FINANCIAL STATEMENTS AND SUPPLEMENTARY

INFORMATION – STATUTORY BASIS

AMERIGROUP Louisiana, Inc.

Years Ended December 31, 2014 and 2013
with Reports of Independent Auditors

AMERIGROUP Louisiana, Inc.

Financial Statements and Supplementary Information – Statutory Basis

Years ended December 31, 2014 and 2013

Contents

Building a better
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Report of Independent Auditors

Board of Directors
AMERIGROUP Louisiana, Inc.

We have audited the accompanying statutory basis financial statements of AMERIGROUP Louisiana, Inc., which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of income, changes in capital and surplus, and cash flow for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with accounting practices prescribed or permitted by the Louisiana Department of Insurance. Management also is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, to meet the requirements of Louisiana, the financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Louisiana Department of Insurance, which practices differ from U.S. generally accepted accounting principles. The variances between such practices and U.S. generally accepted accounting principles are described in Note 1. The effects on the accompanying financial statements of these variances are not reasonably determinable but are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the effects of the matter described in the preceding paragraph, the statutory basis financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of AMERIGROUP Louisiana, Inc. at December 31, 2014 and 2013, or the results of its operations or its cash flows for the years then ended.

Opinion on Statutory Basis of Accounting

However, in our opinion, the statutory basis financial statements referred to above present fairly, in all material respects, the financial position of AMERIGROUP Louisiana, Inc. at December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with accounting practices prescribed or permitted by the Louisiana Department of Insurance.

Ernst & Young LLP

May 29, 2015

AMERIGROUP Louisiana, Inc.

Balance Sheets – Statutory Basis

	December 31	
	2014	**2013**
	(In Thousands)	
Admitted assets		
Cash and invested assets:		
Cash, (bank overdrafts) and short-term investments	**$ 415**	$ (142)
Bonds	**66,708**	63,603
Common stocks	**15,125**	13,704
Securities lending collateral	**4,794**	5,781
Total cash and invested assets	**87,042**	82,946
Accrued investment income	**515**	476
Premiums receivable	**9,466**	9,120
Current federal income tax recoverable	**3,238**	-
Net deferred tax asset	**1,975**	2,215
Electronic data processing equipment	**3**	17
Receivable from parent and affiliates	**435**	45
Total admitted assets	**$ 102,674**	$ 94,819
Liabilities and capital and surplus		
Liabilities:		
Unpaid claims and claims adjustment expenses	**$ 31,737**	$ 35,244
Aggregate policy reserves	**1,147**	-
General expenses due and accrued	**2,938**	5,209
Current federal income tax payable	**-**	351
Remittances and items not allocated	**368**	809
Payable to parent and affiliates	**1,042**	-
Payable for securities lending	**4,794**	5,781
Other liabilities	**13,099**	30
Total liabilities	**55,125**	47,424
Capital and surplus:		
Common stock, $.01 par value: 1,000 shares authorized, issued and outstanding	**-**	-
Additional paid-in surplus	**60,676**	60,676
Accumulated deficit	**(21,224)**	(13,281)
Special surplus funds	**8,097**	-
Total capital and surplus	**47,549**	47,395
Total liabilities and capital and surplus	**$ 102,674**	$ 94,819

AMERIGROUP Louisiana, Inc.

Statements of Income – Statutory Basis

	Year ended December 31	
	2014	**2013**
	(In Thousands)	
Premium income	**$ 395,969**	$ 410,958
Benefits and expenses:		
Claims and claims adjustment expenses	**362,805**	381,572
Operating expenses	**33,959**	24,846
Change in reserves for accident and health contracts	**1,147**	-
Total benefits and expenses	**397,911**	406,418
Net underwriting (loss) gain	**(1,942)**	4,540
Investment gains:		
Net investment income	**2,216**	1,269
Net realized capital gain (loss) on investment, net of tax	**77**	(53)
Net investment gains	**2,293**	1,216
Other loss	**(24)**	-
Income before federal income taxes	**327**	5,756
Federal income taxes (benefit)	**1,946**	(4,102)
Net (loss) income	**$ (1,619)**	$ 9,858

See accompanying notes.

AMERIGROUP Louisiana, Inc.

Statements of Changes in Capital and Surplus – Statutory Basis

	Common Stock	Additional Paid-in Surplus	Unassigned (Deficit)	Special Surplus Fund	Total Capital and Surplus
			(In Thousands)		
Balance as of January 1, 2013	$ -	$ 60,676	$ (23,193)	$ -	$ 37,483
Net income	-	-	9,858	-	9,858
Change in unrealized capital gains	-	-	171	-	171
Change in net deferred income tax	-	-	(5,231)	-	(5,231)
Change in nonadmitted assets	-	-	5,114	-	5,114
Balance as of December 31, 2013	-	60,676	(13,281)	-	47,395
Net loss	**-**	**-**	**(1,619)**	**-**	**(1,619)**
Change in unrealized capital gains	**-**	**-**	**801**	**-**	**801**
Change in net deferred income tax	**-**	**-**	**(268)**	**-**	**(268)**
Change in nonadmitted assets	**-**	**-**	**1,240**	**-**	**1,240**
2015 ACA insurer fee	**-**	**-**	**(8,097)**	**8,097**	**-**
Balance as of December 31, 2014	**$ -**	**$ 60,676**	**$ (21,224)**	**$ 8,097**	**$ 47,549**

See accompanying notes.

AMERIGROUP Louisiana, Inc.

Statements of Cash Flow – Statutory Basis

	Year ended December 31 2014	2013
	(In Thousands)	
Operating activities:		
Premiums collected, net of reinsurance	**$ 395,624**	$ 407,185
Net investment income	**3,051**	1,729
Claims and claims adjustment expenses	**(365,832)**	(378,226)
General administrative and miscellaneous expenses paid	**(36,217)**	(21,369)
Federal income taxes (paid) recovered	**(5,577)**	4,482
Net cash (used in) provided by operating activities	**(8,951)**	13,801
Investment activities:		
Proceeds from investments sold, matured or repaid	**15,029**	10,717
Cost of investments acquired	**(18,090)**	(74,361)
Other	**-**	(5,781)
Net cash used in investment activities	**(3,061)**	(69,425)
Financing or miscellaneous activities:		
Other cash received	**12,569**	6,233
Net cash provided by financing or miscellaneous activities	**12,569**	6,233
Change in cash, (bank overdrafts), cash equivalents, and short term investments	**557**	(49,391)
Cash, (bank overdrafts), cash equivalents, and short-term investments at beginning of year	**(142)**	49,249
Cash, (bank overdrafts), short-term investments at end of year	**$ 415**	**$ (142)**

See accompanying notes.

(Dollars In Thousands)

1. Nature of Operations and Significant Accounting Policies

AMERIGROUP Louisiana, Inc. (the "Company"), a Louisiana corporation, commenced operations on February 1, 2012 and is licensed as a health maintenance organization in the state of Louisiana ("the State"), and is a wholly-owned subsidiary of AMERIGROUP Corporation ("Amerigroup"). On December 24, 2012, WellPoint, Inc. ("WellPoint") completed the acquisition of all of Amerigroup's outstanding shares. As a result of the acquisition, the Company became an indirect subsidiary of WellPoint. The shareholders of WellPoint approved a proposal to amend its articles of incorporation to change the name to Anthem, Inc. ("Anthem") from WellPoint, Inc. The name change was effective December 2, 2014.

The Company's members include children and families served by Medicaid's Temporary Assistance for Needy Families ("TANF") as well as people with disabilities. The Company serves children, families, seniors and people with disabilities through the BAYOU HEALTH program. The Company's current service areas are statewide.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Louisiana Department of Insurance ("LDI"). The LDI has adopted the accounting policies found in the National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures Manual* ("NAIC SAP") as a component of prescribed accounting practices. For the years ended December 31, 2014 and 2013 there were no differences between the Company's capital and surplus or net income under NAIC SAP and practices prescribed or permitted by the LDI.

NAIC SAP practices vary from U.S. generally accepted accounting principles ("GAAP"). The more significant variances from GAAP, applicable to the Company, are as follows:

Investments: Investments in bonds and unaffiliated common stock are reported at amortized cost or fair value based on their NAIC rating. For GAAP, such fixed maturity investments are designated at purchase as available-for-sale and are reported at fair value with unrealized holding gains and losses reported as a separate component of capital and surplus.

For statutory purposes, all single class and multi-class mortgage-backed/asset-backed securities, such as collateralized mortgage obligations ("CMOs"), where it is determined that a decline in fair value is other-than-temporary because the Company intends to sell the security or has assessed that it does not have the intent and ability to retain the investments in the security for a period of time sufficient to recover the amortized cost basis, the amortized cost basis is written down to fair value as a realized loss in the statements of income. If deemed other-than-temporarily impaired as the Company does not expect to recover the amortized cost basis even if it did not intend to sell the security and the Company has the intent and ability to hold the security, the amortized cost basis is written down to the present value of future cash flows as a realized loss in the statements of income. For impaired bonds not backed by other assets, an other-than-temporary impairment ("OTTI") is considered to have occurred if it is probable that the Company will be unable to collect all amounts due according to the instrument's contractual terms in effect at the date of acquisition. A decline in fair value that is other-than-temporary includes situations where the Company has made a decision to sell a security prior to its maturity at an amount below its carrying value. If it is determined that a decline in the fair value of a bond is other-than-temporary, an impairment loss is recognized as a realized loss in the statements of income equal to the entire difference between the bond's carrying value and its fair value.

1. Nature of Operations and Significant Accounting Policies (continued)

For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets, such as CMOs, mortgage-backed securities, bonds and asset-backed securities, other than high credit quality securities, whose decline in fair value is determined to be other-than-temporary, the cost basis of the security is written down to the fair value if the Company intends to sell the security or it is more likely than not that the Company will have to sell the security prior to recovery. For impaired fixed maturity securities that the Company does not intend to sell or it is more likely than not that the Company will not have to sell such securities, but the Company expects that it will not fully recover the amortized cost basis, the credit component of the OTTI is recognized in other-than-temporary losses in the statements of income, and the non-credit component of the OTTI impairment is recognized in other comprehensive income. Furthermore, unrealized losses entirely caused by non-credit factors related to fixed maturity securities for which the Company expects to fully recover the amortized cost basis continue to be recognized in accumulated other comprehensive income.

Premiums receivable: Premiums receivable are recorded at the billed amount and reduced by any amounts not deemed collectible. Generally, non-government amounts aged ninety days and older are excluded from the balance sheets by a direct charge to capital and surplus. For GAAP, these amounts are recorded at the billed amounts and are reported net of a valuation allowance based upon historical collection trends and management's judgment on the collectability of these accounts.

Nonadmitted assets: Certain assets designated as nonadmitted, including deferred federal income taxes in excess of certain statutory limits, nonoperating software, furniture and equipment, and certain receivable balances are excluded from the balance sheets by a direct charge to capital and surplus. These nonadmitted assets totaled $3,639 and $4,879 at December 31, 2014 and 2013, respectively. For GAAP, these amounts are carried as an asset, net of a valuation allowance, if necessary.

Deferred income tax: Deferred tax assets are reduced by a statutory valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all of the gross deferred tax assets will not be realized. Adjusted gross deferred tax assets are separated by character (ordinary and capital) and admitted in an amount equal to the sum of 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse by the end of the applicable carryback period, plus 2) based on Risk Based Capital ("RBC") thresholds the lesser of the remaining adjusted gross deferred tax assets expected to be realized within the applicable period of the balance sheet date or an amount no greater than the applicable percentage of capital and surplus excluding any net deferred tax assets, electronic data processing ("EDP") equipment and operating software, plus 3) the amount of remaining adjusted gross deferred tax assets that can be offset against existing gross deferred tax liabilities after consideration of the reversal patterns of temporary differences. The remaining deferred tax asset is nonadmitted.

Deferred taxes do not include amounts for state taxes. Changes in deferred income taxes are recorded as adjustments to capital and surplus. For GAAP, state income taxes are considered in the computation of deferred taxes, a deferred tax asset is recorded for the amount of gross deferred tax assets expected to be realized in future years, and a valuation allowance is established for deferred tax assets estimated to be unrealizable. Excluding the tax impact of unrealized investment gains and losses, the change in deferred income taxes is recorded in the statements of income.

Statements of cash flow: Bank overdrafts, cash and short-term investments in the statements of cash flow represent cash balances, bank overdrafts, and investments with initial maturities of one year or less. If in the aggregate the Company has a net negative cash balance, it is reported as a negative asset and not as a liability. For GAAP, the corresponding captions of cash and cash equivalents include cash balances and investments with initial maturities of three months or less, and negative cash balances are recorded separately as liabilities.

1. Nature of Operations and Significant Accounting Policies (continued)

Reinsurance: Any reinsurance balance amounts deemed to be uncollectible have been written off through a charge to operations. In addition, a liability for reinsurance balances has been provided for unsecured policy reserves ceded to reinsurers not authorized to assume such business. Changes to the liability are credited or charged directly to unassigned surplus. Under GAAP, an allowance for amounts deemed uncollectible would be established through a charge to earnings.

The effects of the foregoing variances for GAAP on the accompanying statutory basis financial statements have not been determined but are presumed to be material.

Other significant accounting policies are as follows:

Use of Estimates

Preparation of statutory basis financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investments

Bonds not backed by loans are stated at amortized cost, with amortization of premium or discount calculated based on the modified scientific method, using lower of yield to call or yield to maturity. Single class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions for loan-backed securities and structured securities are obtained from broker-dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment. The retrospective adjustment method is used to value all loan-backed securities. Non-investment grade bonds are stated at the lower of cost or fair value as determined by the NAIC's Securities Valuation Office ("SVO").

Common stocks of unaffiliated companies are stated at fair value based upon security prices prescribed by various third-party pricing sources.

The Company participates in a securities lending program whereby marketable securities in its investment portfolio are transferred to independent brokers or dealers based on, among other things, their creditworthiness in exchange for collateral initially equal to at least 102% of the fair value of the securities on loan, and is thereafter maintained at a minimum of 100% of the fair value of the securities loaned. The fair value of the securities on loan to each borrower is monitored daily and the borrower is required to deliver additional collateral if the fair value of the collateral falls below 100% of the fair value of the securities on loan. The Company has no loaned portfolio securities with terms exceeding one year.

Unrealized gains and losses on stocks and non-investment grade bonds are reflected directly in unassigned surplus, net of federal income taxes, unless there is deemed to be an other-than-temporary decline in value, in which case the loss is charged to income. Realized gains and losses on investments sold are determined using the specific identification method and are included in net realized capital gains on investment, net of tax. Investment income is not accrued on bonds with interest payments in default.

Short-term investments include investments with maturities of less than one year and more than three months at the date of acquisition and are reported at amortized cost, which approximates fair value. Non-investment grade short-term and cash equivalent investments are stated at the lower of amortized cost or fair value.

1. Nature of Operations and Significant Accounting Policies (continued)

Electronic Data Processing Equipment and Software

EDP equipment and software is recorded at cost less accumulated depreciation. Depreciation on EDP equipment and operating software is computed principally by the straight-line method over the lesser of their estimated useful lives of the assets or three years. Non-operating software is depreciated using the straight-line method over the lesser of its useful life or five years. Accumulated depreciation at December 31, 2014 and 2013 was $304 and $289, respectively. Depreciation expense in 2014 and 2013 was $14 and $14, respectively.

Furniture and Equipment

Furniture and equipment is capitalized and depreciated on a straight-line basis over its useful life. The net book value is charged in full to unassigned surplus as a nonadmitted asset. Depreciation expense in 2014 and 2013 was $434 and $439, respectively.

Health Care Receivables

Health care receivables represent amounts related to pharmacy rebate receivables and other health care related receivables other than premiums. Pharmacy rebate receivables are recorded when earned based upon actual rebate receivables and an estimate of receivables based upon current utilization of specific pharmaceuticals and provider contract terms. These health care receivables are subject to various admittance tests based on the nature of the receivable balance.

Unpaid Claims and Claims Adjustment Expenses

Unpaid claims and claims adjustment expenses include management's best estimate of amounts based on historical claim development patterns and certain individual case estimates. The established liability considers health benefit provisions, business practices, economic conditions and other factors that may materially affect the cost, frequency and severity of claims. Reserves for unpaid claims and claims adjustment expenses are based on assumptions and estimates, and while management believes such estimates are reasonable, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and changes in estimates are incorporated into current operating results.

The Company records a liability for future policy benefits relating to certain individual product contracts. The liability represents the present value of future benefits to be paid to or on behalf of policy holders and related expenses less the present value of future net premiums. Changes in the liability for future benefits are recognized in the accompanying statutory basis statements in the period in which the changes occur.

Premium Deficiency Reserve

Premium deficiency reserves are established for the amount of the anticipated claims and claims adjustment expenses that have not been previously expensed in excess of the recorded unearned premium reserve and future premiums on existing policies. The Company does not use anticipated investment income as a factor in the premium deficiency reserve calculation, which is included in aggregate policy reserves in the balance sheets. The Company recorded premium deficiency reserves of $1,147 as of December 31, 2014. The Company did not have premium deficiency reserves at December 31, 2013.

Premiums

Premiums are recognized as revenue during the period in which the Company is obligated to provide service to members. Premium payments from contracted government agencies are based on eligibility lists produced by the

1. Nature of Operations and Significant Accounting Policies (continued)

government agencies. Adjustments to eligibility lists produced by the government agencies result from retroactive application of enrollment or disenrollment of members or classification changes between rate categories. The Company estimates the amount of retroactive premium owed to or from the government agencies each period and adjusts premium revenue accordingly. Expenses incurred in connection with acquiring insurance business are charged to operations as incurred.

Delays in approval of annual premium rate changes require that the Company defer the recognition of any increases to the period in which the premium rates become final. The value of the impact can be significant in the period in which it is recognized dependent on the magnitude of the premium rate increase, the membership to which it applies and the length of the delay between the effective date of the rate increase and the final contract date. Premium rate decreases are recognized in the period the change in premium rate becomes effective and the change in the rate is known, which may be prior to the period when the contract amendment affecting the rate is finalized.

Reinsurance

Reinsurance premiums, claims and claim adjustment expenses are accounted for on a basis consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

Retrospectively Rated Contracts

The Company's contract with the State Medicaid Agency include a provision for which premiums vary based on loss experience. The Company estimates accrued retrospective premium adjustments through the review of each retrospectively rated contract, comparing the claim development with that anticipated in the contract. Any adjustment made to the estimated liability as a result of a final settlement is included in current operations. The Company uses estimates to report in the statutory basis financial statements the incurred and unpaid liability amounts for retrospectively rated contracts based on its underwriting experience; actuarial, tax, and accounting estimates and assumptions at the financial statement date; and regulations and guidance available that are subject to change prior to settlement. Accordingly, the Company's use of estimates and assumptions in the preparation of the statutory basis financial statements and related footnote disclosures may differ from actual results. The Company accrues retrospective premium as an adjustment to earned premium.

Federal Income Tax

The Company participates in a tax sharing agreement with Anthem and its subsidiaries. Allocation of federal income tax is based upon separate return calculations with credit for net losses that can be used on a consolidated basis. Intercompany tax balances are settled based on the Internal Revenue Service due dates.

Patient Protection and Affordable Care Act ("ACA")

In 2010, the U.S. Congress passed and the President signed into law the ACA. The ACA has created significant changes and will continue to create significant changes for health insurance markets. Certain requirements include changes to Medicare Advantage payments and the minimum Medical Loss Ratio ("MLR") provision that requires insurers to pay rebates to customers when insurers do not meet or exceed the specified MLR thresholds. Most of the provisions of ACA with more significant effects on the health insurance marketplace, both state and federal, went into effect on January 1, 2014, including a requirement that insurers guarantee the issuance of coverage to all individuals regardless of health status, strict rules on how health insurance is rated, the assessment of new taxes and fees (including annual fees on health insurance companies), the creation of new insurance exchanges for individuals and small groups, the availability of premium subsidies for certain individual products, and substantial expansions in eligibility for Medicaid.

(Dollars In Thousands)

1. Nature of Operations and Significant Accounting Policies (continued)

Implementation of ACA brings with it significant oversight responsibilities by health insurers that may result in increased governmental audits, increased assertions of False Claims Act violations, and an increased risk of other litigation.

Health Insurer Fee

ACA Section 9010 imposed a mandatory annual fee on health insurers that write certain types of health insurance on U.S. risks for each calendar year beginning on or after January 1, 2014. The annual fee is allocated to health insurers based on the ratio of the amount of an insurer's premium written during the preceding calendar year to the amount of health insurance for all U.S. health risk for those certain lines of business that is written during the preceding calendar year. This fee is non-deductible for income tax purposes. The health insurer fee paid in 2014, based upon premiums written in 2013, is included in 2014 operating expenses. The estimated health insurer fee payable in 2015, based upon premiums written in 2014, is segregated in special surplus funds at December 31, 2014. For statutory accounting purposes, the entire fee expected to be paid during the year is recorded as a general and administrative expense on January 1st, as the first policy is underwritten for the calendar year.

Recently Issued Accounting Pronouncements

In 2014, the NAIC adopted Statement of Statutory Accounting Principles ("SSAP") No. 106, *Affordable Care Act Assessments*. This statement establishes statutory accounting principles for the ACA Health Insurer Fee and disclosures related to the risk sharing provisions of the ACA.

2. Investments

A summary of the Company's investments in bonds is as follows:

		Gross	Gross Unrealized Losses		
December 31, 2014	**Statement Value**	**Gross Unrealized Gains**	**Less Than 12 Months**	**12 Months or Greater**	**Fair Value**
States, territories and political subdivisions	**$ 22,428**	**$ 351**	**$ (6)**	**$ (15)**	**$ 22,758**
Industrial and miscellaneous	**35,328**	**347**	**(170)**	**(156)**	**35,349**
Loan-backed and structured securities	**8,952**	**9**	**(1)**	**(42)**	**8,918**
Total bonds	**$ 66,708**	**$ 707**	**$ (177)**	**$ (213)**	**$ 67,025**
December 31, 2013					
States, territories and political subdivisions	$ 17,254	$ 47	$ (562)	$ -	$ 16,739
Industrial and miscellaneous	36,928	114	(777)	-	36,265
Loan-backed and structured securities	9,421	3	(111)	-	9,313
Total bonds	$ 63,603	$ 164	$ (1,450)	$ -	$ 62,317

The statement and fair value of bonds at December 31, 2014, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(Dollars In Thousands)

2. Investments (continued)

	Statement Value	Fair Value
Due in one year or less	**$ 1,536**	**$ 1,547**
Due after one through five years	**11,518**	**11,587**
Due after five through ten years	**20,127**	**20,167**
Due after ten years	**24,575**	**24,806**
Mortgage-backed securities	**8,952**	**8,918**
	$ 66,708	**$ 67,025**

Proceeds from the sale of bonds during 2014 were $12,483, resulting in realized gross gains of $161 and realized gross losses of $41. Proceeds from the sale of bonds during 2013 were $9,196, resulting in realized gross gains of $51 and realized gross losses of $132.

Bonds with a statement value of $1,008 and $1,006 were on deposit with the LDI at December 31, 2014 and 2013, respectively.

A summary of the Company's investment in common stock is as follows:

		Gross	Gross Unrealized Losses		
		Unrealized	Less Than	12 Months	Fair
December 31, 2014	**Cost**	**Gains**	**12 Months**	**or Greater**	**Value**
Common Stock	**$ 13,438**	**$ 1,687**	**$ -**	**$ -**	**$ 15,125**
December 31, 2013					
Common Stock	$ 13,438	$ 266	$ -	$ -	$ 13,704

The Company did not have proceeds from sales of unaffiliated common stocks during 2014 and 2013. The Company did not have realized gains or losses on common stocks in 2014 and 2013.

A significant judgment in the valuation of investments is the determination of when an other-than-temporary decline in value has occurred. The Company follows a consistent and systematic process for impairing securities that sustain other-than-temporary declines in value. The Company has established a committee responsible for the impairment review process. The decision to impair a security incorporates both quantitative criteria and qualitative information. The impairment review process considers a number of factors, including but not limited to (a) the length of time and the extent to which a security's fair value has been less than statement value; (b) the financial condition and near term prospects of the issuer; (c) the intent to sell and, for loan-backed and structured securities, the intent and ability of the Company to retain its investment for a period of time to allow for any anticipated recovery in value; (d) whether the debtor is current on interest and principal payments; and (e) general market conditions and industry or sector-specific factors. For securities that are deemed to be other-than-temporarily impaired, the security is adjusted to its fair value (or its discounted cash flows for loan-backed and structured securities), and the resulting losses are recognized in net realized gains or losses in the statutory basis statements of income. The new cost basis of the impaired securities is not increased for future recoveries in fair value. There were no charges recorded for OTTI of securities for the years ended December 31, 2014 and 2013.

(Dollars In Thousands)

2. Investments (continued)

A summary of investments with unrealized losses along with the related fair value, aggregated by the length of time that the investments have been in a continuous unrealized loss position, is as follows:

	December 31, 2014			**December 31, 2013**		
	Number of Securities	**Fair Value**	**Gross Unrealized Loss**	**Number of Securities**	**Fair Value**	**Gross Unrealized Loss**
Bonds:						
Less than 12 months	**23**	**$ 10,474**	**$ (177)**	69	$ 40,560	$ (1,450)
12 Month of Greater	**17**	**12,017**	**(213)**	-	-	-
Total bonds	**40**	**$ 22,491**	**$ (390)**	69	$ 40,560	$ (1,450)

The Company's bond portfolio is sensitive to interest rate fluctuations, which impact the fair value of individual securities. Unrealized losses on bonds reported above were primarily caused by the effect of the interest rate environment and the widening credit spread on certain securities. The Company has the ability and intent to hold the investments until their full cost can be recovered. Therefore, the Company does not believe the unrealized losses represent OTTI's as of December 31, 2014 or 2013.

The Company is required to categorize its loan-backed and structured securities by the reason for which the Company recognized an OTTI during the years ended December 31, 2014 and 2013. The Company did not recognize an OTTI on loan-backed and structured securities in 2014 and 2013.

The Company's investment portfolio included loaned securities with carrying values of $4,718 and $5,654 at December 31, 2014 and 2013, respectively. The fair value of the invested collateral was $4,795 and $5,781 at December 31, 2014 and 2013, respectively.

The Company reinvests the collateral received under the securities lending program. The aggregate amount of cash collateral reinvested at December 31, 2014, categorized by the contractual maturity of the investment, is as follows:

	Amortized Cost	**Fair Value**
30 days or less	**$ 4,794**	**$ 4,795**
Total collateral reinvested	**$ 4,794**	**$ 4,795**

(Dollars In Thousands)

3. Fair Value

Assets and liabilities recorded at fair value in the statutory basis balance sheets would be categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are as follows:

Level Input	Input Definition
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The following table summarizes the assets measured at fair value and held as of December 31:

	Level I	Level II	Level III	Total
December 31, 2014				
Industrial and miscellaneous	**$ -**	**$ 3,985**	**$ -**	**$ 3,985**
Total bonds	**-**	**3,985**	**-**	**3,985**
Industrial and miscellaneous	**15,125**			**15,125**
Total stocks	**15,125**	**-**	**-**	**15,125**
Total assets at fair value	**$ 15,125**	**$ 3,985**	**$ -**	**$ 19,110**
December 31, 2013				
Industrial and miscellaneous	$ -	$ 3,599	$ -	$ 3,599
Total bonds	-	3,599	-	3,599
Industrial and miscellaneous	13,704			13,704
Total stocks	13,704	-	-	13,704
Total assets at fair value	$ 13,704	$ 3,599	$ -	$ 17,303

Fair values of fixed maturity securities are based on quoted market prices, where available. These fair values are obtained primarily from third party pricing services, which generally use Level I or Level II inputs, for the determination of fair value to facilitate fair value measurements and disclosures. United States government securities represent Level I securities, while Level II securities primarily include corporate securities, securities from states, municipalities and political subdivisions and residential mortgage-backed securities. For securities not actively traded, the third party pricing services may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies, include, but are not limited to, broker quotes, benchmark yields, credit spreads, default spreads, default rates and prepayment speeds. As the Company is responsible for the determination of fair value, the Company performs monthly analyses on the prices received from third parties to determine whether the prices are reasonable estimates of fair value. The Company's analyses include a review of month-to-month price fluctuations and, as needed, a comparison of pricing services' valuations for the identical security.

(Dollars In Thousands)

3. Fair Value (continued)

Fair values of equity securities are generally designated as Level I and are based on quoted market prices. For certain equity securities, quoted market prices for the identical security are not always available and the fair value is estimated by reference to similar securities for which quoted prices are available. These securities are designated Level II.

The following table summarizes the fair value of financial instruments by type as of December 31, 2014 and 2013, respectively:

December 31, 2014

Type of Financial Instrument	**Aggregate Fair Value**	**Admitted Assets**	**(Level I)**	**(Level II)**	**(Level III)**	**Not Practicable (Carrying Value)**
Bonds	**$ 67,025**	**$ 66,708**	**$ -**	**$ 67,025**	**$ -**	**$ -**
Common stock	**15,125**	**15,125**	**15,125**	**-**	**-**	**-**
Short term investments	**1,837**	**1,837**	**837**	**1,000**	**-**	**-**

December 31, 2013

Type of Financial Instrument	**Aggregate Fair Value**	**Admitted Assets**	**(Level I)**	**(Level II)**	**(Level III)**	**Not Practicable (Carrying Value)**
Bonds	$ 62,317	$ 63,603	$ -	$ 62,317	$ -	$ -
Common stock	13,704	13,704	13,704	-	-	-
Short term investments	3,605	3,605	3,605	-	-	-

Certain financial assets are measured at fair value using Level III inputs, such as certain non-investment grade bonds and loan-backed securities or investments that are impaired during the year and recorded at fair value. During the years ended December 31, 2014 and 2013 there were no assets measured at fair value using Level III inputs.

There were no transfers into or out of Level I or Level II during the years ended December 31, 2014 and 2013. The Company's policy is to recognize transfers between levels, if any, as of the beginning of the reporting period.

The Company did not have any impairments during 2014 or 2013 on assets measured at fair value.

(Dollars In Thousands)

4. Unpaid Claims and Claims Adjustment Expenses

The following table provides a reconciliation of the beginning and ending balances for unpaid claims and claims adjustment expenses:

	2014	2013
Balances at January 1	**$ 35,244**	$ 29,156
Incurred (redundancies) related to:		
Current year	**371,341**	382,306
Prior years	**(8,536)**	(734)
Total incurred	**362,805**	381,572
Paid related to:		
Current year	**338,247**	345,516
Prior years	**28,065**	29,968
Total paid	**366,312**	375,484
Balances at December 31	**$ 31,737**	$ 35,244

Amounts incurred related to prior years vary from previously estimated liabilities as the claims are ultimately settled. Liabilities at any year-end are continually reviewed and re-estimated, as information regarding actual claim payments becomes known. This information is compared to the originally established year-end liability. Negative amounts reported for incurred related to prior years result from claims being settled for amounts less than originally estimated. This experience is primarily attributable to actual medical cost experience more favorable than that assumed at the time the liability was established. The Company took into account estimated anticipated subrogation and other recoveries in its determination of the liability for unpaid claims based on historical recovery patterns.

5. Reinsurance

Certain premiums and benefits are ceded to other insurance companies under various reinsurance agreements. These reinsurance agreements limit the Company's exposure to losses within its capital resources. The Company remains obligated for amounts ceded in the event that the reinsurers do not meet their obligations.

The effects of reinsurance on net premium considerations are as follows:

	Year ended December 31	
	2014	**2013**
Direct premiums	**$ 396,015**	$ 411,111
Ceded premiums - non-affiliates	**(46)**	(153)
Net premiums	**$ 395,969**	$ 410,958

(Dollars In Thousands)

5. Reinsurance (continued)

Company's ceded reinsurance arrangements reduced certain other items in the accompanying financial statements is as follows:

	Year ended December 31 2014	2013
Direct claims and claim adjustment expense	**$ 362,805**	$ 381,572
Ceded claims and claim adjustment expense	**-**	-
Net claims and claim adjustment expense	**$ 362,805**	$ 381,572

6. Federal Income Taxes

The Company had a federal income tax recoverable of $3,238 at December 31, 2014. The Company had a federal income tax payable of $351 at December 31, 2013.

The components of net deferred tax assets (liabilities) at December 31, 2014 are as follows:

	Ordinary	Capital	Total
Gross deferred tax assets	**$ 2,674**	**$ -**	**$ 2,674**
Gross deferred tax liabilities	**(3)**	**(526)**	**(529)**
Net deferred tax asset before admissibility test	**$ 2,671**	**$ (526)**	**$ 2,145**

The amount of admitted adjusted gross deferred tax assets under each component of SSAP No. 101 as of December 31, 2014 is:

	Ordinary	Capital	Total
Admitted pursuant to Paragraph 11.a	**$ 1,923**	**$ -**	**$ 1,923**
Admitted pursuant to Paragraph 11.b	**52**	**-**	**52**
Admitted pursuant to Paragraph 11.c	**529**	**-**	**529**
Admitted deferred tax asset	**2,504**	**-**	**2,504**
Deferred tax liability	**(3)**	**(526)**	**(529)**
Net admitted deferred tax asset	**2,501**	**(526)**	**1,975**
Nonadmitted deferred tax asset	**$ 170**	**$ -**	**$ 170**

The components of net deferred tax assets (liabilities) at December 31, 2013 are as follows:

	Ordinary	Capital	Total
Gross deferred tax assets	$ 2,941	$ -	$ 2,941
Gross deferred tax liabilities	-	(96)	(96)
Net deferred tax asset before admissibility test	$ 2,941	$ (96)	$ 2,845

(Dollars In Thousands)

6. Federal Income Taxes (continued)

The amount of admitted adjusted gross deferred tax assets under each component of SSAP No. 101 as of December 31, 2014 is:

	Ordinary	Capital	Total
Admitted pursuant to Paragraph 11.a	$ 2,143	$ -	$ 2,143
Admitted pursuant to Paragraph 11.b	72	-	72
Admitted pursuant to Paragraph 11.c	96	-	96
Admitted deferred tax asset	2,311	-	2,311
Deferred tax liability	-	(96)	(96)
Net admitted deferred tax asset	2,311	(96)	2,215
Nonadmitted deferred tax asset	$ 630	$ -	$ 630

The change in the amount of admitted adjusted gross deferred tax assets under each component during 2014 is:

	Ordinary	Capital	Total
Admitted pursuant to paragraph 11.a	$ (220)	$ -	$ (220)
Admitted pursuant to paragraph 11.b	(20)	-	(20)
Admitted pursuant to paragraph 11.c	433	-	433
Admitted deferred tax asset	193	-	193
Deferred tax liability	(3)	(430)	(433)
Net admitted deferred tax asset	$ 190	$ (430)	$ (240)
Nonadmitted deferred tax asset	$ (460)	$ -	$ (460)

	2014	2013
Ratio percentage used to determine recovery period and threshold limitation amount	**330%**	318%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation	**$ 45,572**	$ 45,429

The impact of tax planning strategies is as follows:

	2014		2013		Change	
	Ordinary	**Capital**	**Ordinary**	**Capital**	**Ordinary**	**Capital**
Adjusted gross deferred tax assets	$ 2,674	$ -	$ 2,941	$ -	$ (267)	$ -
Percentage of total adjusted gross deferred tax assets by tax character attributable to the impact of tax planning strategies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net admitted adjusted gross deferred tax assets	$ 2,504	$ -	$ 2,311	$ -	$ 193	$ -
Percentage of total net admitted adjusted gross deferred tax assets by tax character attributable to the impact of tax planning strategies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The Company’s tax planning strategies do not include the use of reinsurance.

(Dollars In Thousands)

6. Federal Income Taxes (continued)

Current income taxes consist of the following major components:

	2014	2013	Change
Federal income tax benefit from operations	**$ 1,946**	$ (4,102)	$ 6,048
Federal income tax benefit from net capital losses	**43**	(28)	71
Federal income taxes	**$ 1,989**	$ (4,130)	$ 6,119

The components of deferred income tax at December 31 are as follows:

	2014	2013	Change
Deferred tax assets:			
Ordinary:			
Amortization	**$ 316**	$ 343	$ (27)
Accounts receivable	**965**	1,165	(200)
Fixed assets	**540**	570	(30)
Premium deficiency reserves	**401**	-	401
Other insurance reserves	**452**	863	(411)
Subtotal	**2,674**	2,941	(267)
Nonadmitted deferred tax assets	**(170)**	(630)	460
Admitted ordinary deferred tax assets	**2,504**	2,311	193
Deferred tax liabilities:			
Ordinary:			
Discount of coordination of benefits	**(3)**	-	(3)
Subtotal	**(3)**	-	(3)
Capital:			
Investments in securities	**(526)**	(96)	(430)
Subtotal	**(526)**	(96)	(430)
Deferred tax liabilities	**(529)**	(96)	(433)
Net admitted deferred tax asset	**$ 1,975**	$ 2,215	$ (240)

The changes in deferred tax assets and deferred tax liabilities are as follows:

	2014	2013	Change
Total deferred tax assets	**$ 2,674**	$ 2,941	$ (267)
Total deferred tax liabilities	**(529)**	(96)	(433)
Net deferred tax asset	**$ 2,145**	$ 2,845	(700)
Tax effect of unrealized gains			432
Change in net deferred income tax			$ (268)

(Dollars In Thousands)

6. Federal Income Taxes (continued)

The Company's income tax expense and change in deferred income tax differs from the amount obtained by applying the federal statutory rate of 35% for the year ended December 31 for the following reasons:

	2014	2013
Tax expense computed using federal statutory rate	**$ 129**	$ 2,005
Change in nonadmitted assets	**273**	(849)
Permanent differences	**(106)**	(86)
Revenue agent report settlements and FIN48	**(85)**	-
ACA health insurer fee	**1,971**	-
Other	**75**	31
Total	**$ 2,257**	$ 1,101
Federal income taxes	**$ 1,946**	$ (4,102)
Tax benefit from capital losses	**43**	(28)
Change in net deferred income taxes	**268**	5,231
Total statutory income taxes	**$ 2,257**	$ 1,101

At December 31, 2014 and 2013 the Company has no operating loss carryforwards and no tax credit carryforwards.

The Company incurred federal income taxes available for recoupment totaling:

	Ordinary	Capital	Total
2014	$ 2,031	$ 42	$ 2,073
2013	2,550	-	2,550

The Company is a member of the IRS Compliance Assurance Program ("CAP"). The objective of CAP is to reduce taxpayer burden and uncertainty while assuring the IRS of the accuracy of tax returns prior to filing, thereby reducing or eliminating the need for post filing examinations. As of December 31, 2014, the examinations of the 2013 through 2014 tax years continue to be in process.

7. Health Insurer Fee

The Company has $395,982 and $411,112 of premiums written subject to assessment under ACA Section 9010 as of December 31, 2014 and 2013, respectively. The Company's estimated portion of the annual health insurance industry fee to be paid by September 30, 2015 is $8,097 as segregated in special surplus funds on the balance sheet. The Company's portion of the annual health insurance industry fee paid during 2014 was $5,633 and is included in operating expenses. Total Adjusted Capital ("TAC") and Authorized Control Level ("ACL") were $47,549 and $13,798, respectively, as of December 31, 2014. Had the assessment, based upon 2014 premiums written, been accrued on December 31, 2014, TAC would have been reduced to $39,452, which would continue to exceed all capital and surplus requirements as described in Note 8.

8. Capital and Surplus

Under Louisiana Statute 22:704, an extraordinary dividend or distribution shall include any dividend or distribution of cash or other property, whose fair market value, together with that of other dividends or distributions made within the preceding twelve months, exceeds the lesser of: (i) Ten percent of the surplus of the insurer as regards policyholders as of the thirty-first day of December next preceding; or (ii) The net gain from operations of such insurer, if such insurer is a life insurer, or the net income, if such insurer is not a life insurer, not including realized

8. Capital and Surplus (continued)

capital gains, for the twelve-month period ending the thirty-first day of December next preceding, but shall not include pro rata distributions of any class of the insurer's own securities. In determining whether a dividend or distribution is extraordinary, an insurer, other than a life insurer, may carry forward net income from the previous two calendar years that has not already been paid out as dividends. The carry forward shall be computed by taking the net income from the second and third preceding calendar years, not including realized capital gains, less dividends paid in the second and immediate preceding calendar years. The Company may not pay dividends during 2015 without prior approval.

The Company is required by the State to maintain a minimum statutory capital and surplus as set forth in the state statutes. In addition, the State has adopted Risk-Based Capital ("RBC") requirements as specified by the NAIC. Under those requirements, the amount of surplus to be maintained is determined based on the various risk factors. At December 31, 2014 and 2013, the Company's capital and surplus exceeded the requirements of the State.

The portion of unassigned surplus representing cumulative unrealized gains was $1,496 and $263 as of December 31, 2014 and 2013, respectively.

9. Leases

The Company has entered into various non-cancelable operating leases for facilities and equipment that expire at various dates through 2017. These leases have various escalations, abatements and tenant improvement allowances that have been included in the total cost of each lease, which are amortized on a straight-line basis. Related lease expense for 2014 and 2013 was $464 and $474, respectively.

At December 31, 2014, future lease payments for operating leases with initial or remaining non-cancelable terms of one year or more consisted of the following: 2015, $586; 2016, $596; and 2017, $70.

10. Contingencies

In February 2015, Anthem reported that it was the target of a sophisticated external cyber-attack. The attackers gained unauthorized access to certain of Anthem's information technology systems and obtained personal information related to many of Anthem's current and former members and employees, such as names, birthdays, health care identification/social security numbers, street addresses, email addresses and employment information, including income data. To date, there is no evidence that credit card or medical information, such as claims, test results or diagnostic codes, were targeted, accessed or obtained, although no assurance can be given that Anthem will not identify additional information that was accessed or obtained.

Currently, Anthem is in the process of determining the extent of this cyber-attack and supporting federal law enforcement efforts to identify the responsible parties. Upon discovery of the cyber-attack, Anthem took immediate action to remediate the security vulnerability and retained a cybersecurity firm to evaluate the systems and identify solutions based on the evolving landscape. Anthem will provide credit monitoring and identity protection services to those who have been affected by this cyber-attack. Anthem has incurred expenses subsequent to the cyber-attack to investigate and remediate this matter and expects to continue to incur expenses of this nature in the foreseeable future. Anthem does not believe the impact of these expenses will be significant. Anthem will recognize these expenses in the periods in which they are incurred.

Actions have been filed in courts in many states and other claims have been or may be asserted against Anthem on behalf of current or former members, current or former employees, shareholders or others seeking damages or other

10. Contingencies (continued)

related relief, allegedly arising out of the cyber-attack. State and federal agencies, including state insurance regulators, state attorneys general, and the Federal Bureau of Investigation, are Investigating events related to the cyber-attack, including how it occurred, its consequences and our responses. Although Anthem is cooperating in these investigations, Anthem may be subject to fines or other obligations, which may have an adverse effect on how we operate our business and our results of operations. Anthem has contingency plans and insurance coverage for potential liabilities of this nature, however, the coverage may not be sufficient to cover all claims and liabilities.

While a loss from these matters is reasonably possible, the Company cannot reasonably estimate a range of possible losses because our investigation into the matter is ongoing, the proceedings remain in the early stages, alleged damages have not been specified, there is uncertainty as to the likelihood of a class or classes being certified or the ultimate size of any class if certified, and there are significant factual and legal issues to be resolved.

The Company is involved in other pending and threatened litigation of the character incidental to the business transacted, arising out of its operations and is from time to time involved as a party in various governmental and administrative proceedings. These investigations, audits and reviews include routine and special investigations by state insurance departments, state attorneys general, the U.S. Attorney General and Federal Agencies. Such investigations could result in the imposition of civil or criminal fines, penalties and other sanctions. The Company believes that any liability that may result from any one of these actions is unlikely to have a material adverse effect on the Company's financial position or results of operations.

11. Retirement Benefits

Beginning on January 1, 2014, the Company participates in a deferred compensation plan sponsored by Anthem that covers certain employees. The deferred amounts are payable according to the terms and subject to the conditions of said deferred compensation agreements. Anthem allocates a share of the total accumulated costs of this plan to the Company based on the number of allocated employees subject to the deferred compensation agreements. During 2014 these costs totaled $6. The Company has no legal obligation for benefits under this plan.

Prior to January 1, 2014, the Company participated in a defined contribution plan sponsored by Amerigroup and covering substantially all employees in which a portion of the total accumulated costs of the Plan were allocated to the Company based on the number of allocated employees. During 2013, those costs totaled $189. Starting January 1, 2014, the Company participated in a defined contribution plan sponsored by ATH Holding Company, LLC ("ATH Holding") and covering substantially all employees. Voluntary employee contributions are matched by ATH Holding subject to certain limitations. ATH Holding allocates a share of the total accumulated costs of this plan to the Company based on the number of allocated employees. During 2014, these costs totaled $615. The Company has no legal obligation for benefits under these plans.

12. Health Care Receivable

The Company did not have admitted health care receivables at December 31, 2014 or 2013.

Pharmaceutical rebate receivables at December 31, 2014 and 2013 consist of reasonably estimated and billed amounts. Amounts not collected within 90 days of the invoice or confirmation date are nonadmitted. Pharmaceutical rebate receivables from non-affiliates of $544 and $686 were nonadmitted as of December 31, 2014 and 2013, respectively.

(Dollars In Thousands)

12. Health Care Receivable (continued)

The following table summarizes information about the Company's pharmaceutical rebate receivables:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
4th Qtr 2014	**$ 214**	**$ 214**	**$ –**	**$ –**	**$ –**
3rd Qtr 2014	**271**	**271**	**–**	**–**	**–**
2nd Qtr 2014	**297**	**195**	**–**	**181**	**–**
1st Qtr 2014	**321**	**216**	**–**	**165**	**34**
4th Qtr 2013	$ 281	$ 291	$ –	$ 216	$ 66
3rd Qtr 2013	203	299	–	151	130
2nd Qtr 2013	171	257	–	124	133
1st Qtr 2013	179	221	–	130	80
4th Qtr 2012	$ 167	$ 167	$ –	$ 157	$ 128

Claim overpayment receivables consist of amounts that have been invoiced and meet the setoff conditions. Amounts that have not been invoiced and do not meet the setoff conditions are nonadmitted. Claim overpayment receivables and other health care receivables of $1,785 and $2,134 were nonadmitted as of December 31, 2014 and 2013, respectively.

13. Related Party Transactions

Effective January 1, 2014, the Company has entered into an administrative services agreement with its affiliated companies, which the LDI approved December 23, 2013. Prior to January 1, 2014, the Company had an administrative services agreement with Amerigroup. Pursuant to these agreements, various administrative, management and support services are provided to or provided by the Company. The expenses related to these administrative management and support services are allocated to or allocated by the Company in an amount equal to the direct and indirect costs and expenses incurred in providing these services. Direct costs include expenses such as salaries, benefits, communication, advertising, consulting services, maintenance, rent, utilities, and supplies that are directly attributable to the operations of the Company. Allocated costs include expenses such as salaries, benefit claims and enrollment processing, billings, accounting, underwriting, product development and budgeting, which support the Company's operations. These costs are allocated based on various utilization statistics.

Net payments to affiliated companies pursuant to the above administrative service agreements were $41,424 and $23,719 in 2014 and 2013, respectively, and are included in operating expenses and claims adjustment expenses in the statutory basis statements of income.

At December 31, 2014 and 2013, the Company reported amounts due from affiliates of $435 and $45, respectively. At December 31, 2014 and 2013, the Company reported amounts due to affiliates of $1,042 and $0, respectively. The receivable and payable balances represent intercompany transactions that will be settled in accordance with the settlement terms of the intercompany agreement.

14. Subsequent Events

Management of the Company has evaluated all events occurring after December 31, 2014 through May 29, 2015, the date financial statements were available to be issued, to determine whether any event required either recognition or disclosure in the financial statements. It was determined that there were no other events that would require recognition or disclosure in the financial statements through the report date.

Supplementary Information

Building a better working world

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Report of Independent Auditors on Supplementary Information

Board of Directors
AMERIGROUP Louisiana, Inc.

Our audits were conducted for the purpose of forming an opinion on the statutory basis financial statements as a whole. The accompanying supplemental investment disclosures are presented to comply with the National Association of Insurance Commissioners' Annual Statement Instructions and the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual and for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

This report is intended solely for the information and use of the Company and state insurance departments to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than those specified parties.

Ernst & Young LLP

May 29, 2015

AMERIGROUP Louisiana, Inc.

Summary Investment Schedule – Statutory Basis

(Dollars in Thousands)

December 31, 2014

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	Amount	**Percentage**	**Amount**	**Securities Lending Reinvested Collateral Amount**	**Total Amount**	**Percentage**
Bonds						
Securities issued by states, territories, and possessions and political subdivisions in the U.S.:						
States, territories and possessions general obligations	$ 1,986	2.3 %	$ 1,986	$ -	$ 1,986	2.3 %
Political subdivisions of states, territories and possessions and political subdivisions general obligations	3,872	4.5	3,872	-	3,872	4.5
Revenue and assessment obligations	16,570	19.0	16,570	-	16,570	19.0
Mortgage-backed securities						
Pass-through securities						
All other	-	-	-	3,679	3,679	4.2
CMOs and REMICs						
All other	5,918	6.8	5,918	-	5,918	6.8
Other debt and other fixed income securities (excluding short-term):						
Unaffiliated domestic securities	32,939	37.8	32,939	1,115	34,054	39.1
Unaffiliated foreign securities	5,423	6.2	5,423	-	5,423	6.2
Equity interests:						
Exchange traded equity mutual funds	15,125	17.4	15,125	-	15,125	17.4
Securities lending	4,794	5.5	4,794	XXX	XXX	XXX
Cash and short-term investments	415	0.5	415	-	415	0.5
Total invested assets	$ 87,042	100.0 %	$ 87,042	$ 4,794	$ 87,042	100.0 %

AMERIGROUP Louisiana, Inc.

Investment Risks Interrogatories – Statutory Basis

(Dollars in Thousands)

December 31, 2014

1. The Company's total admitted assets as reported on page 2 of the Annual Statement are: $102,674

2. Following are the ten largest exposures to a single issuer/borrower/investment, excluding U.S. government, U.S. government agency securities and those U.S. government money market funds listed in the Appendix to the SVO Purposes and Procedures Manual as exempt property occupied by the Company and policy loans:

	Investment	Description of Exposure	Amount	Percentage of Admitted Assets
2.01	Vanguard Group Inc	Bond/Stock	$ 8,844	8.6 %
2.02	ISHARES MSCI EAFE INDEX FUND MULTI-CAP	Stock	3,192	3.1
2.03	SPDR BARCLAYS INTERMEDIATE ETF	Stock	3,057	3.0
2.04	ISHARES IBOXX INV GRD CORP BON	Bond	3,002	2.9
2.05	Michigan Finance Authority	Bond	2,923	2.8
2.06	SPDR TRUST SERIES 1	Stock	2,528	2.5
2.07	Barclays Inter Credit Bnd	Bond	2,490	2.4
2.08	State of Michigan	Bond	2,000	1.9
2.09	LBUBS 2006-C4	Bond	1,958	1.9
2.10	Wyandotte County-Kansas C	Bond	1,746	1.7

3. The Company's total admitted assets held in bonds including $1,837 in short-term investments, by NAIC designation:

	Bonds	Amount	Percentage of Admitted Assets
3.01	NAIC - 1	$ 37,462	36.5 %
3.02	NAIC - 2	27,098	26.4
3.03	NAIC - 3	-	0.0
3.04	NAIC - 4	3,423	3.3
3.05	NAIC - 5	562	0.5

The Company held no investments in preferred stock as of December 31, 2013.

4. Assets held in foreign investments:

4.01	Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets?	No
4.02	Total admitted assets held in foreign investments	$ 5,423

5. Aggregate foreign investment exposure categorized by NAIC Sovereign rating:

		Amount	**Percentage of Admitted Assets**
5.01	Countries rated NAIC-1	$ 5,423	5.3 %

AMERIGROUP Louisiana, Inc.

Investment Risks Interrogatories – Statutory Basis (continued)

(Dollars in Thousands)

6. Aggregate foreign investments are less than 2.5% of the total admitted assets.

		Amount	Percentage of Admitted Assets
	Countries rated NAIC-1:		
6.01	Country: Cayman Islands	$ 1,929	1.9 %
6.02	Country: Australia	1,247	1.2

7. The Company has no unhedged foreign currency exposure.

8. The Company has no unhedged foreign currency exposure.

9. The Company has no unhedged foreign investment exposure.

10. Aggregate foreign investments are less than 2.5% of the total admitted assets.

	Issuer	NAIC Rating	Amount	Percentage of Admitted Assets
10.01	Coop Centrale Raiffeis	2FE	$ 1,043	1.0 %
10.02	APID 2013-12A	1AM	1,000	1.0
10.03	ATRM 10A	1AM	929	0.9
10.04	Scentre Group	1FE	691	0.7
10.05	Standard Chartered PLC	1FE/2FE	673	0.7
10.06	QBE Insurance Group Ltd	2FE	556	0.5
10.07	Barclays PLC	1FE	251	0.2
10.08	NKSJ Holdings Inc	1FE	230	0.2
10.09	BP PLC	1FE	50	0.0

11. Assets held in Canadian investments are not in excess of 2.5% of the Company's total admitted assets.

12. Assets held in investments with contractual sales restrictions are less than 2.5% of the Company's total admitted assets.

13. Amounts and percentages of admitted assets held in the largest 10 equity interests:

13.01 Are assets held in equity interst less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

	Name of Issuer	Amount	Percentage of Admitted Assets
13.02	Vanguard Group Inc	$ 6,348	6.2 %
13.03	ISHARES MSCI EAFE INDEX FUND MULTI-CAP	3,192	3.1
13.04	SPDR BARCLAYS INTERMEDIATE ETF	3,057	3.0
13.05	SPDR TRUST SERIES 1	2,528	2.5

14. Assets held in nonaffiliated, privately placed equities are not in excess of 2.5% of admitted assets.

15. Investments in general partnership interests are less than 2.5% of the Company's total admitted assets.

AMERIGROUP Louisiana, Inc.

Investment Risks Interrogatories – Statutory Basis (continued)

(Dollars in Thousands)

16. The Company has no investments in mortgage loans.

17. The Company has no investments in mortgage loans.

18. The Company has no investments in real estate, other than property owned and occupied by the Company.

19. The Company has no potential exposure for mezzanine real estate loans.

20. Admitted assets subject to the following types of agreements:

	At Year-end		At End of Each Quarter (Unaudited)		
	Amount	Percentage of Admitted Assets	1st Qtr	2nd Qtr	3rd Qtr
20.01 Securities lending	$ 4,718	4.6 %	$ 5,233	$ 4,675	$ 2,228
20.02 Repurchase agreements	-	-	-	-	-
20.03 Reverse repurchase agreements	-	-	-	-	-
20.04 Dollar repurchase agreements	-	-	-	-	-
20.05 Dollar reverse repurchase agreements	-	-	-	-	-

21. The Company held no admitted assets for warrants not attached to other financial instruments, options, caps and floors.

22. The Company held no admitted assets with potential exposure for collars, swaps and forwards.

23. The Company held no admitted assets with potential exposure for futures contracts.

AMERIGROUP Louisiana, Inc.

Note to Supplementary Information – Statutory Basis

December 31, 2014

Note-Basis of Presentation

The accompanying supplemental investment disclosures present selected statutory basis financial data as of December 31, 2014 and for the year then ended for purposes of complying with the National Association of Insurance Commissioners' *Annual Statement Instructions* and the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* and agrees to or is included in the amounts reported in AMERIGROUP Louisiana, Inc.'s 2014 Annual Statement as filed with the Louisiana Department of Insurance.

Certain captions or amounts that are not applicable have been omitted.