BUPA INSURANCE COMPANY

Statutory Financial Statements
and Supplemental Schedules

December 31, 2021 and 2020

BUPA INSURANCE COMPANY

Table of Contents

Report of Independent Auditors

To the Board of Directors of BUPA Insurance Company

Opinions

We have audited the accompanying statutory financial statements of BUPA Insurance Company (the "Company"), which comprise the statutory statement of admitted assets, liabilities, and capital and surplus as of December 31, 2021, and the related statutory statement of income, of changes in capital and surplus, and of cash flows for the year then ended, including the related notes (collectively referred to as the "financial statements").

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Company as of December 2021, and the results of its operations and its cash flows for the year then ended, in accordance with the accounting practices prescribed or permitted by the Florida Department of Financial Services, Office of Insurance Regulation described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 2021, or the results of its operations or its cash flows for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

As described in Note 1 to the financial statements, the financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the Florida Department of Financial Services, Office of Insurance Regulation, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Other Matter

The statutory financial statements of the Company as of December 31, 2020 and for the year then ended were audited by other auditors whose report, dated June 1, 2021, expressed an unmodified opinion on those statement.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit·

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Supplemental Summary Investment Schedule and Schedule of Investment Risk Interrogatories (collectively referred to as the “supplemental schedules”) of the Company as of December 31, 2021 and for the year then ended are presented to comply with the National Association of Insurance Commissioners’ Annual Statement Instructions and Accounting Practices and Procedures Manual and for purposes of additional analysis and are not a required part of the financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the 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 of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

Hallandale Beach, Florida
June 1, 2022

BUPA INSURANCE COMPANY

Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus

December 31, 2021 and 2020

Admitted Assets		**2021**	**2020**
Bonds	$	85,204,823	135,955,193
Common stocks		14,099,632	9,500,772
Cash, cash equivalents, and short-term investments (including short-term bonds in the amount of $21,867,520 and $102,028,915 as of December 31, 2021 and 2020, respectively)		142,698,721	148,228,907
Contract loans		253,910	233,959
Total Cash, Cash Equivalents, and Invested Assets		242,257,086	293,918,831
Investment income due and accrued		864,842	1,808,402
Premiums due and unpaid		2,707,633	2,368,824
Amounts recoverable from reinsurers		—	72,341
Other amounts receivable under reinsurance contracts		650,663	27,775,657
Federal and foreign tax receivable		462,764	314,610
Deferred tax assets, net		8,108,020	—
Receivable from subsidiaries and affiliates		6,299,663	560,306
Loan receivable from subsidiaries and affiliates		13,294,133	13,294,133
Other assets		15,894	8,219
Total Admitted Assets	$	274,660,698	340,121,323
Liabilities and Capital and Surplus			
Liabilities			
Claims unpaid (including life claims liability of $19,470 at December 31, 2021 and 2020)	$	30,801,406	48,971,234
Aggregate life policy reserves		1,350,077	1,387,809
Unearned health premium reserves		71,722,394	121,050,738
Premiums received in advance		2,215,026	1,814,444
General expenses due and accrued		3,991,689	4,401,728
Ceded reinsurance premiums payable		—	507,031
Remittances and items not allocated		1,474,322	1,320,521
Payable to subsidiaries and affiliates		3,249,489	2,014,535
Reinsurance commissions payable		3,701,856	18,510,556
Other liabilities and accruals		83,203	88,467
Total Liabilities		118,589,462	200,067,063
Capital and Surplus			
Common capital stock, par value of $1.25. Authorized, 10,000,000 shares at December 31, 2021 and 2020; issued and outstanding, 8,414,181 at December 31, 2021 and 2020		10,517,727	10,517,727
Gross paid-in and contributed surplus		127,984,490	127,984,490
Unassigned surplus		17,569,019	1,552,043
Total Capital and Surplus		156,071,236	140,054,260
Total Liabilities and Capital and Surplus	$	274,660,698	340,121,323

The accompanying notes are an integral part of these statutory financial statements.

BUPA INSURANCE COMPANY

Statutory Statements of Income

Years ended December 31, 2021 and 2020

		2021	2020
Revenue:			
Net premium income	$	254,014,517	318,174,175
Change in unearned premium reserves and reserve for rate credits		48,909,084	2,918,330
Aggregate write-ins for other healthcare-related revenue		1,110,596	1,217,627
Total Revenue		304,034,197	322,310,132
Deductions:			
Hospital and medical benefits		63,231,645	56,240,627
Net insurance recoverable		133,083,871	133,373,359
Nonhealth claims		(35,052)	(163,615)
General administrative expenses (including commissions of $98,666,673 and $107,881,844 for the years ended December 31, 2021 and 2020, respectively)		103,781,681	115,534,940
Total Deductions		300,062,145	304,985,311
Net underwriting gain		3,972,052	17,324,821
Other income (expense):			
Gain on extinguishment of reinsurance treaty		16,535,969	—
Net realized capital losses		(50,201)	(24,207)
Net investment income		1,628,789	4,757,376
Net income from operations before income taxes		22,086,609	22,057,990
Federal and foreign income tax expense		3,541,226	1,973,765
Net income	$	18,545,383	20,084,225

The accompanying notes are an integral part of these statutory financial statements.

BUPA INSURANCE COMPANY

Statutory Statements of Changes in Capital and Surplus

Years ended December 31, 2021 and 2020

	Common capital stock	Gross paid-in and contributed surplus	Unassigned surplus (deficit)	Total
Balance – December 31, 2019	10,517,727	127,984,490	(19,594,490)	118,907,727
Change in nonadmitted assets	—	—	2,099,670	2,099,670
Change in net unrealized capital loss	—	—	(1,037,362)	(1,037,362)
Net loss	—	—	20,084,225	20,084,225
Balance – December 31, 2020	10,517,727	127,984,490	1,552,043	140,054,260
Change in net deferred tax asset	—	—	8,108,020	8,108,020
Change in nonadmitted assets	—	—	211,695	211,695
Change in net unrealized capital loss	—	—	(10,848,122)	(10,848,122)
Net income	—	—	18,545,383	18,545,383
Balance – December 31, 2021	$ 10,517,727	127,984,490	17,569,019	156,071,236

The accompanying notes are an integral part of these statutory financial statements.

BUPA INSURANCE COMPANY

Statutory Statements of Cash Flow

Years ended December 31, 2021 and 2020

		2021	2020
Cash flow from operations:			
Premiums collected, net of reinsurance	$	285,298,904	317,443,408
Net investment income		4,944,130	4,641,061
Other income		1,110,596	1,217,627
Benefits and loss-related payments		(222,229,289)	(183,420,506)
Commissions, expenses paid, and aggregate write-ins		(104,262,933)	(111,312,799)
Federal and foreign income taxes paid		(3,689,380)	(1,740,087)
Net cash (used in) provided by operations		(38,827,972)	26,828,704
Cash flow from investments:			
Proceeds from investments sold, matured, or repaid:			
Bonds		90,071,816	101,180,050
Total investment proceeds		90,071,816	101,180,050
Cost of investments acquired:			
Bonds		(41,307,096)	(105,113,273)
Common stocks		(15,446,983)	—
Total investments acquired		(56,754,079)	(105,113,273)
Net increase (decrease) in contract loans		(19,951)	29,660
Net cash (used in) provided by investments		33,297,786	(3,903,563)
Net change in cash, cash equivalents, and short-term investments		(5,530,186)	22,925,141
Cash, cash equivalents, and short-term investments, beginning of year		148,228,907	125,303,766
Cash, cash equivalents, and short-term investments, end of year	$	142,698,721	148,228,907

The accompanying notes are an integral part of these statutory financial statements.

(1) Organization and Significant Accounting Policies

(a) *Organization*

BUPA Insurance Company (the Company) is a health insurance company that files its annual report with the Florida Department of Financial Services, Office of Insurance Regulation (Florida OIR). The Company was incorporated in 1973 and obtained a license to write specific coverage in the state of Florida in July 1973. The Company was acquired on September 9, 2005 by Grupo BUPA Sanitas (GBS), a subsidiary of the British United Provident Association (BUPA), a corporation domiciled in England. In October 2013, Bupa Investment Overseas Limited (BIOL), a subsidiary of BUPA, acquired a 33.19% interest in the Company. During 2014, BIOL increased its ownership interest to 59.28%. In December 2015, Bupa Investments Holdings Limited acquired all shares owned by both GBS and BIOL, becoming the Company’s sole shareholder. During 2016, Bupa Investments Holdings Limited changed its name to Bupa Global Holdings Limited.

The Company provides accident and health and life insurance primarily to individuals in Latin America and the Caribbean. The Company owns a 99.9% interest in Bupa Mexico, Compañía de Seguros, S.A. de C.V. y Reaseguros (Bupa Mexico).

(b) *Basis of Presentation*

The accompanying statutory financial statements of the Company have been prepared in conformity with accounting practices prescribed or permitted by the National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures Manual* and the Florida OIR, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP). Prescribed statutory accounting practices include a variety of publications of the NAIC, as well as state laws, regulations, and general administrative rules. As of December 31,2021 and 2020, the Company did not utilize any statutory accounting principles (SAP), which were not prescribed by insurance regulators.

SAP differ from GAAP in several respects, which cause differences in reported assets, liabilities, stockholder’s equity (statutory capital and surplus), net income, and cash flows. The primary differences between SAP and GAAP include the following:

- Investments in bonds are carried at admitted value, which is based on NAIC designation. NAIC designation 1-2 are amortized at cost, designation 3-6 are carried at the lesser of amortized cost or fair value. Under GAAP, investments in bonds, other than those classified as held to maturity, are carried at fair value.
- Certain assets (principally, prepaid expenses, deposits, fixed assets, and receivables that are outstanding for more than 90 days from the due date) have been designated as nonadmitted assets and excluded from assets by a charge to statutory surplus. Under GAAP, such amounts are carried at cost less amortization or net realizable value.
- Deferred income taxes are recognized for both SAP and GAAP; however, the amount permitted to be recognized is generally more restrictive under SAP. Changes in deferred tax assets and liabilities are charged or credited directly to unassigned surplus under SAP. Under GAAP, these changes generally are included in net income. Admittance testing may result in a charge to surplus for nonadmitted portions of deferred tax assets.
- Policy acquisition costs are expensed as incurred, while under GAAP, these costs are deferred and recognized over either (i) the expected premium paying period or (ii) the estimated term of the

contract. Under GAAP, assumed reinsurance commission allowances are also deferred as an offset to deferred policy acquisition costs and recognized in proportion to the related policy acquisition costs.

- Reserves are reported as liabilities, net of ceded reinsurance; under GAAP, reserves relating to business in which the Company is not legally relieved of its liability are reported gross with an offsetting reinsurance recoverable presented as an asset.
- The statutory statements of cash flow differ in certain respects from the presentation required by GAAP, including the presentation of the changes in cash and short-term investments instead of cash and cash equivalents. Savings accounts and certificates of deposit in banks or other financial institutions with maturities within one year or less from the acquisition date are classified as cash for financial statement purposes under SAP. Short-term investments include securities with maturities, at the time of acquisition, of 90 days or less. For statutory purposes, there is no reconciliation between net income and cash from operations.
- Statutory financial statements do not include reporting and display of comprehensive income as specified under GAAP.

(c) ***Use of Estimates***

The preparation of the statutory financial statements requires management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of unearned health premium reserves, premium deficiency reserves, liabilities for unpaid claims, valuation allowances for receivables, and valuation allowances for deferred income taxes. Actual results could differ from those estimates, and such differences could be significant.

(d) ***Cash, Cash Equivalents, and Invested Assets***

In accordance with the requirements under SAP, bonds, certain preferred stock, and short-term investments are typically stated at amortized cost or the valuations promulgated by the NAIC. Investments in bonds not backed by other loans are generally carried at amortized cost, except where the NAIC designation indicates that a bond be carried at the fair value. Changes in prepayment assumptions are accounted for prospectively. Discount or premium on bonds is recorded for the difference between the purchase price and the principal amount, amortized using the effective-interest method. Investments in common stock and certain preferred stock are stated in accordance with the requirements of the NAIC SAP, which approximates fair value. Interest revenue is recognized when earned. Realized gains or losses on sales of investments are determined on the basis of specific identified cost and recognized in net income. Short-term investments are stated at cost, which approximates fair value. For the purpose of the statutory statements of cash flow and the statutory statements of admitted assets, liabilities, and capital and surplus, short-term investments include investments that have a maturity of 90 days or less as of the date of acquisition and cash includes negotiable certificates of deposit that have a maturity date of one year or less at the date of acquisition. Unrealized gains or losses on the Company’s unconsolidated subsidiary are excluded from income and credited or charged directly to unassigned surplus. If any unrealized losses are deemed other than temporary, such unrealized losses are recognized as realized losses in the Statutory Statements of

Income. The Company has not recognized other-than-temporary losses on securities during 2021 or 2020.

Contract loans are stated at their unpaid principal balance, less an allowance for loan losses, if any. As of and for the years ended December 31, 2021 or 2020, the Company had no impaired contract loans.

The Company has provided deposits with a face value of $49,183 and $49,032 to Scotiabank Anguilla Limited as required by Anguilla Financial Services Commission, $306,391 and $306,995 to First Caribbean International Bank as required by Centrale Bank Van Aruba, and $250,000 to BVI Financial Services Commission as required by British Virgin Islands Financial Services Commission for the years ended December 31, 2021 and 2020, respectively. These amounts have been reported as components of cash, cash equivalents, and short-term investments in the accompanying Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus.

(e) ***Investment in Mexican Subsidiary***

During 2003, the Company established Bupa Mexico, a 99.99% owned subsidiary, which was incorporated on July 31, 2003 in Mexico. The investment in this entity is recorded based on the underlying audited GAAP equity of Bupa Mexico adjusted to a statutory basis of accounting as required by Statements of Statutory Accounting Principles (SSAP) No. 97, *Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88*. The value of this investment is $14,099,632 and $9,500,772 at December 31, 2021 and 2020, respectively, and is included in common stocks. Dividends from unconsolidated affiliates are recognized as investment income to the extent they are not in excess of the undistributed accumulated earnings attributable to the affiliate. Dividends in excess of such amount would reduce the carrying amount of the investment. No dividends have been paid by Bupa Mexico since inception. On September 7, 2021 the Company made a capital injection of $15,446,983 to its subsidiary Bupa Mexico, S.A. de C.V. (Bupa Mexico). The additional number of shares issued were 355,157 bringing the total shares owned by the Company to 757,391. There were no capital injections made in 2020.

(f) ***Premium and Annuity Considerations Recognition and Acquisition Costs***

Accident and health insurance premiums are recognized as revenue ratably over the time period to which premiums relate. The liability for unearned premiums for accident and health contracts represents the unexpired portion of the premiums in force and is reported on the statutory statements of admitted assets, liabilities, and capital and surplus as unearned health premium reserves.

Life and annuity premiums are recorded as income when due from policyholders under the terms of the insurance contract. Recognition of life premium income is consistent with the assumptions made in calculating the related policy reserve.

Costs of acquiring and renewing business are expensed as incurred.

(g) ***Claims Unpaid***

The liability for unpaid accident and health contract claims, represents the amounts estimated to fund claims that have been reported but not settled and claims incurred but not reported. The liability for unpaid claims is estimated based on the Company's historical experience and other actuarial assumptions that consider the effects of current developments, anticipated trends, risk management programs, and renewal actions. Many factors affect actuarial calculations of claim liability including, but not limited to, current and anticipated incidence rates and economic and societal conditions. Management periodically performs a review of estimates and assumptions. If management determines assumptions need to be updated, any resulting adjustment to liabilities is reflected in the current year results. Given that insurance products contain inherent risks and uncertainties, the ultimate liability may be more or less than such estimates indicate.

(h) ***Premium Deficiency Reserve***

The Company evaluates its health care contracts to determine if it is probable that a loss will be incurred. A premium deficiency loss is recognized when it is probable that expected future claims, claims adjustment expenses and appropriate administrative costs will exceed anticipated future premiums on existing contracts, with consideration of investment income. For purposes of determining if a premium deficiency loss exists, contracts are grouped in a manner consistent with the Company's method of acquiring, servicing and measuring the profitability of such contracts.

There were no premium deficiency reserves established as of December 31, 2021 and 2020

(i) ***Income Taxes***

The Company determines income tax balances and related disclosures in accordance with SSAP No. 101, *Income Taxes, a Replacement of SSAP No. 10R and SSAP No. 10*.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in surplus in the period that includes the enactment date.

The Company classifies net interest expense related to tax matters and any applicable penalties as a component of general and administrative expense.

The admissibility of the Company's gross deferred tax assets is based on the provisions in paragraph 11 of SSAP No. 101.

(j) ***Reinsurance***

In 2020, the Company entered into an excess of loss (XOL) treaty with Sirius International Insurance Corporation (Sirius) covering its health risks. The amount retained by the Company is up to $400,000 per claimant and $600,000 for claims classified as Maternity Complication Losses. The full risk per claimant in excess of $400,000 is then transferred to Sirius after meeting an aggregate deductible on the sum of all such claims. This transfer of risk is contracted as a fixed premium per member explicitly stated in the contract. The contract was bid out to market participants resulting in a competitive premium for the risk transferred. This contract was terminated on December 31, 2020.

The Company assumes health risks from affiliates. The Company had treaties with Bupa Mexico which had both coinsurance and XOL elements. On October 1, 2021, this treaty was replaced with only an XOL element. The Company has treaties with Bupa Guatemala Compañía de Seguros S.A. (Bupa Guatemala) and Bupa Dominicana S.A. (Bupa DR), companies under common ownership, which have both coinsurance and XOL elements. Bupa Panama S.A. (Bupa Panama) and Bupa Ecuador S.A., Compañía de Seguros y Reaseguros (Bupa Ecuador), Bupa Insurance Bolivia SA (Bupa Bolivia) only have an XOL treaty with the Company. Bupa Insurance Limited (BINS) has a coinsurance treaty with the Company.

The coinsurance treaty with Bupa Compañía Seguros de Vida S.A. of Chile, (Bupa Chile) was terminated in 2019, and the Company entered a retrocession reinsurance contract with Axis Re Se, a European public limited company, where the Company reinsured 100% of both premiums and losses written by Bupa Chile. The coinsurance treaty with Axis Re Se was terminated on January 31, 2020. The Company entered into a new retrocession contract with Sirius International Corporation (Sirius) on February 1, 2020, a European public limited company, this contract was terminated on January1, 2021, where the Company reinsured 100% of both premiums and losses written by Bupa Chile.

The Company has a reinsurance contract with Lloyds Syndicate #2001, managed by Amlin Underwriting Limited, covering 85% of both premiums and losses underwritten by Amlin.

BIC has a reinsurance contract with Compañía de Seguros Bolivar S. A. (Seguros Bolivar), a company incorporated in Colombia, where the Company reinsures 95% of both premiums and losses written by Seguros Bolivar.

Assumed reinsurance premiums, commissions, expense reimbursements, and reserves related to reinsured business are accounted for on the basis consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

All of these treaties have full transfer of risk for the amounts specified in the treaty. There are no additional premiums, allowances, or loss adjustments based on the portfolio experience that would limit the risk to the Company or return risk to the ceding companies. Based on these points, these contracts meet the requirements for reinsurance accounting.

(k) ***Nonadmitted Assets***

Certain assets, such as work in progress, deferred tax assets, deposits, prepaid expenses, electronic data processing equipment, furniture and equipment, receivables 90 days past due, and nonadmitted portion of loan to related party have been designated as nonadmitted assets by a charge to statutory surplus. Changes in these assets are presented as changes in unassigned surplus.

		2021	2020	Increase (decrease) in surplus for 2021
Receivables from subsidiaries and affiliates	$	—	4,886	4,886
Electronic data processing equipment		—	204	204
Furniture and equipment		412,987	619,592	206,605
Loan receivable – related party		20,405,867	20,405,867	—
State income tax recoverable		—	—	—
Federal income tax recoverable		—	—	—
Total nonadmitted assets	$	20,818,854	21,030,549	211,695

(l) ***Fair Value Measurement***

The fair value of financial instruments represents estimates of fair values at a specific point in time determined by the Company using available market information and appropriate valuation methodologies. These estimates are subjective in nature and involve uncertainties and significant judgment in the interpretation of current market data.

SSAP No. 100, *Fair Value Measurements*, specifies a fair value hierarchy based on whether the inputs to valuation techniques used to measure fair value are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about market participants' assumptions based on the best information available in the circumstances. In accordance with SSAP No. 100, the fair value hierarchy prioritizes model inputs into three broad levels:

Level 1: Quoted prices for identical instruments in active markets that the Company has the ability to access;

Level 2: Quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments that are not in active markets, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and

Level 3: Model-driven valuations in which one or more significant inputs or significant value drivers are unobservable.

As of December 31, 2021 or 2020, there were no significant financial assets and liabilities that are measured at fair value on a recurring basis. However, the Company discloses the fair value of bonds which are reported at amortized cost on the Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus as further discussed in notes 2 and 3.

(m) ***Derivative Instruments and Hedging Activities***

Bupa Investments Limited (BIL), an affiliated entity, enters into non deliverable forward contracts on behalf of the Company in order to limit its exposure to fluctuations in foreign currency exchange rates. These contracts were entered into in order to fix U.S. dollar (USD) amounts for a portion of the anticipated net cash flow related to policyholders' premiums and claims. The Company does not use derivative instruments for speculative purposes. Fair value of derivatives is estimated using available market information and appropriate valuation methodologies. The derivatives derive their value primarily based on changes in currency exchange.

All derivatives are recorded at fair value by BIL, and the changes in fair value are charged to the Company and included in earnings. The Company reported cash inflows of $325,575 related to realized gains on hedging transactions during 2021. The Company reported cash inflows of $39,150 related to realized losses on hedging transactions during 2020. The unrealized loss of the outstanding contracts BIL held on behalf of the Company as of December 31, 2021 was $39,410. The unrealized gain of the outstanding contracts BIL held on behalf of the Company as of December 31, 2020 was $396,922. The notional principal amount related to these contracts was approximately $5.7 million and $6.6 million as of December 31, 2021 and 2020, respectively. These unrealized gains and losses did not qualify for hedge accounting, and, thus, are reported as losses in the Statutory Statements of Income for the years ended December 31, 2021 and 2020. The contracts are settled net; the unrealized gains or losses are recorded as an intercompany receivable (payable) with BIL, which has a corresponding asset (liability) with the respective banking institutions.

(2) **Investments**

The amortized cost, gross unrealized gains and losses, and fair value of investment securities as of December 31, 2021 are as follows:

		Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Bonds:					
U.S. Treasury securities and obligations of U.S. government agencies, states, and political subdivisions	$	785,162	48,392	—	833,554
Industrial and miscellaneous		84,419,661	—	(53,910)	84,365,751
Total bonds	$	85,204,823	48,392	(53,910)	85,199,305

The industrial and miscellaneous bonds comprise $64.4 million of corporate bonds and two certificates of deposit issued by a financial institution for $20.0 million.

The amortized cost, gross unrealized gains and losses, and fair value of investment securities as of December 31, 2020 are as follows:

		Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Bonds:					
U.S. Treasury securities and obligations of U.S. government agencies, states, and political subdivisions	$	781,903	95,832	—	877,735
Industrial and miscellaneous		135,173,290	255,366	(10,523)	135,418,133
Total bonds	$	135,955,193	351,198	(10,523)	136,295,868

The industrial and miscellaneous bonds comprise $135.2 million of corporate bonds.

The amortized cost, gross unrealized gains and losses, and fair value of short-term investments as of December 31, 2021 are as follows:

		Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Bonds:					
Industrial and miscellaneous	$	21,867,520	—	(21,404)	21,846,116
Total bonds	$	21,867,520	—	(21,404)	21,846,116

The industrial and miscellaneous bonds comprise $21.9 million of corporate bonds.

The amortized cost, gross unrealized gains and losses, and fair value of short-term investments as of December 31, 2020 are as follows:

		Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Bonds:					
U.S. Treasury securities and obligations of U.S. government agencies, states, and political subdivisions	$	39,064,142	—	(6,422)	39,057,720
Industrial and miscellaneous		62,964,773	3,876	(12,094)	62,956,555
Total bonds	$	102,028,915	3,876	(18,516)	102,014,275

The industrial and miscellaneous bonds comprise $63 million of corporate bonds.

Gross unrealized holding losses on investment securities for which other-than-temporary impairments have not been recognized and the fair values of those securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2021 and 2020, and were as follows:

	2021					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross unrealized losses	Fair Value	Gross unrealized losses	Fair Value	Gross unrealized losses
Bonds:						
Industrial and miscellaneous	80,802,889	(45,372)	3,562,862	(8,538)	84,365,751	(53,910)
Total bonds	$ 80,802,889	(45,372)	3,562,862	(8,538)	84,365,751	(53,910)

	2020					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross unrealized losses	Fair Value	Gross unrealized losses	Fair Value	Gross unrealized losses
Bonds:						
Industrial and miscellaneous	14,161,330	(10,523)	—	—	14,161,330	(10,523)
Total bonds	$ 14,161,330	(10,523)	—	—	14,161,330	(10,523)

At December 31, 2021 and 2020, all of the Company's securities in an unrealized loss position are investment-grade fixed-income securities. Each of these investments is current on interest and principal payments. The unrealized loss position is due to the changes in the interest rate environment, and the Company has the intent and ability to hold these securities until they mature or recover in value.

Management considered several factors in determining that securities carried at an unrealized loss position were not other-than-temporarily impaired, including the nature of the investments, the severity and duration of the impairment, industry analyst reports, the volatility of the securities market price, and other relevant information at the time the statutory financial statements were prepared. During 2021 and 2020, the Company recognized no other-than-temporary impairment losses on fixed-income securities.

The carrying values and fair value of bonds at December 31, by contractual maturity, are shown below:

		2021		2020	
		Amortized cost	**Fair value**	**Amortized cost**	**Fair value**
Due in 1 year or less	$	80,848,261	80,802,889	69,293,667	69,423,630
Due after 1 year through 5 years		4,356,562	4,396,416	65,977,849	66,110,495
Due after 5 year through 10 years		—	—	683,677	761,743
	$	85,204,823	85,199,305	135,955,193	136,295,868

There were sales of investment securities during 2021, which resulted in a gross realized capital loss of $50,200. There were sales of investment securities during 2020, which resulted in a gross realized capital loss of $32,673 and gross realized capital gain of $8,466. The credit quality of the bond portfolio at December 31 is identified in the table below. The quality ratings represent NAIC designations.

		2021		2020	
		Amortized cost	**Percentage**	**Amortized cost**	**Percentage**
NAIC 1 (highest quality)	$	85,204,823	100.0 %	135,955,193	100.0 %
	$	85,204,823	100.0 %	135,955,193	100.0 %

Bonds with ratings ranging from AAA/Aaa to BBB/Baa3, as assigned by a rating service such as Standard and Poor's Corporation or Moody's Investment Services, are generally regarded as investment-grade securities. Those securities issued or guaranteed by the U.S. government or an agency thereof are not rated, but are considered to be investment-grade securities. The NAIC regards the U.S. government and agency securities and all A ratings as Class 1 (highest quality), BBB/Baa ratings as Class 2 (high quality), BB/Ba ratings as Class 3 (medium quality), B ratings as Class 4 (low quality), all C ratings as Class 5 (lower quality), and D ratings as Class 6 (in or near default).

Bonds include U.S. Treasury securities with a carrying value of $294,950 and $293,562 at December 31, 2021 and 2020, respectively, on deposit with the Florida OIR, as required by state insurance regulations. Bonds were also on deposit with the government of the U.S. Virgin Islands, with a carrying value of $490,212 and $488,341 at December 31, 2021and 2020, respectively.

Net investment income for the years ended December 31, 2021 and 2020 comprises the following:

		2021	2020
Bonds	$	750,253	2,749,807
Related party loans		726,183	523,973
Commercial deposits		265,121	703,890
Other		20,001	27,890
Derivative instruments		(110,757)	773,962
Investment income		1,650,801	4,779,522
Investment expense		22,012	22,146
Net investment income	$	1,628,789	4,757,376

(3) **Fair Value Measurements**

The following table represents fair value of securities recorded or disclosed at fair value by SSAP No. 100 hierarchy levels as of December 31, 2021 and 2020:

		2021				
		Admitted assets	Aggregate fair value	Level 1	Level 2	Level 3
Financial assets:						
Bonds:						
U.S. Treasury securities and obligations of U.S. Government agencies, states, and political subdivisions	$	785,162	833,554	833,554	—	—
Industrial and miscellaneous		106,287,182	106,211,867	—	106,211,867	—
	$	107,072,344	107,045,421	833,554	106,211,867	—

		2020				
		Admitted assets	Aggregate fair value	Level 1	Level 2	Level 3
Financial assets:						
Bonds:						
U.S. Treasury securities and obligations of U.S. Government agencies, states, and political subdivisions	$	39,846,045	39,935,455	39,935,455	—	—
Industrial and miscellaneous		198,138,063	198,374,688	—	198,374,688	—
	$	237,984,108	238,310,143	39,935,455	198,374,688	—

The fair value estimates presented herein are based on quotations of national securities exchanges or pertinent information available to the Company as of December 31, 2021 and 2020. Although the Company is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been revalued for purposes of these statutory financial statements since that date; current estimates of fair value may differ significantly from the amounts presented herein.

The admitted value of common stock is calculated under SSAP No. 97.

The carrying value of cash, cash equivalents, and short-term investments, contract loans, fees and other receivables, and accrued expenses approximates fair value due to short maturity or short duration of these instruments.

(4) Accident and Health Contract Claims

Activity in the liability for accident and health contract claims, net of reinsurance ended for the years ended December 31, 2021 and 2020 is summarized as follows:

		2021	2020
Claim reserves at January 1, net of amounts ceded	$	48,951,764	40,954,462
Incurred related to:			
Current year		213,476,646	193,472,954
Prior years		(17,161,130)	(3,858,968)
Total incurred		196,315,516	189,613,986

		2021	2020
Paid related to:			
Current year	$	183,884,116	146,697,920
Prior years		30,601,228	34,918,764
Total paid		214,485,344	181,616,684
Claim reserves at December 31, net of amounts ceded	$	30,781,936	48,951,764

The above table shows the components of changes in claim liabilities. Claim liabilities include claims in process as well as provisions for the estimate of incurred but not reported claims and provisions for disputed claim obligations. Such estimates are computed using actuarial principles and assumptions that consider, among other things, contractual requirements, historical utilization trends and payment patterns, benefit changes, medical inflation, seasonality, membership, and other relevant factors.

Because claim liabilities include various actuarially developed estimates, the Company's actual medical costs and claims expense may be more or less than the Company's previously developed estimates. As a result of changes in estimates, the incurred claims for prior period insured events during 2021 and 2020 were lower than anticipated and this is attributed to lower-than-expected cost per service and development, as well as the effects of Covid-19. Management believes the amount of claims liabilities is reasonable and adequate to cover the Company's liability for unpaid claims and for claims incurred but not yet reported as of December 31, 2021, and 2020.

(5) Premium Deficiency

The Company evaluates its healthcare contracts to determine if it is probable that a loss will be incurred. A premium deficiency loss is recognized when it is probable that expected future paid claims, administrative expenses, and reserves will exceed existing reserves plus anticipated future premiums on existing contracts. Anticipated investment income and overhead expenses are also considered in the calculation of premium deficiencies. In 2021 and 2020, it was determined that no premium deficiency reserve was necessary due to the actual results being closer to the expected scenario than the moderately adverse scenarios that were the basis for the reserve in previous years.

(6) Federal Income Taxes

The current provisions for incurred taxes on earnings for the years ended December 31 are as follows:

		2021	2020
Federal	$	2,082,908	937,259
Foreign		1,458,318	1,036,506
Federal and foreign income tax provisions	$	3,541,226	1,973,765

A reconciliation of the federal income tax provision (other than capital gains) to the amount computed using the statutory federal income tax rate of 21% in 2021 and 21% in 2020 is as follows:

		2021	2020
Federal income taxes computed at the statutory rate	$	4,638,188	4,632,178
Change in nonadmitted assets		44,456	440,931
Change in valuation allowance		(9,980,410)	(3,075,624)
Other		612,347	(23,720)
Transfer Pricing Adjustment		118,625	—
Federal and foreign income taxes provisions	$	(4,566,794)	1,973,765
Federal income tax provisions (benefit)	$	3,541,226	1,973,765
Change in net deferred income taxes		(8,108,020)	—
Total statutory income taxes provisions	$	(4,566,794)	1,973,765

The components of net deferred tax assets and deferred tax liabilities recognized in the Company's Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus at December 31, 2021 and 2020 are as follows:

		2021	2020
Total gross deferred tax assets	$	8,446,380	10,596,828
Adjusted gross deferred tax assets		8,446,380	10,596,828
Total deferred tax liabilities		(91,429)	(413,944)
Net deferred tax assets		8,354,951	10,182,884
Less: valuation allowance		(246,931)	(10,182,884)
Net admitted deferred tax assets	$	8,108,020	—
Increase (decrease) in admitted gross deferred tax assets	$	7,785,505	—

Deferred tax assets can only be admitted in an amount calculated under SSAP No. 101. The amount admitted is equal to the sum of (a) 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 third subsequent calendar year plus, (b) the amount of adjusted deferred tax assets that are expected to be realized within three years of the balance sheet date after reduction by amounts that can be recovered through carrybacks and limited to 21% of adjusted statutory capital and surplus at December 31, 2021, and (c) the amount of adjusted gross deferred tax assets after application of (a) and (b) that can offset existing gross deferred tax liabilities.

The amount of admitted adjusted gross deferred tax assets admitted under each component of SSAP No. 101 as of December 31, 2021 and 2020 is as follows:

		2021	2020	Change
a. Federal income taxes paid in prior years recoverable through loss carryback	$	3,020,167	—	3,020,167
b. Adjusted gross deferred tax assets expected to be realized after application of threshold limitation		5,087,853	—	5,087,853
c. Adjusted gross deferred tax assets offset by deferred tax liabilities		91,429	413,944	(322,515)
	$	8,199,449	413,944	7,785,505

There are no temporary differences for which deferred tax liabilities are not recognized.

There are no tax planning strategies as of December 31, 2021 or 2020.

The amounts used in determination of admitted deferred tax assets in accordance with SSAP No. 101 are as follows:

Total adjusted capital (excluding DTA)	$	147,963,216
Authorized control level		17,392,183
Risk-based capital percentage		850.75 %

The valuation allowance for deferred tax assets as of December 31, 2020 was $10,182,884. During 2021, in accordance with SSAP 101 which adopted the valuation allowance provisions under U.S. GAAP and ASC 740, “Accounting for Income Taxes”, the Company evaluated its deferred tax assets for realizability to determine if a valuation allowances is still required as of December 31, 2021. Under SSAP 101 and ASC 740, a valuation allowance is recognized if, based on the weight of available evidence, it is more-likely-than-not (a likelihood or more than 50%) that some portion (or all) of the deferred tax asset will not be realized. In analyzing the realizability of deferred tax assets for the 2021 financial statements, the Company contemplated the sources of taxable income as well as the implications of the Company’s cumulative income or loss position. The Company has evaluated all available evidence and has concluded that the valuation allowances should be reversed for taxable year ending December 31st, 2021, as such, the Company no longer has valuation allowance as of December 31, 2021.

The net deferred tax asset at December 31, 2021 and 2020 and the change in deferred taxes comprise the following:

		December 31		
		2021	**2020**	**Change**
Total deferred tax assets net of valuation allowance	$	8,199,449	413,944	7,785,505
Total deferred tax liabilities		(91,429)	(413,944)	322,515
Net deferred tax asset	$	8,108,020	—	8,108,020

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes and (b) operating loss and tax credit carryforwards. The tax effects of significant items comprising the Company's net deferred tax asset (all of which are operating in nature) as of December 31, 2021 and 2020 are as follows:

		2021	**2020**
Deferred tax assets:			
Unearned premium reserves	$	3,247,611	5,363,535
Interest-sensitive life reserves		20,430	21,341
Unpaid losses		98,098	144,617
Allowance for doubtful accounts		160,982	99,676
Accrued expenses and other		308,599	301,454
Unearned lease income		166,998	238,568
Nonadmitted assets		4,371,959	4,416,416
Capital loss carryfoward		15,740	10,658
Others		55,963	563
Total deferred tax asset		8,446,380	10,596,828
Less: valuation allowance		(246,931)	(10,182,884)
Deferred tax liability:			
Property and equipment		(91,429)	(413,944)
Net deferred tax asset	$	8,108,020	—

The Company files a federal and Florida income tax return. The Company is no longer subject to U.S. federal income tax examinations for years prior to 2018. Potential state of Florida tax examinations for those years are generally restricted to results that are based on closed U.S. federal income tax examinations.

(7) Reinsurance

The effects of reinsurance as of and for the year ended December 31, 2021 were as follows:

	Accident and health contract/ life claims liability	Unearned health premium reserves	Premiums and annuity considerations written	Premiums and annuity considerations earned	Disability benefits and benefits under accident and health/ life contracts
Direct	$ 11,312,183	41,177,646	104,874,978	104,443,949	63,196,593
Assumed	19,489,222	30,544,748	149,142,462	198,482,575	132,988,863
Ceded	1	—	(2,923)	(2,923)	95,008
Total	$ 30,801,406	71,722,394	254,014,517	302,923,601	196,280,464

The effects of reinsurance as of and for the year ended December 31, 2020 were as follows:

	Accident and health contract/ life claims liability	Unearned health premium reserves	Premiums and annuity considerations written	Premiums and annuity considerations earned	Disability benefits and benefits under accident and health/ life contracts
Direct	$ 12,891,063	40,746,617	104,680,670	104,676,295	56,077,012
Assumed	36,070,554	80,304,121	219,425,567	222,348,272	134,207,150
Ceded	9,617	—	(5,932,062)	(5,932,062)	(833,791)
Total	$ 48,971,234	121,050,738	318,174,175	321,092,505	189,450,371

The Company had a proportional reinsurance agreement with Bupa Mexico, where the Company assumed 90% of the premiums and claims with an excess of loss coverage of 100% on claims above $25,000, with the exception of Banamex products, which are reinsured at 100%. Excess of loss premium paid to the Company by Bupa Mexico equaled 0.5% of retained premiums. The Company paid a reinsurance commission of 37% on all of the premiums ceded, for reimbursement of expenses to Bupa Mexico. These contracts were terminated on October 1, 2021, and a gain of $16,535,969 was recognized in the Statutory Statements of Income. The Company entered into a new contract with Bupa Mexico effective October 1, 2021, where the company has an excess of loss coverage of 100% on claims above $200,000. The Excess of loss premium paid to the Company is $13.43 per member per month.

The Company also has a reinsurance agreement with Bupa DR, where the Company assumes 45% of the premiums and claims with an excess of loss coverage of 100% on claims above $30,000. Excess of loss premium paid to the Company by Bupa DR equals 0.5% of retained premiums. The Company pays a reinsurance commission of 37% on all of the premiums ceded, for reimbursement of expenses to Bupa DR.

The Company also has a reinsurance agreement with Bupa Guatemala, where the Company assumes 90.0% of the premiums and claims with an excess of loss coverage of 100% on claims above $80,000. Reinsurance commission paid to Bupa Guatemala is 40% of ceded premiums. Excess of loss premium paid to the Company equals 0.5% of retained premiums.

The Company has an excess of loss reinsurance agreement with Bupa Panama, to cover any losses greater than $100,000. Bupa Panama pays the Company $20 per member per month.

Additionally, the Company entered into a reinsurance agreement with BINS, a company under common ownership. Under this agreement, BINS cedes 100% of claims and premiums net of commissions related to their Latin America portfolio to the Company. In exchange, the Company reimburses 100% of the operating expenses BINS incurs related to this portfolio.

Effective January 1, 2021 the Company has an excess of loss reinsurance agreement with Bupa Ecuador to cover any losses over $40,000. Effective January 1, 2020 the Company has an excess of loss reinsurance agreement with Bupa Ecuador to cover any losses over $50,000.

The Company has an excess of loss reinsurance agreement with Bupa Bolivia, to cover any losses greater than $150,000. Bupa Bolivia pays the Company $5,000 per year, within 60 days following year-end.

On February 1, 2020, the Company entered a new retrocession reinsurance agreement with Sirius International Insurance Corporation (Sirius), a European public limited company, where the Company assumes 100% of premiums, net of applicable taxes and commissions, written by Cruz Blanca and ceded to Sirius. The Company will reimburse Sirius 100% of all claims paid. The Company will pay Sirius an annual ceding commission of $25,000. This contract was terminated effective January 1, 2021

The Company has a reinsurance agreement with Lloyd’s Syndicate #2001, managed by Amlin Underwriting Limited (Amlin), where the Company assumes 85% of premiums, net of any commissions and fees paid by Amlin to Bupa Worldwide Corporation and to U.S.A. Medical Services Corporation, companies related through common ownership. The Company is liable for 85% of all losses. BIC pays a reinsurance commission of 4% on the net reinsurance premium.

The Company has a reinsurance agreement with Compañía de Seguros Bolivar S. A. (Seguros Bolivar), a company incorporated in Colombia, where the Company assumes 95% of premiums net of applicable tax and commissions. Under Colombian law, Seguros Bolivar must retain 20% of the ceded premium and may release it after a calendar year. Seguros Bolivar will recognize an interest rate of 1.5% over such deposit, subject to withholding tax of 15%. The Company will reimburse Seguros Bolivar 95% of all claims paid. Reinsurance commission paid by BIC on the joint venture agreement is 20% of the reinsurance premiums for individual business and 18% for Group business and 29% for the legacy agreement.

The Company has an excess loss reinsurance agreement with Sirius, in which the Company cedes claims in excess of $400,000 and in excess of $600,000 for claims classified as Maternity Complication Losses to the reinsurer. In the event that the reinsuring company is unable to meet its obligations under existing reinsurance agreements, the Company would be liable for such defaulted amounts; this contract was terminated effective January 1, 2021. The Company reinsures all individual life coverages in excess of $50,000 on any one life, with various reinsurers.

(8) **Retirement Plan**

The Company has a voluntary defined-contribution 401(k) profit-sharing plan (the Plan) in which eligible employees may participate. Employees are eligible to participate in the Plan upon the attainment of age 21 and completion of six months of service. Participants may elect to contribute up to $19,500 of their annual compensation, not to exceed amounts prescribed by statutory guidelines, for the years ended December 31, 2021 and 2020. The Company's matching contribution is 7% of employee's salary. Contributions to the Plan were $43,993 and $43,505 for the years ended December 31, 2021 and 2020, respectively.

(9) **Managing General Agent**

Bupa Worldwide Corporation (BW) has the exclusive contract to serve as managing general agent to the Company. The Company is located at 18001 Old Cutler Road, Palmetto Bay, FL, 33157, with FEIN# 59-2729914. BW provides marketing, agent administration, and policy administration services. The type of authority granted by the Florida Office of Insurance Regulation is B (Binding Authority) and P (Premium Collection). Approximately $104.9 million and $104.7 million of direct premiums were written through BW, including accident and health, ordinary life, and term life, for the year ended December 31, 2021 and 2020, respectively. The Company paid BW commissions of $17,170,119 and $19,641,370 for these services in 2021 and 2020, respectively. Per the terms of the managing general agent agreement, BW must be paid for the administrative fee due on a monthly basis. BW may offset any existing or future indebtedness of the Company to BW against any future claims for compensation payable to the Company by BW.

(10) **Transactions with Related Parties**

The Company is party to a third-party administration agreement with U.S.A. Medical Services Corporation (USAMS) and U.S.A. Medical Services DR (USADR) under which USAMS and USADR provide claims administration and medical referral services to the Company for a fee. The Company paid USAMS and USADR fees for these services of $3,975,896 and $5,159,758 in 2021 and 2020, respectively. These fees are recorded as hospital and medical benefits expense in the accompanying Statutory Statements of Income.

In 2016, the Company provided an unsecured loan to Bupa Investments Overseas Limited (BIOL), a company under common ownership, in the amount of $30,000,000, maturing on December 23, 2017. On December 1, 2017, the original $30,000,000 was repaid. The loan agreement was amended to extend the maturity date to November 21, 2019, and $15,000,000 was funded on December 15, 2017. An additional $6,200,000 was funded on June 21, 2018. An additional loan amendment was executed October 14, 2019 increasing the loan amount to $35,000,000. During 2019, the amount of the loan was funded by an additional $8,500,000. An additional loan amendment was executed October 27, 2020 extending the maturity date to November 19, 2021 and increasing the interest rate. An additional loan amendment was executed October 14, 2021 extending the maturity date to November 18, 2022 and decreasing the interest rate. The new loan amendment bears interest at a fixed rate per annum of 54/100 percent (0.54%). Interest income for the year ended December 31, 2021 amounted to $605,883 compared to $403,673 in 2020. According to Florida Administrative Code Rule 69O-143-047(4)(a)2., the admissibility of this loan involving the Company and a member of its holding company system is limited to 3% of its total admitted assets of the preceding calendar year subsequent to contract amendment, therefore, $20,405,867 is in excess of this limitation and must be included as a nonadmitted asset as December 31, 2021. The amount included as a nonadmitted asset as of December 31, 2020 was $20,405,867.

Effective January 1, 2020, an intercompany expense allocation agreement was placed in effect among the Company, Bupa Investment Corporation, Inc., Bupa Worldwide Corporation, Bupa U.S. Holdings, Inc., U.S.A. Medical Services Corporation (USAMS), Bupa Insurance Limited, Bupa Insurance Services, Ltd, Bupa Denmark Services A/S, Bupa Dominicana, S.A., Bupa Insurance (Bolivia) S.A., Bupa Panama, S.A., Bupa Guatemala Compania De Seguros, S.A., Bupa Mexico Compania De Seguros S.A. DE C.V., Bupa Servicios de Evaluacion Medica, s. de R.L. de C.V., Bupa Ecuador S.A., Compania De Seguros Y Reaseguros, Care Plus Medicina Assistencial Ltda., Amedex Insurance Company (Bermuda) LTD, Integramedica Peru S.A.C, MediPeru S.A., Anglolab S.A., and Amedex Services LTD. The agreement states that each paying party is authorized to pay for direct costs on behalf of one or more of the other party or parties in exchange for reimbursement for such payments from the respective purchasing party or parties. Payments shall be in the exact amount, including all applicable incurred taxes. The total receivable included within receivable from subsidiaries and affiliates at December 31, 2021 was $157,133. The total payable included within payable to subsidiaries and affiliates $44,657 at December 31, 2020.

In November 2013, the Company signed sublease agreements with BW and USAMS to allocate the cost of a 10-year lease in an office building located in Palmetto Bay, Florida. The Company charges BW and USAMS for the portion of the space used. Total rental income is included as an offset to general administrative expenses and amounted to $2,006,140 in 2021 and $2,002,455 in 2020. The total of minimum sublease rentals to be received in the future under these leases is $4,680,876.

On February 13, 2013, the Company provided an unsecured loan to USAMS in the amount of $4,000,000, maturing on February 23, 2023. The loan bears interest, payable quarterly in arrears on the last business day of each calendar quarter, at a 3% rate per annum. Interest income for the years ended December 31, 2021 and 2020 amounted to $120,300 respectively.

Additionally, the Company has an investment in Bupa Mexico, as discussed in note 1(e).

(11) Regulatory Matters

The Company is subject to regulation by the Florida OIR. Florida insurance regulations require the Company to maintain not less than the greater of unimpaired paid-in surplus of $40.0 million, or 4%, of total liabilities, plus 6% of liabilities relative to health insurance. The Company is restricted by Florida insurance statutes as to the amount of dividends which can be paid. Dividends can only be paid out of available and accumulated surplus funds, which are derived from realized net operating profits and net realized capital gains. The maximum amount of dividend paid must be the lower of 10% of capital and surplus or 100% of the net operating profits and realized net capital gains derived during the immediate preceding calendar year. During 2021 and 2020, no dividends were declared or paid. The Company is limited to distribute $15.6 million in dividends in 2021 without prior approval from the Florida OIR.

The Company is required to comply with NAIC risk-based capital (RBC) requirements. RBC is a method of measuring the amount of capital appropriate for an insurance company to support its overall business operations in light of its size and risk profile. NAIC RBC standards are used by regulators to determine appropriate regulatory actions relating to insurers who show signs of weak or deteriorating conditions. As of December 31, 2021 and 2020, based on calculations using appropriate NAIC formulas, the Company’s total adjusted capital was in excess of ratios that would require any form of regulatory action.

(12) **Concentration of Premiums**

The distribution by country of accident and health premiums written by the Company is as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Mexico	35 %	49 %
Guatemala	10	6
Colombia	7	6
Venezuela	7	6
Ecuador	5	4
Others	36	29
Total	100 %	100 %

(13) **Commitments and Contingencies**

The Company is a party to various claims, legal actions, and complaints arising in the ordinary course of business. While any proceeding or litigation has an element of uncertainty, management believes that the disposition of these matters will not have a material impact on the statutory financial position, liquidity, or results of operations of the Company.

(14) **Leases**

In November 2013, the Company signed a lease agreement for a 10-year lease in an office building located in Palmetto Bay, Florida. The Company is also a party to two leases for equipment with terms ranging from three to five years.

Rental expense for these operating leases was $1,859,529 in 2021 and $1,855,462 in 2020.

Future minimum lease payments under non cancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2021 are:

	Minimum lease payments
Year ending December 31:	
2022	$ 2,184,870
2023	2,238,961
2024	539,977
Total minimum lease payments	$ 4,963,808

In November 2013, the Company signed sublease agreements with BW and USAMS to allocate the cost of a 10-year lease in an office building located in Palmetto Bay, Florida, as stated in note 10, above.

Future minimum sublease receipts in the future under these leases as of December 31, 2021 are:

	BW minimum sublease receipts	USAMS minimum sublease receipts
Year ending December 31:		
2022	$ 1,649,970	407,588
2023	1,694,893	418,686
2024	408,763	100,976
Total minimum sublease receipts	$ 3,753,626	927,250

(15) **Risks and Uncertainties**

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic, due to its rapid spread throughout the world. Most governments took restrictive measures to contain the spread and the situation significantly affected the global economy, due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty, evidenced by an increase in the volatility of asset prices, exchange rates and a decrease in long-term interest rates.

Despite of the pandemic, its severity and duration, there is no material negative impact on the financial statements as a result of COVID-19 and there has been no significant interruption in the Company's business. Bupa has successfully partially returned to work from office to ensure the continuity of operations with our customers and suppliers. The Board of Directors continues to monitor the business for possible impacts and managing the associated risks.

(16) **Subsequent Events**

On February 22, 2022 the Board of Directors approved a $10 million dividend distribution to its parent, Bupa Global Holdings Limited. The dividend was paid on April 19th, 2022. On February 22, 2022 the Board of Directors approved a $29.7 million dividend distribution to its parent Bupa Global Holdings Limited. The dividend is scheduled to be paid on June 9th, 2022.

The Company has evaluated subsequent events through June 1, 2022, the date at which the financial statements were available to be issued. The Company has determined that there are no items to disclose other than those mentioned above.

SUPPLEMENTAL SCHEDULES

Schedule I

BUPA INSURANCE COMPANY

Schedule of Investment Risks Interrogatories

December 31, 2021

1. The Company's total admitted assets as reported in the statutory statement of admitted assets, liabilities, and capital and surplus at December 31, 2021 were: $ 274,660,698

2. The largest exposures to a single issue/borrower/investment, by investment category, excluding: (i) 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, (ii) property occupied by the Company, and (iii) policy loans at December 31, 2021 are as follows:

Issuer	Description of exposure	Amount	Percentage of total admitted assets
Standard Chartered Bank	Cash/Bonds	$ 80,000,000	29 %
Wells Fargo	Cash	31,860,781	12
MUFG Bank Ltd.	Cash/Bonds	19,994,222	7
Fifth Third Bank	Cash/Bonds	19,928,829	7
Mizuho Financial Group Inc.	Bonds	15,340,192	6
UBS Group	Bonds	14,405,904	5
BUPA Mexico, Compañía de Seguros, S.A.	Common Stock	14,099,632	5
Credit Suisse AG	Bonds	10,722,123	4
JP Morgan Chase and Co.	Bonds	10,025,762	4
Bupa Investment Overseas LTD	Other Long Term Investments	9,294,133	3

3. The amount and percentage of the Company's total admitted assets held in bonds by NAIC rating are as follows:

Bonds	Amount	Percentage
NAIC-1	$ 107,072,343	39 %

4. The largest exposures to foreign investments are as follows:

Issuer	Investment category	Amount	Percentage of total admitted assets
BUPA Mexico, Compañía de Seguros, S.A.	Common stock	$ 14,099,632	5 %

5. Aggregate foreign investment exposure by NAIC sovereign designation:

NAIC Designation	Amount	Percentage
Countries designated NAIC – 1	$ —	— %
Countries designated NAIC – 2	14,099,632	5 %
Countries designated NAIC – 3 or below	—	— %

6. The largest foreign investment by country, categorized by country's NAIC sovereign designation:

Country Designated NAIC – 2			
Country	Mexico	$ 14,099,632	5 %

7. N/A

8. N/A

9. N/A

10. N/A

11. There were no assets held in Canadian investments that exceeded 2.5% of total admitted assets.

12. There were no assets held in investments with contractual sales restrictions.

BUPA INSURANCE COMPANY

Schedule of Investment Risks Interrogatories

December 31, 2021

13. The largest exposure to equity interests is as follows:

Issuer		Amount	Percentage of total admitted assets
BUPA Mexico, Compañía de Seguros, S.A.	$	14,099,632	5 %

14. There were no privately placed equities.
15. There were no assets held in general partnership interests.
16. There were no assets held in mortgage loans that exceeded 2.5% of total admitted assets.
17. N/A
18. There were no assets held in real estate.
19. There were no admitted assets held in mezzanine real estate loans.
20. There were no admitted assets subject to securities lending, repurchase, reserve repurchase, dollar repurchase, or dollar reserve repurchase.
21. There were no warrants.
22. There was no exposure for collars, swaps, or forwards.
23. There was no exposure for future contracts.
24. There were no write-ins for invested assets category included on the summary investment schedule in the annual statement.

Refer to Section 2 of Appendix A-001 to the NAIC *Accounting Practices and Procedures Manual.*

BUPA INSURANCE COMPANY

Supplemental Summary Investment Schedule

December 31, 2021

	Gross investment holdings	Percentage	Admitted assets	Percentage
Bonds:				
U.S. Treasury securities	$ 785,162	0.3 %	$ 785,162	0.3 %
U.S. government agency and corporate obligations (excluding mortgage-backed securities (MBS))	—	— %	—	— %
Securities issued by states, territories, and possessions and political subdivisions in the United States:				
States, territories, and possessions general obligations	—	— %	—	— %
Political subdivision of states, territories, and possessions and political subdivisions general obligations	—	— %	—	— %
Collateralized mortgage obligation and real estate mortgage investment conduits:				
Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC	—	— %	—	— %
Other debt and other fixed-income securities (excluding short term)	84,419,661	30.6 %	84,419,661	33.0 %
Equity interests:				
Investment in mutual funds	—	— %	—	— %
Preferred stocks:				
Unaffiliated	—	— %	—	— %
Publicly traded equity securities (excluding preferred stocks):				
Unaffiliated	—	— %	—	— %
Other equity securities:				
Affiliated	14,099,632	5.1 %	14,099,632	5.5 %
Contract loans	253,910	0.1 %	253,910	0.1 %
Receivables for securities	—	— %	—	— %
Cash, cash equivalents, and short-term investments	142,698,721	51.7 %	142,698,721	55.9 %
Other invested assets	33,700,000	12.2 %	13,294,133	5.2 %
Total invested assets	$ 275,957,086	100 %	$ 255,551,219	100 %