)	0	-	(2)
Net Income	\$ (4,674)	\$ (3,877)	\$ (4,531)	\$ (3,777)	\$ (2,329)	\$ (7,628)	\$ (5,088)	\$ (3,478)	\$ (44,691)	\$ (2,626)	\$ (1,807)	\$ (377,527)

Senior Health Insurance Company of Pennsylvania In Rehabilitation
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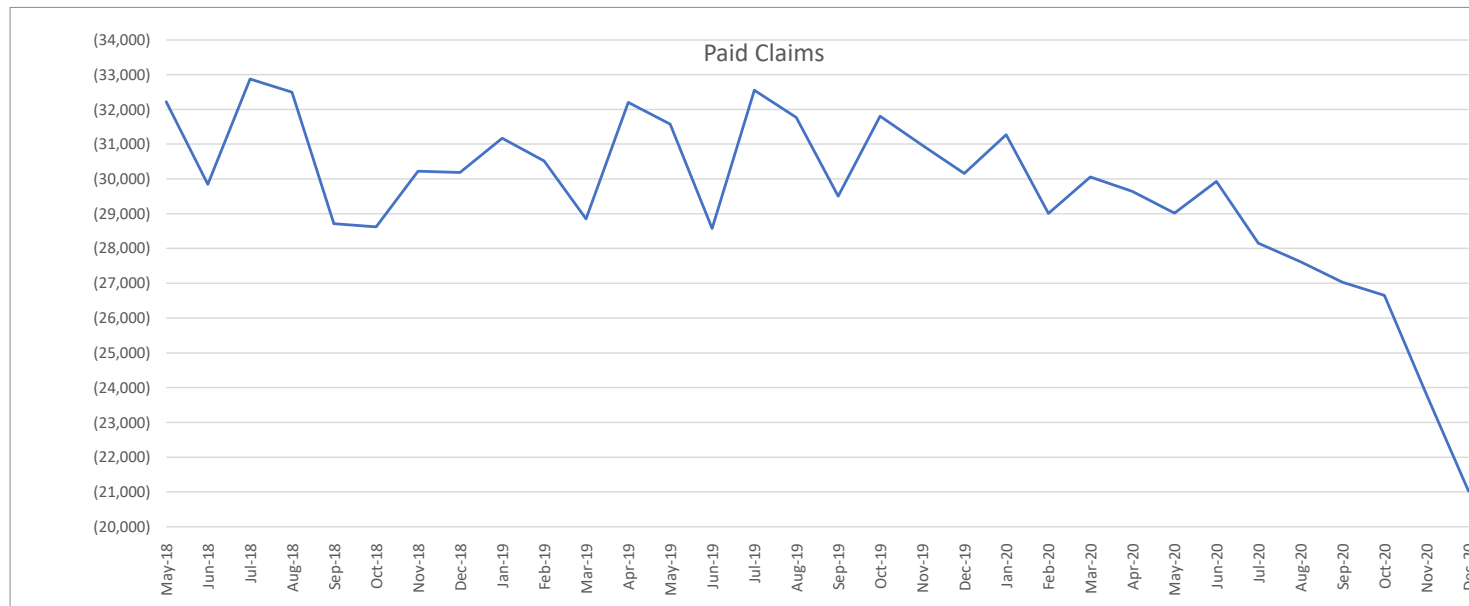
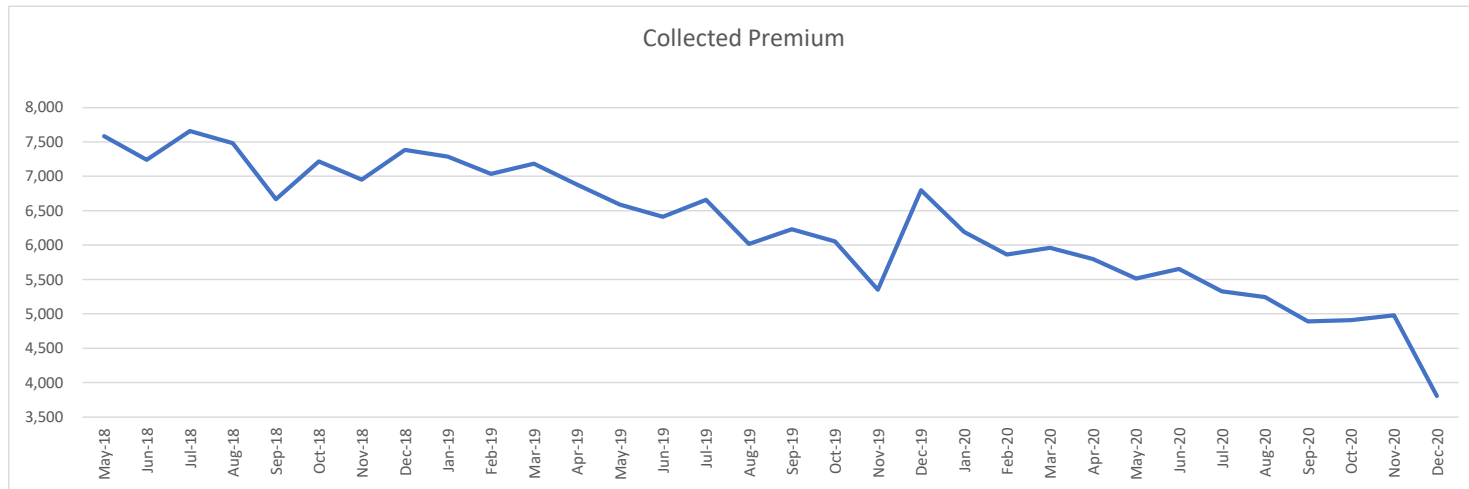
	<u>May-2018</u>	<u>Jun-2018</u>	<u>Jul-2018</u>	<u>Aug-2018</u>	<u>Sep-2018</u>	<u>Oct-2018</u>	<u>Nov-2018</u>	<u>Dec-2018</u>
Investment Income Collected	\$ 8,390	\$ 9,098	\$ 7,449	\$ 129	\$ 5,102	\$ 15,629	\$ 7,153	\$ 6,385
Change in Investment Due and Accrued	(177)	(184)	(184)	(1,565)	(172)	(153)	(36)	(178)
Net Investment Income	8,213	8,914	7,265	(1,436)	4,930	15,476	7,117	6,208
Realized Gains/(Losses)	(925)	(225)	222	(102)	(18,326)	(0)	61	(150,232)
Gains/Losses Transf to IMR	(285)	(2)	57	78	(436)	13	(154)	610
Amortization of IMR	198	48	75	45	128	56	54	(431)
Investment General Expenses	(167)	(141)	(179)	(201)	(308)	(139)	43	(3,347)
Premiums Collected & Waived	7,584	7,237	7,657	7,478	6,664	7,213	6,951	7,383
Premiums Accrued	16	402	361	62	916	(188)	530	536
Earned Premium	7,600	7,639	8,018	7,540	7,580	7,025	7,482	7,919
Claims Paid and Waived	(32,222)	(29,841)	(32,872)	(32,497)	(28,714)	(28,618)	(30,220)	(30,187)
Change in Claim Reserves	1,455	6,353	1,388	1,918	(32,758)	3,320	3,320	(29,131)
Change in Active Life Reserves	12,803	7,387	12,319	12,319	352	11,238	11,238	5,052
Change in Premium Deficiency Reserves	625	625	625	625	625	625	625	(296,875)
Change in PDR (IMR Release)	4,281	4,281	4,281	4,281	4,281	4,281	4,281	4,281
Incurred Claims	(13,058)	(11,194)	(14,259)	(13,354)	(56,214)	(9,154)	(10,756)	(346,860)
Commissions	547	594	514	531	522	486	531	(400)
G&A Expenses (excluding Inv Exp Reclass)	3,439	3,158	3,524	3,635	3,207	3,344	2,752	3,347
G&A Expenses (including Inv Exp Reclass)	3,272	3,017	3,345	3,435	2,898	3,205	2,794	0
Taxes, Licenses and Fees	772	223	270	214	60	147	149	(14)
Federal and State Taxes	-	(218)	-	-	(115)	5	-	(146)
Net Income	\$ (3,014)	\$ 1,422	\$ (2,932)	\$ (11,609)	\$ (66,011)	\$ 9,435	\$ 371	\$ (485,572)

Senior Health Insurance Company of Pennsylvania In Rehabilitation
Trended Net Investment Income
December 31, 2020
in 000s

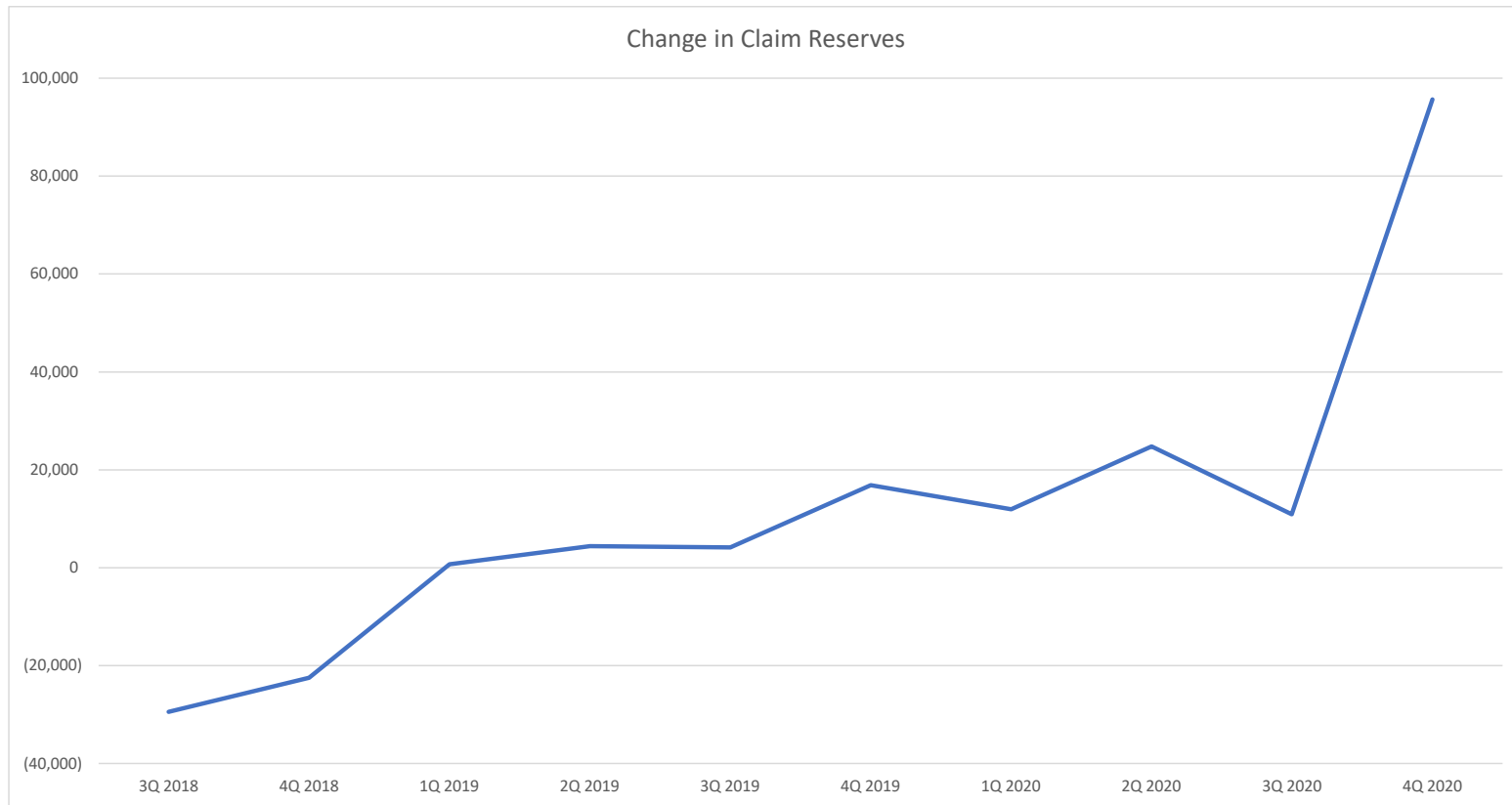


The Company wrote off interest of \$9.3 million related to certain Beechwood assets in August 2018 due to expectations of not receiving the interest. In October 2018, the Company received a distribution of \$7.4 million from Equipment Finance V, a Beechwood asset.

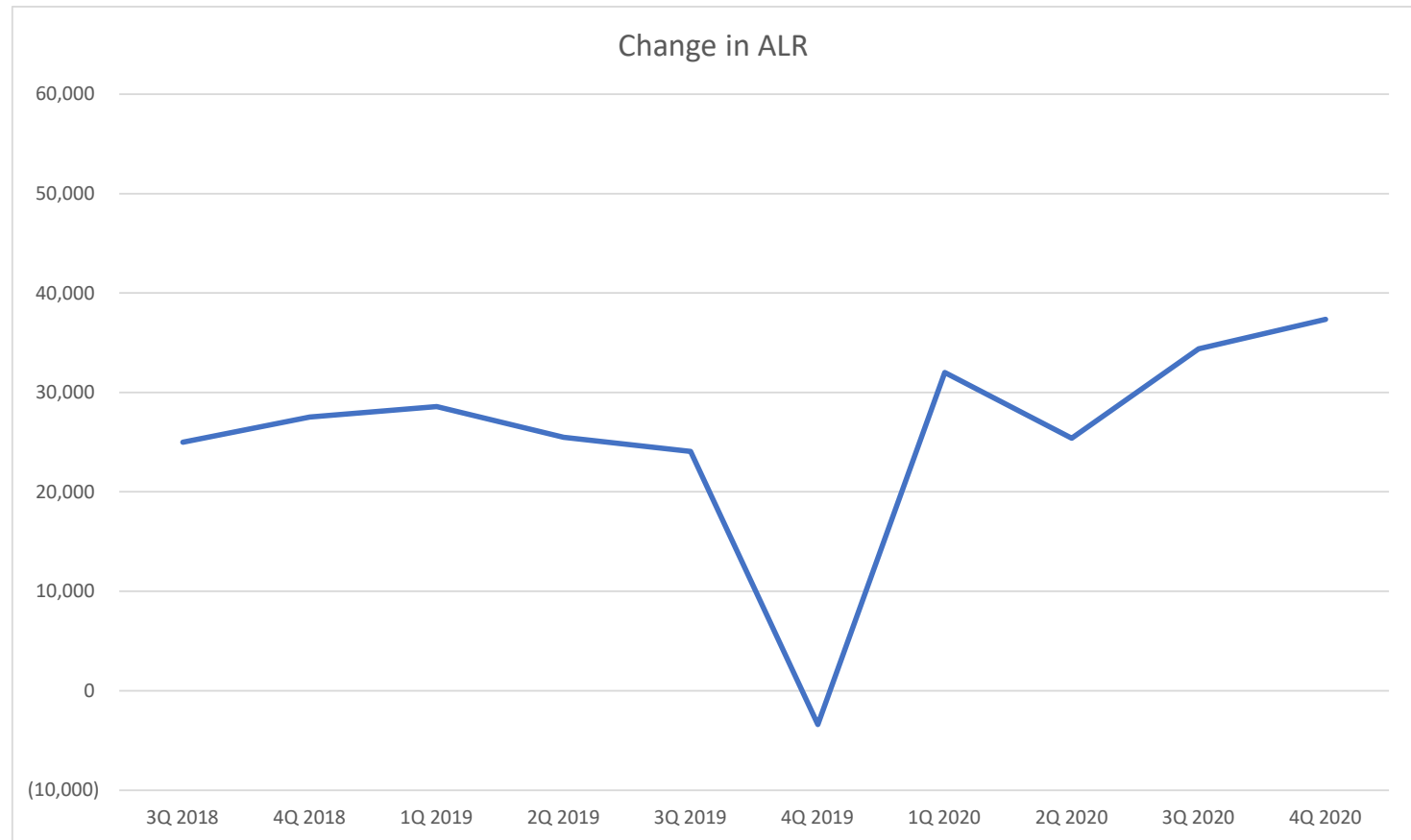
Senior Health Insurance Company of Pennsylvania In Rehabilitation
Trended Collected Premium and Paid Claims
December 31, 2020
in 000s



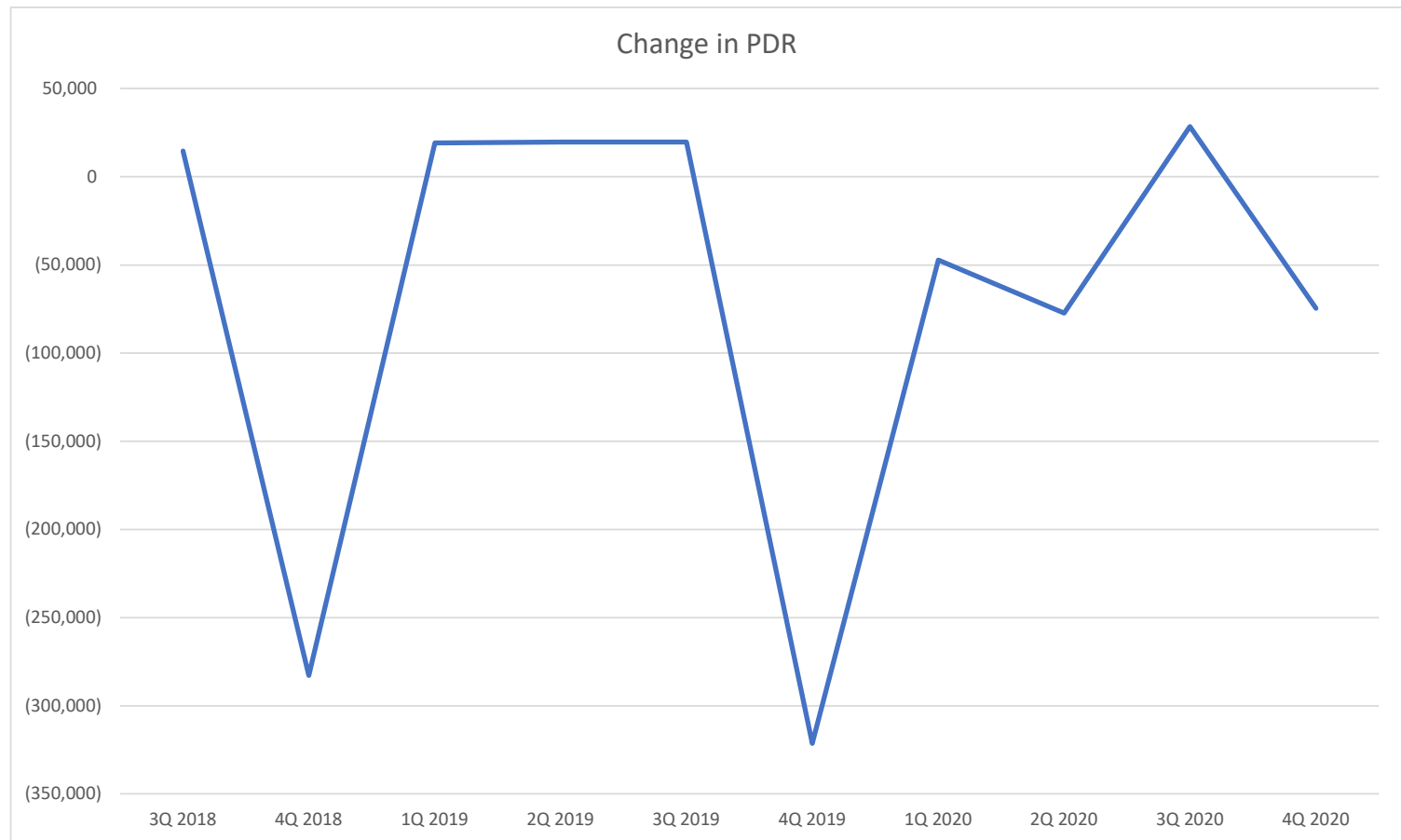
Senior Health Insurance Company of Pennsylvania In Rehabilitation
Quarterly Trended Change in Claim Reserves
December 31, 2020
in 000s



Senior Health Insurance Company of Pennsylvania In Rehabilitation
Quarterly Trended Change in ALR
December 31, 2020
in 000s



Senior Health Insurance Company of Pennsylvania In Rehabilitation
Quarterly Trended Change in PDR
December 31, 2020
in 000s



Senior Health Insurance Company of Pennsylvania In Rehabilitation
Trended General Expenses Excluding Investment Expense Legal Litigation
December 31, 2020
in 000s



SHIP Reporting Package

Professional and Consulting Fees As of December 31, 2020

Contents:

- i. SHIP Rehabilitation Expenses since Rehabilitation Order



Senior Health Insurance Company of Pennsylvania In Rehabilitation
Rehabilitation Expenses after Rehabilitation Order
Period Ending December 31, 2020

Vendor	Inception (Feb 2020 to date)	2020	
		YTD	Dec-20
Legal Fees			
Cozen O'Connor	\$ 951,846	\$ 951,846	\$ (242,244)
Scribner Hall	27,532	27,532	-
Total Rehabilitation Legal Fees	979,378	979,378	(242,244)
Actuarial Fees			
Milliman	20,789	20,789	-
Oliver Wyman	4,229,759	4,229,759	120,214
Total Rehabilitation Actuarial Fees	4,250,548	4,250,548	120,214
Outsourced Services			
E-gineering	260,314	260,314	21,313
LTCG	751,769	751,769	170,405
Priority Press	179,124	179,124	16,625
TPG Direct	69,650	69,650	69,650
Kinsella Media	1,775	1,775	1,775
William J Mansfield	209,145	209,145	-
Zeldis	39,700	39,700	(1,000)
Total Rehabilitation Outsourced Services	1,511,477	1,511,477	278,768
Estate Management Expense			
Cantilo & Bennett	1,916,418	1,916,418	180,000
RLR Management Services	609,223	609,223	62,500
Statutory Rehabilitator	342,248	342,248	3,914
Total Rehabilitation Estate Management Expense	2,867,889	2,867,889	246,414
Total Rehabilitation Expenses	\$ 9,609,292	\$ 9,609,292	\$ 403,152

SHIP Reporting Package

Analytics Dashboard As of December 31, 2020

Contents:

- i. Financial Highlights
- ii. Policies, Premiums and Reserves by Product and Company
- iii. Inforce Policy Persistency Ratio
- iv. LTC Inforce Business by Resident State
- v. LTC Lapse/Cancel Summary
- vi. Claims Analysis
- vii. Complaints Analysis



Senior Health Insurance Company of Pennsylvania In Rehabilitation
Analytic Dashboard

4th Quarter Dashboard
December 31, 2020

Financial Highlights (\$000s)

Balance Sheet	Q4-FY19		Q1-FY20		Q2-FY20		Q3-FY20		Q4-FY20	
	12/31/2019		3/31/2020		6/30/2020		9/30/2020		12/31/2020	
SHIP Invested Assets	1,589,886		1,509,551		1,442,341		1,400,864		1,351,105	
Transamerica Trust	297,053		299,097		301,877		301,184		-	
Total Admitted Assets	1,907,181		1,828,768		1,761,706		1,719,205		1,369,908	
Reserves	2,805,641		2,808,630		2,835,523		2,760,544		2,544,157	
Total Liabilities	2,823,279		2,825,135		2,849,435		2,789,582		2,592,415	
Capital and Surplus	(916,098)		(996,368)		(1,087,729)		(1,070,377)		(1,222,507)	
Statement of Operations	QTR	YTD	QTR	YTD	QTR	YTD	QTR	YTD	QTR	YTD
Premiums	19,114	80,672	18,270	18,270	17,358	35,628	16,589	52,217	14,765	66,982
Investment Income	18,760	81,091	19,550	19,550	17,698	37,247	15,890	53,138	17,281	70,419
Investment Expense	(3,037)	(10,695)	471	471	(997)	(526)	(269)	(794)	(258)	(1,053)
Gain/Loss Transferred to IMR	(1,706)	(3,679)	(744)	(744)	(340)	(1,084)	(545)	(1,629)	(14,581)	(16,210)
Realized Gains/(Losses)	(4,251)	(38,549)	(13,511)	(13,511)	402	(13,110)	6,829	(6,281)	16,799	10,518
Management Fees	-	-	-	-	-	-	-	-	144	144
Benefits Paid	92,930	369,626	90,344	90,344	88,588	178,932	82,797	261,729	71,472	333,201
Change in Claim Reserves	(16,830)	(26,104)	(11,957)	(11,957)	(24,771)	(36,727)	(10,917)	(47,644)	(95,663)	(143,307)
Change in ALR	3,404	(74,708)	(31,991)	(31,991)	(25,375)	(57,366)	(34,377)	(91,744)	(37,339)	(129,083)
Change in PDR Reserves	321,352	262,914	47,243	47,243	77,316	124,559	(28,437)	96,122	74,653	170,775
Loss on Transamerica Recapture	-	-	-	-	-	-	-	-	168,507	168,507
Commissions	1,408	5,654	1,303	1,303	1,265	2,568	1,083	3,651	971	4,622
Operating Expenses	7,028	29,396	9,270	9,270	7,194	16,464	7,690	24,153	7,153	31,306
Taxes/Licenses/Fees	1,549	3,893	316	316	296	613	340	953	179	1,132
Federal & State Income Taxes	(1)	203	(232)	(232)	-	(232)	(217)	(449)	(56)	(505)
Net (loss) income	(381,960)	(462,034)	(80,261)	(80,261)	(90,392)	(170,654)	20,533	(150,121)	(155,726)	(305,847)
Ratios	QTR	YTD	QTR	YTD	QTR	YTD	QTR	YTD	QTR	YTD
Paid Claims Ratio (1)	486.19%	458.18%	494.50%	494.50%	510.36%	502.22%	499.11%	501.23%	484.05%	497.45%
Incurred Claims Ratio (2)	398.14%	425.82%	429.05%	429.05%	367.65%	399.14%	433.30%	409.99%	-163.84%	283.50%
Loss Ratio(3)	2097.18%	659.12%	512.53%	512.53%	666.88%	587.73%	54.65%	418.38%	88.87%	345.74%
Operating Expense Ratio (4)	36.77%	36.44%	50.74%	50.74%	41.44%	46.21%	46.35%	46.26%	48.44%	46.74%
Commission Ratio (5)	7.37%	7.01%	7.13%	7.13%	7.29%	7.21%	6.53%	6.99%	6.58%	6.90%

(1) Benefits Paid divided by premiums

(2) Includes benefits paid and change in claim reserves divided by premiums

(3) Includes benefits paid, change in claim reserves, change in ALR and change in PDR reserves divided by premiums

(4) Operating expenses divided by premiums

(5) Commissions divided by premiums

Senior Health Insurance Company of Pennsylvania In Rehabilitation

Analytic Dashboard

4th Quarter Dashboard
December 31, 2020

Policies, Premiums, and Reserves as of December 31, 2020

Breakout Exhibit by Product ID

<u>Product ID</u>	<u>Number of Members (1)</u>	<u>Annualized Premium (2)</u>	<u>Total Reserve (3)</u>
TPM	916	\$ 3,014,946	\$ 51,234,753
10770/10853	1,250	1,155,347	38,884,784
10955/11001	6,910	13,502,855	919,332,831
FQ_Preference	9,313	13,601,207	515,754,215
HHC	4,128	2,498,435	128,316,755
JCP	1,862	3,634,975	97,789,066
LTC-1	3,919	7,578,841	128,362,824
LTC-3	2,663	3,516,218	202,439,633
LTC-6	8,476	11,855,415	515,425,144
Other ATL	1,237	1,284,142	29,809,804
Other_TLI	407	166,947	15,556,110
Grand Total	41,081	\$ 61,809,328	\$ 2,642,905,919

(1) Includes paid up policies: NFO or lifetime waiver

(2) Includes policies on waiver of premium

(3) Includes active life reserves, claim reserves, premium deficiency reserves, and gross unearned premium reserves

Senior Health Insurance Company of Pennsylvania In Rehabilitation

Analytic Dashboard

4th Quarter Dashboard

December 31, 2020

Inforce Policy Persistency Ratio (1)		
Value Date	Annualized Plan (2)	Actual
Q1 2015	89.9%	88.2%
Q2 2015	89.7%	89.1%
Q3 2015	89.7%	90.1%
Q4 2015	89.6%	90.1%
Q1 2016	89.2%	88.6%
Q2 2016	89.0%	89.0%
Q3 2016	89.0%	89.5%
Q4 2016	89.0%	89.2%
Q1 2017	89.1%	87.3%
Q2 2017	88.8%	87.6%
Q3 2017	88.6%	86.6%
Q4 2017	88.6%	88.8%
Q1 2018	88.6%	87.0%
Q2 2018	88.3%	87.4%
Q3 2018	88.1%	88.5%
Q4 2018	88.0%	88.3%
Q1 2019	88.8%	87.7%
Q2 2019	88.3%	87.8%
Q3 2019	87.8%	88.0%
Q4 2019	87.6%	86.5%
Q1 2020	85.6%	85.7%
Q2 2020	85.0%	87.8%
Q3 2020	86.5%	83.4%
Q4 2020	86.6%	83.7%

(1) Percent of members who remain inforce

(2) Source - Milliman CFT

Senior Health Insurance Company of Pennsylvania in Rehabilitation

Analytic Dashboard

LTC In force by Resident State

4th Quarter Dashboard
December 31, 2020

<u>Resident State</u>	<u>Number of Members (1)</u>	<u>Premium (2)</u>	<u>Resident State</u>	<u>Number of Members (1)</u>	<u>Premium (2)</u>
Alabama	97	\$ 131,553	Montana	200	\$ 260,050
Alaska	27	25,894	Nebraska	544	\$ 947,162
Arizona	1,026	1,378,941	Nevada	153	\$ 179,502
Arkansas	225	293,691	New Hampshire	62	\$ 109,037
California	3,243	5,369,645	New Jersey	703	\$ 1,286,167
Canada	7	8,335	New Mexico	163	\$ 254,184
Colorado	460	773,500	New York	393	\$ 433,904
Connecticut	86	139,014	North Carolina	1,210	\$ 2,136,541
Delaware	109	139,231	North Dakota	358	\$ 635,090
District of Columbia	25	32,511	Ohio	1,610	\$ 2,798,256
Florida	4,117	5,106,727	Oklahoma	924	\$ 1,098,296
Georgia	786	1,190,020	Oregon	296	\$ 330,954
Hawaii	101	130,190	Other	10	\$ 35,794
Idaho	127	123,787	Pennsylvania	3,963	\$ 7,310,100
Illinois	1,782	3,624,068	Puerto Rico	2	\$ 1,558
Indiana	1,149	1,957,671	Rhode Island	18	\$ 34,399
Iowa	967	1,428,260	South Carolina	403	\$ 727,082
Kansas	837	1,153,140	South Dakota	245	\$ 500,830
Kentucky	677	896,052	Tennessee	631	\$ 987,230
Louisiana	312	394,453	Texas	5,403	\$ 6,432,519
Maine	319	428,736	Utah	321	\$ 353,161
Maryland	886	1,577,769	Vermont	23	\$ 30,682
Massachusetts	300	540,017	Virginia	779	\$ 1,411,532
Michigan	930	1,096,441	Washington	1,296	\$ 1,348,839
Minnesota	542	816,285	West Virginia	87	\$ 132,302
Mississippi	187	367,614	Wisconsin	687	\$ 802,584
Missouri	1,231	2,051,813	Wyoming	42	\$ 56,218
			Total	41,081	\$ 61,809,328

(1) Number of members inforce

(2) Annualized premiums inforce

4Q Quarter Dashboard December 31, 2020

Status on LTC Lapse/Cancel/Death (1)

4th Quarter Dashboard December 31, 2020

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total YTD	Avg YTD
Premium Paying	25,892	25,490	25,109	24,815	24,535	24,233	23,954	23,673	23,138	22,827	22,437	21,875	21,875	23,998
Claim Waiver / Lifetime Waiver	10,986	10,902	10,768	10,672	10,579	10,569	10,478	10,433	10,231	10,106	10,015	9,826	9,826	10,464
Nonforfeiture	10,382	10,350	10,204	10,103	9,968	9,871	9,750	9,624	9,453	9,360	9,404	9,380	9,380	9,821
Lapse	60	33	25	-	-	-	-	-	238	87	57	71	571	48
Cancel	32	27	60	44	45	32	33	42	27	28	29	53	452	38
Death	411	427	560	426	443	347	438	381	629	387	321	634	5,404	450
OTHER TERMINATIONS														
Maxed Benefits	31	34	21	28	23	32	29	31	23	35	35	22	344	29
Other Terminations	1	-	1	-	-	-	-	-	-	-	-	-	2	0
Reinstatements	(10)	(3)	(6)	(7)	(3)	(2)	(9)	(2)	(9)	(8)	(5)	(5)	(69)	(6)
Nonforfeiture Conversion	1	78	5	6	5	1	2	-	1	10	148	125	382	32
Lapse/Cancel	92	60	85	44	45	32	33	42	265	115	86	124	1,023	85
Death	411	427	560	426	443	347	438	381	629	387	321	634	5,404	450
Other Terminations	33	112	27	34	28	33	31	31	24	45	183	147	728	61
Policies In Force	47,260	46,742	46,081	45,590	45,082	44,673	44,182	43,730	42,822	42,293	41,856	41,081	41,081	44,283
Lapse / Cancel Term Rate	0.19%	0.13%	0.18%	0.10%	0.10%	0.07%	0.07%	0.10%	0.61%	0.27%	0.20%	0.30%	N/A	0.19%
Annualized Lapse / Cancel Term Rate	2.31%	1.52%	2.18%	1.15%	1.18%	0.85%	0.89%	1.14%	7.27%	3.22%	2.44%	3.56%	N/A	2.31%
Death & Other Term Rate	0.93%	1.14%	1.26%	1.00%	1.03%	0.84%	1.05%	0.93%	1.49%	1.01%	1.19%	1.87%	N/A	1.15%
Annualized Death & Other Term Rate	11.15%	13.69%	15.07%	11.98%	12.40%	10.11%	12.60%	11.19%	17.92%	12.11%	14.30%	22.39%	N/A	13.74%
Annualized Total Term Rate	13.46%	15.21%	17.25%	13.12%	13.58%	10.97%	13.48%	12.33%	25.19%	15.33%	16.74%	25.95%	N/A	16.05%

(1) Termination status is based on the reporting month's coverage file and what was known at that point in time. Actual termination reasons may vary due to additional information provided at a later date.

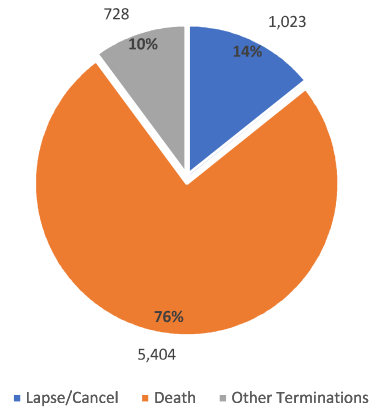
Senior Health Insurance Company of Pennsylvania In Rehabilitation

Analytic Dashboard

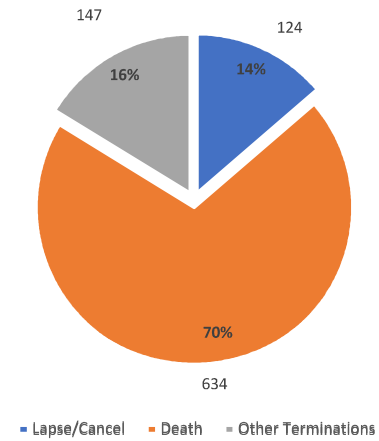
4th Quarter Dashboard
December 31, 2020

Status on LTC Lapse/Cancel/Death
Policies inforce as of December 31, 2020 is 41,081

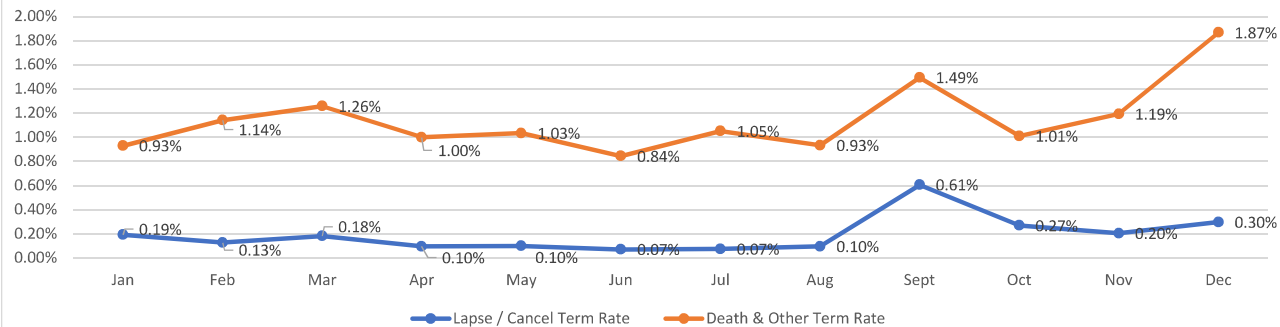
Terminations FY 2020



Terminations December 2020



Termination Rates

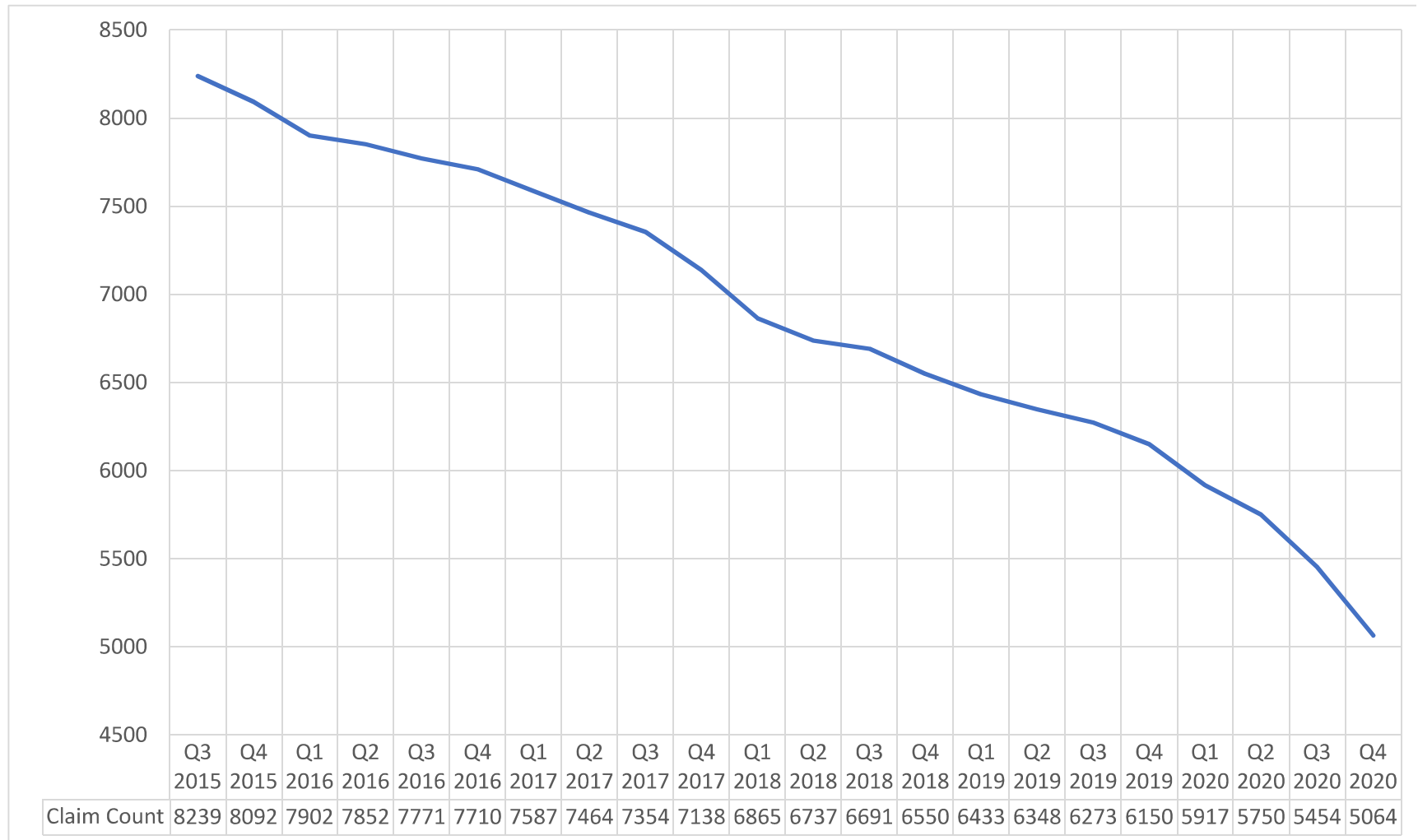


Senior Health Insurance Company of Pennsylvania In Rehabilitation

Analytic Dashboard

Total Open Claims (1)

4th Quarter Dashboard
December 31, 2020

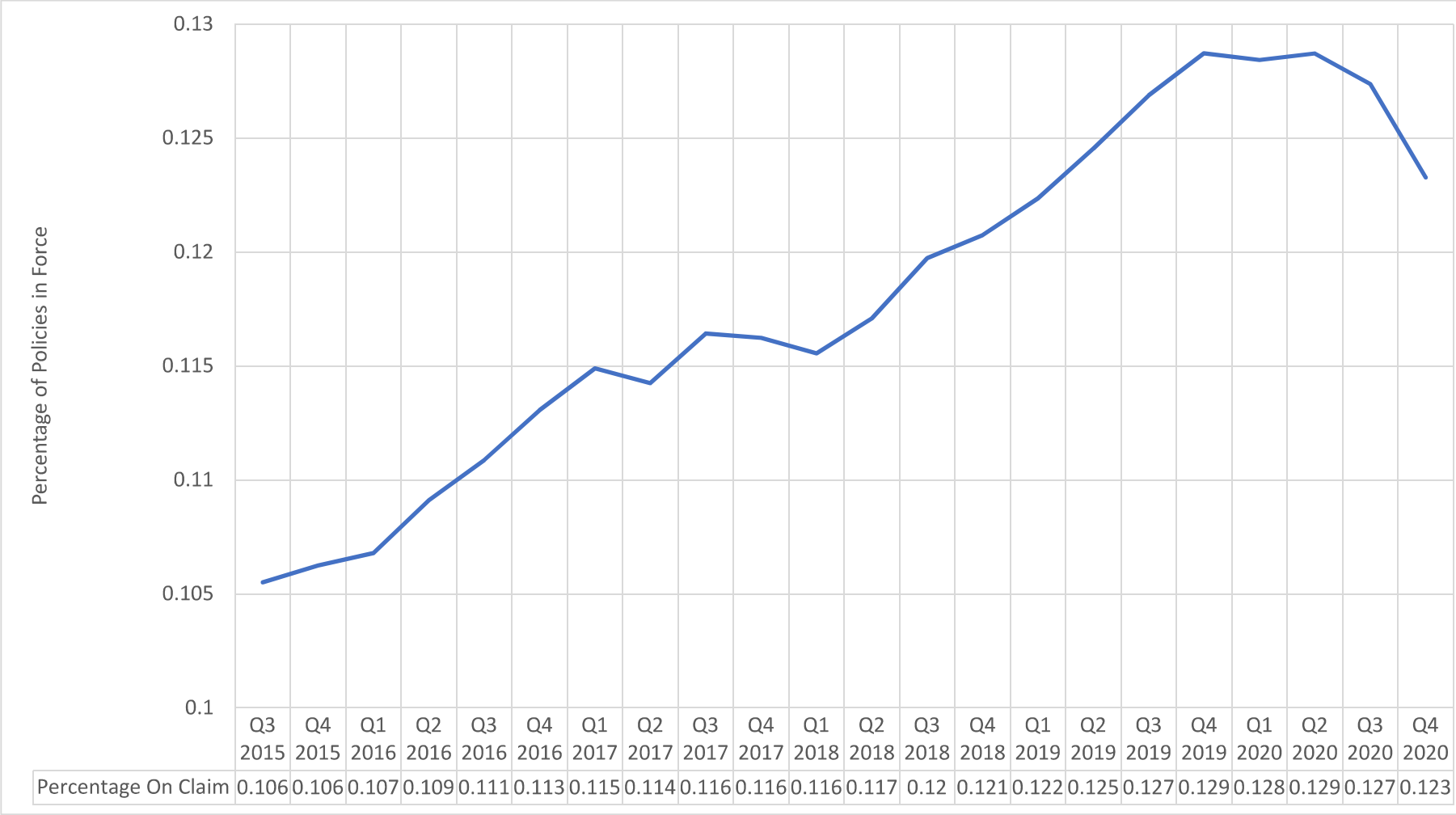


(1) Open Claims are those that have had a payment

Senior Health Insurance Company of Pennsylvania In Rehabilitation
Analytic Dashboard

Percentage of Inforce on Claim

4th Quarter Dashboard
December 31, 2020



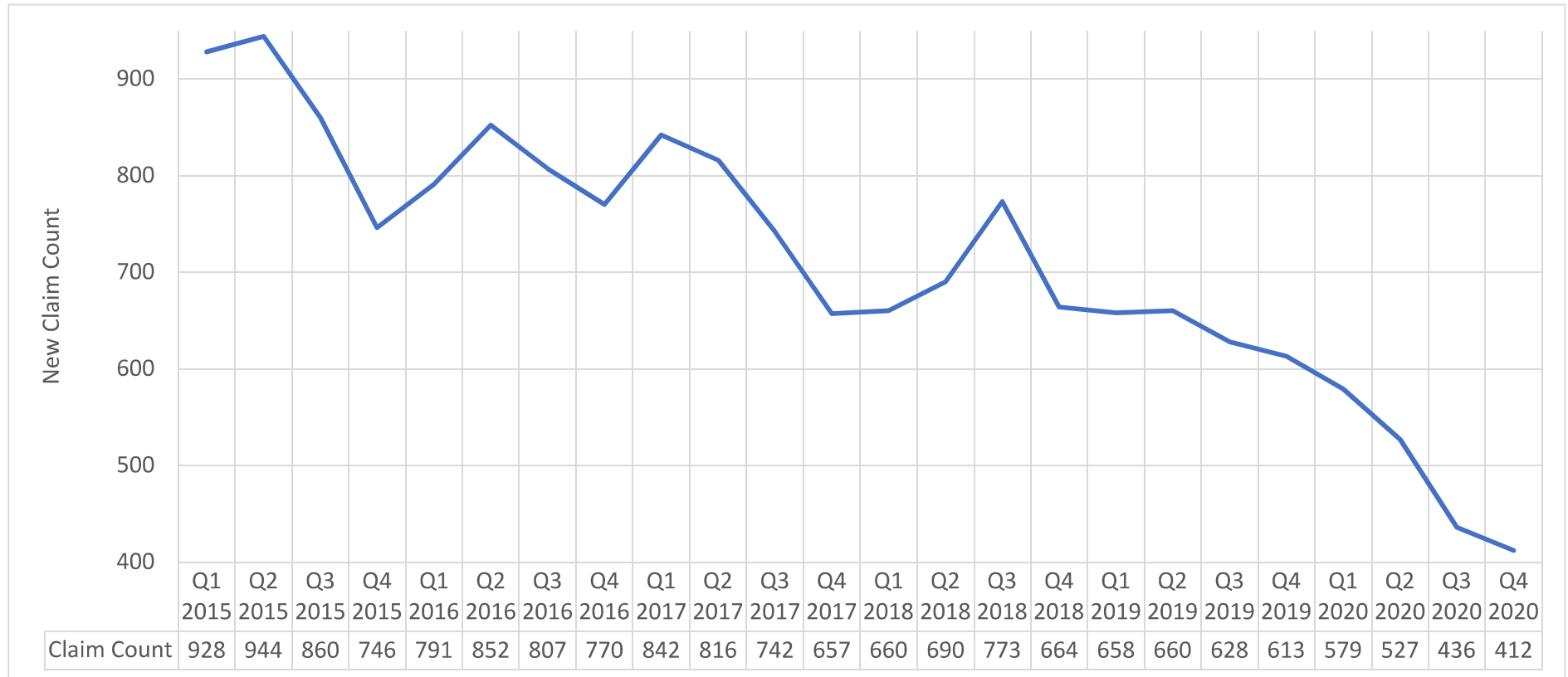
Senior Health Insurance Company of Pennsylvania In Rehabilitation

Analytic Dashboard

New Claim Trend

4th Quarter Dashboard

December 31, 2020

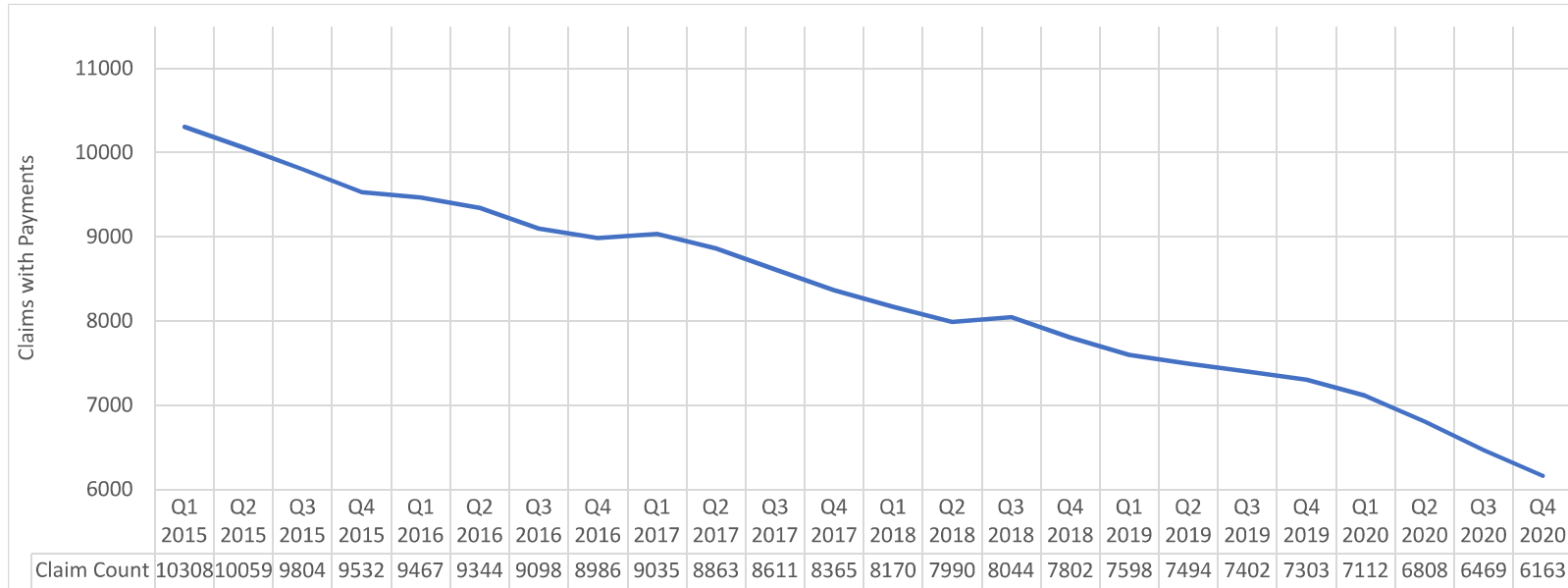


Senior Health Insurance Company of Pennsylvania In Rehabilitation

Analytic Dashboard

Claims with Payments

4th Quarter Dashboard
December 31, 2020

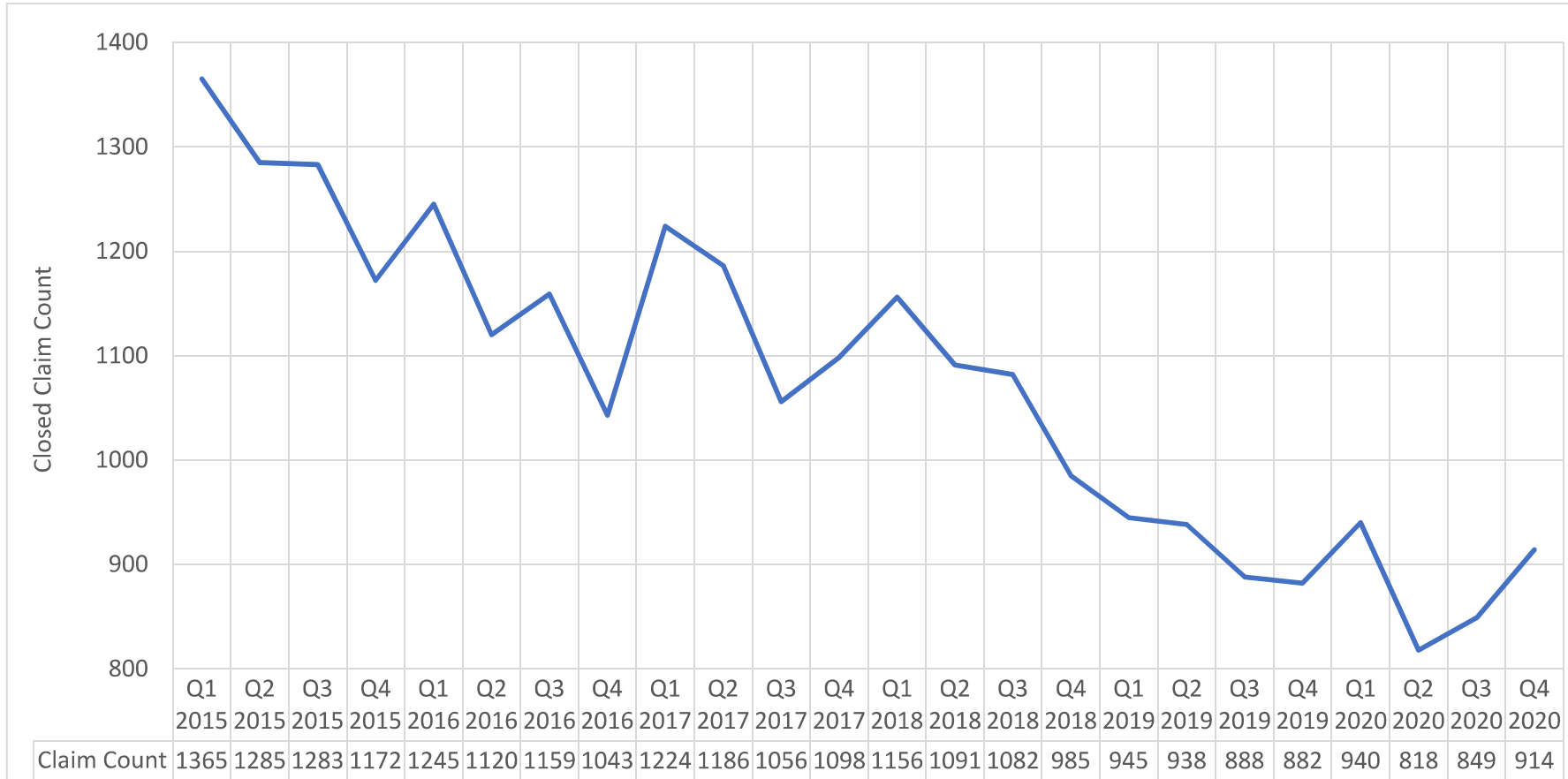


Senior Health Insurance Company of Pennsylvania In Rehabilitation

Analytic Dashboard

Closed Claims Trend

4th Quarter Dashboard
December 31, 2020

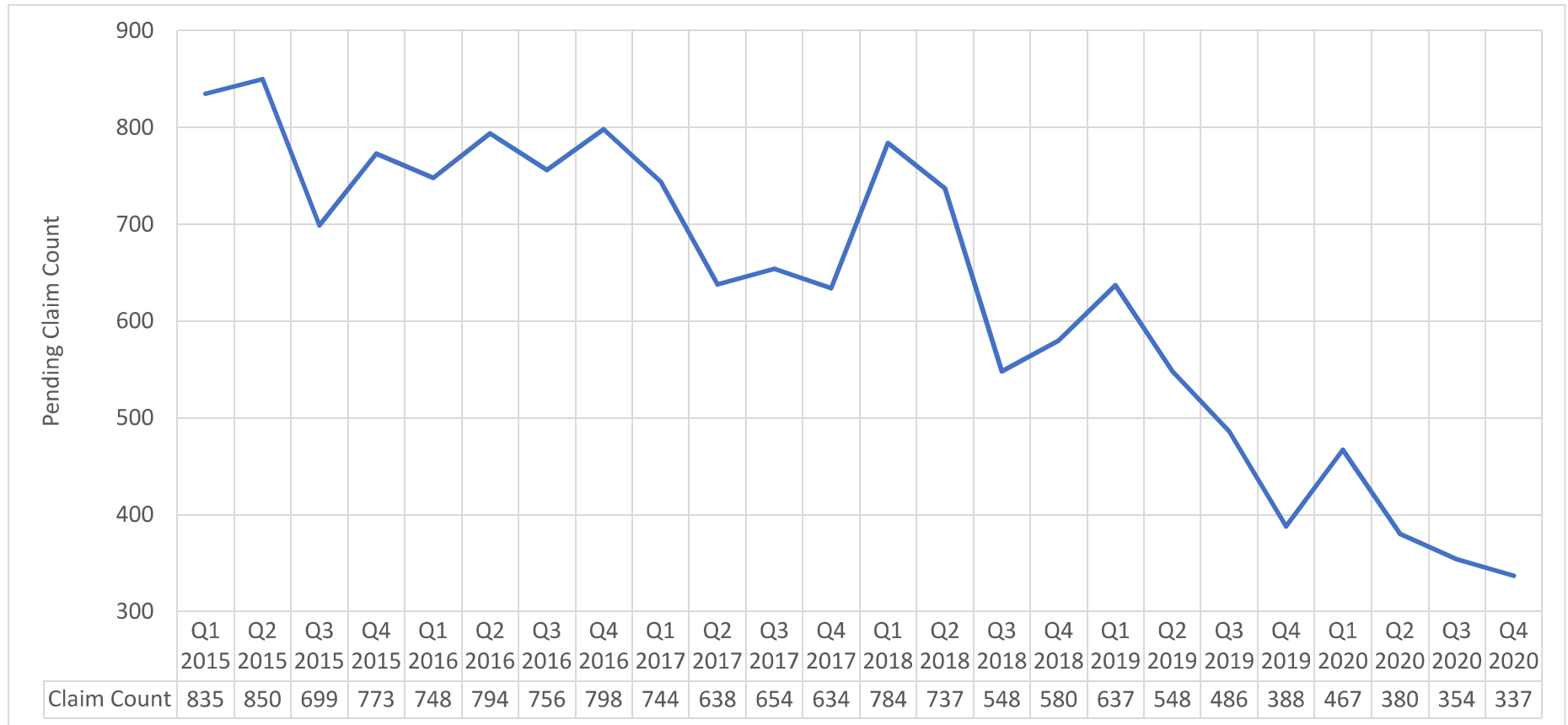


Senior Health Insurance Company of Pennsylvania in Rehabilitation

Analytic Dashboard

Pending Claims Trend

4th Quarter Dashboard
December 31, 2020



Senior Health Insurance Company of Pennsylvania In Rehabilitation
Analytic Dashboard
Complaint Analysis

4th Quarter Dashboard
December 31, 2020

Month	Total Complaints	Total Justified	Outcome Pending	Claims	Claims DOI	Claims PH	Claims Other	PHS	PHS DOI	PHS PH	PHS Other	MISC	MISC DOI	MISC PH	MISC Other
JAN	24	2	0	17	5	7	5	7	4	3	0	0	0	0	0
FEB	0	0	0	21	9	10	2	6	3	3	0	0	0	0	0
MAR	39	2	0	26	15	10	1	8	2	6	0	5	0	5	0
1st Quarter Totals	63	4	0	64	29	27	8	21	9	12	0	5	0	5	0
APR	31	3	0	19	10	8	1	8	3	5	0	4	2	2	0
MAY	24	2	0	18	8	10	0	4	2	2	0	2	1	1	0
JUNE	23	3	0	19	9	8	2	3	1	2	0	1	0	1	0
2nd Quarter Totals	78	8	0	56	27	26	3	15	6	9	0	7	3	4	0
JULY	22	3	0	14	5	8	1	6	4	2	0	2	0	2	0
AUGUST	27	0	0	16	10	6	0	2	2	0	0	9	2	7	0
SEPTEMBER	16	1	0	8	7	1	0	4	3	1	0	4	2	2	0
3rd Quarter Totals	65	4	0	38	22	15	1	12	9	3	0	15	4	11	0
OCTOBER	10	2	0	6	2	3	1	3	1	2	0	1	0	1	0
NOVEMBER	14	2	0	6	2	4	0	5	2	3	0	3	1	2	0
DECEMBER	16	0	0	7	5	1	1	0	0	0	0	9	3	6	0
4th Quarter Totals	40	4	0	19	9	8	2	8	3	5	0	13	4	9	0
Year Total	246	20	-	177	87	76	14	56	27	29	-	40	11	29	-

CERTIFICATE OF SERVICE

I, Michael J. Broadbent, hereby certify that on March 31, 2021, I served the foregoing Notice of Filing of Quarterly Report and the Quarterly Report of the Rehabilitator on the Status of the Rehabilitation of Senior Health Insurance Company of Pennsylvania filed concurrently therewith on all parties listed on the Master Service List by electronic mail, and I further certify that an electronic copy of the foregoing documents will be posted on SHIP's website at <https://www.shipltc.com/court-documents>.

/s/ Michael J. Broadbent