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# HEALTH QUARTERLY STATEMENT

AS OF September 30, 2002  
 OF THE CONDITION AND AFFAIRS OF THE  
**SummaCare, Inc.**

NAIC Group Code	<u>3259</u> (Current Period)	NAIC Company Code	<u>95202</u>	Employer's ID Number	<u>34-1726655</u>	
Organized under the Laws of	<u>Ohio</u>	State of Domicile or Port of Entry			<u>Ohio</u>	
Country of Domicile	<u>United States</u>					
Licensed as business type:	Life, Accident & Health[ <input type="checkbox"/> ] Dental Service Corporation[ <input type="checkbox"/> ] Other[ <input type="checkbox"/> ]	Property/Casualty[ <input type="checkbox"/> ] Vision Service Corporation[ <input type="checkbox"/> ] Is HMO Federally Qualified? Yes[X] No[ <input type="checkbox"/> ]	Hospital, Medical & Dental Service or Indemnity[ <input type="checkbox"/> ] Health Maintenance Organization[X]			
Date Incorporated or Organized	<u>10/23/1992</u>		Date Commenced Business	<u>03/01/1993</u>		
Statutory Home Office	<u>10 North Main Street</u> (Street and Number)		<u>Akron, OH 44308</u> (City, or Town, State and Zip Code)			
Main Administrative Office	<u>10 North Main Street</u> (Street and Number)		<u>Akron, OH 44308</u> (City or Town, State and Zip Code)			
Mail Address	<u>P.O. Box 3620</u> (Street and Number or P.O. Box)		<u>(330)996-8410 x</u> (Area Code) (Telephone Number)			
Primary Location of Books and Records	<u>Akron, OH 44309</u> (City, or Town, State and Zip Code)		<u>(330)996-8489 x</u> (Area Code) (Telephone Number)			
Internet Website Address						
Statutory Statement Contact	<u>Marilyn Christine Anglin</u> (Name) <u>anglinm@summacare.com</u> (E-Mail Address)		<u>(330)996-8489 x</u> (Area Code)(Telephone Number)(Extension) <u>(330)996-8553 x</u> (Fax Number)			
Policyowner Relations Contact	<u>(Street and Number)</u> (City, or Town, State and Zip Code)					<u>(Area Code) (Telephone Number)(Extension)</u>

## OFFICERS

President	<u>Martin Paul Hauser</u>
Secretary	<u>C. Michael Rutherford</u>
Treasurer	<u>C. Michael Rutherford</u>

Claude Maurius Vincenti

Ernest Edward Humbert

## VICE PRESIDENTS

Thomas Francis Bear  
 Vincent Hadar Johnson Jr.  
 Thomas Joseph Strauss  
 C. Michael Rutherford  
 Richard A. Merolla

Thomas Clifford Deveny  
 Jeffrey Scott Kline  
 Dale Patterson Murphy  
 J. B. Silvers

Thomas Gene Knoll  
 Ann Amer Brennan  
 Walter Neil Mirapaul  
 Bennett L. Williams

## DIRECTORS OR TRUSTEES

State of Ohio  
 County of USA ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)  
Martin Paul Hauser  
 (Printed Name)  
 President

(Signature)  
Claude Maurius Vincenti  
 (Printed Name)  
 Senior Vice President, COO

(Signature)  
Ernest Edward Humbert  
 (Printed Name)  
 Vice President, CFO

Subscribed and sworn to before me this  
day of , 2002

a. Is this an original filing?  
 b. If no, 1. State the amendment number  
 2. Date filed  
 3. Number of pages attached

Yes[X] No[  ]

(Notary Public Signature)

**ASSETS**

	Current Period			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds .....	14,750,748		14,750,748	9,490,385
2. Stocks: .....				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate: .....				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A): .....				
4.1 Properties occupied by the company (less \$..... encumbrances) .....	48,527	48,527	(a) .....	
4.2 Properties held for the production of income (less \$..... encumbrances) .....				
4.3 Properties held for sale (less \$..... encumbrances) .....				
5. Cash (\$.....5,792,322) and short-term investments (\$.....470,504) .....	6,262,827		6,262,827	21,375,068
6. Other long-term invested assets .....				
7. Receivable for securities .....				
8. Aggregate write-ins for invested assets .....				
9. Subtotal cash and invested assets (Lines 1 to 8) .....	21,062,102	48,527	21,013,575	30,865,453
10. Accident and health premiums due and unpaid .....	10,963,803	101,815	10,861,988	9,083,864
11. Health care receivables .....				
12. Amounts recoverable from reinsurers .....				
13. Net adjustment in assets and liabilities due to foreign exchange rates .....				
14. Investment income due and accrued .....	35,600		35,600	140,180
15. Amounts due from parent, subsidiaries and affiliates .....	1,262,093		1,262,093	624,911
16. Amounts receivable relating to uninsured accident and health plans .....				
17. Furniture and equipment .....	491,716	491,716		
18. Amounts due from agents .....				
19. Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset) .....				
20. Electronic data processing equipment and software .....	3,504,209	3,046,406	457,803	497,837
21. Other nonadmitted assets .....				
22. Aggregate write-ins for other than invested assets .....	1,672,338	503,416	1,168,922	2,402,490
23. Total assets (Lines 9 plus 10 through 22) .....	38,991,861	4,191,880	34,799,981	43,614,735

**DETAILS OF WRITE-INS**

0801 .....				
0802 .....				
0803 .....				
0898. Summary of remaining write-ins for Line 8 from overflow page .....				
0899. TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above) .....				
2201. Other Receivables .....	357,377		357,377	1,214,703
2202. Prepaid expenses .....	280,912	280,912		19,269
2203. Goodwill .....	222,504	222,504		
2298. Summary of remaining write-ins for Line 22 from overflow page .....	811,545		811,545	1,168,518
2299. TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above) .....	1,672,338	503,416	1,168,922	2,402,490

(a) \$..... health care delivery assets included in Line 4.1, Column 3.

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$..... reinsurance ceded) .....	4,966,479	.....	4,966,479	3,399,602
2. Accrued medical incentive pool and bonus payments .....	.....	.....	.....	.....
3. Unpaid claims adjustment expenses .....	135,939	.....	135,939	68,767
4. Aggregate policy reserves .....	.....	.....	.....	.....
5. Aggregate claim reserves .....	.....	.....	.....	.....
6. Premiums received in advance .....	10,781,759	.....	10,781,759	19,476,853
7. General expenses due or accrued .....	612,594	.....	612,594	1,887,438
8. Federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses) (including \$..... net deferred tax liability) .....	.....	.....	.....	.....
9. Amounts withheld or retained for account of others .....	.....	.....	.....	.....
10. Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current) .....	.....	.....	.....	.....
11. Amounts due to parent, subsidiaries and affiliates .....	540,715	.....	540,715	2,514,696
12. Payable for securities .....	.....	.....	.....	.....
13. Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers) .....	.....	.....	.....	.....
14. Reinsurance in unauthorized companies .....	.....	.....	.....	.....
15. Net adjustments in assets and liabilities due to foreign exchange rates .....	.....	.....	.....	.....
16. Liability for amounts held under uninsured accident and health plans .....	.....	.....	.....	.....
17. Aggregate write-ins for other liabilities (including \$..... current) .....	1,583,799	.....	1,583,799	.....
18. Total liabilities (Lines 1 to 17) .....	18,621,285	.....	18,621,285	27,347,356
19. Common capital stock .....	XXX	XXX	570	570
20. Preferred capital stock .....	XXX	XXX	100	100
21. Gross paid in and contributed surplus .....	XXX	XXX	12,017,044	11,948,443
22. Surplus notes .....	XXX	XXX	.....	.....
23. Aggregate write-ins for other surplus funds .....	XXX	XXX	.....	.....
24. Unassigned funds (surplus) .....	XXX	XXX	4,160,982	4,318,266
25. Less treasury stock, at cost:	XXX	XXX	.....	.....
25.1 ..... shares common (value included in Line 19 \$.....) .....	XXX	XXX	.....	.....
25.2 ..... shares preferred (value included in Line 20 \$.....) .....	XXX	XXX	.....	.....
26. Total capital and surplus (Lines 19 to 24, Less 25) .....	XXX	XXX	16,178,696	16,267,379
27. Total liabilities, capital and surplus (Lines 18 and 26) .....	XXX	XXX	34,799,981	43,614,735
<b>DETAILS OF WRITE-INS</b>				
1701. Payroll liability .....	271,321	.....	271,321	.....
1702. City tax liability .....	9,337	.....	9,337	.....
1703. Other accrued liabilities .....	1,303,141	.....	1,303,141	.....
1798. Summary of remaining write-ins for Line 17 from overflow page .....	.....	.....	.....	.....
1799. TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above) .....	1,583,799	.....	1,583,799	.....
2301 .....	XXX	XXX	.....	.....
2302 .....	XXX	XXX	.....	.....
2303 .....	XXX	XXX	.....	.....
2398. Summary of remaining write-ins for Line 23 from overflow page .....	XXX	XXX	.....	.....
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	XXX	XXX	.....	.....

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year to Date			Prior Year
	1 Uncovered	2 Total	3 Total	
	XXX	835,280	977,318	
1. Member Months .....	XXX	835,280	977,318	
2. Net premium income .....	XXX	186,903,370	205,624,255	
3. Change in unearned premium reserves and reserve for rate credits .....	XXX			
4. Fee-for-service (net of \$..... medical expenses) .....	XXX			
5. Risk revenue .....	XXX			
6. Aggregate write-ins for other health care related revenues .....	XXX	2,922,150	2,098,996	
7. TOTAL REVENUES (Lines 2 to 6) .....	XXX	189,825,520	207,723,251	
<b>Medical and Hospital:</b>				
8. Hospital/medical benefits .....		135,729,427	149,208,534	
9. Other professional services .....		27,635,634	27,421,799	
10. Outside referrals .....				
11. Emergency room and out-of-area .....		1,487,522	1,736,661	
12. Prescription drugs .....				
13. Aggregate write-ins for other medical and hospital .....				
14. Incentive pool and withhold adjustments .....				
15. Subtotal (Lines 8 to 14) .....		164,852,583	178,366,994	
<b>LESS:</b>				
16. Net reinsurance recoveries .....				
17. Total medical and hospital (Lines 15 minus 16) .....		164,852,583	178,366,994	
18. Claims adjustment expenses .....				
19. General administrative expenses .....		23,821,585	25,557,511	
20. Increase in reserves for accident and health contracts .....				
21. Total underwriting deductions (Lines 17 through 20) .....		188,674,168	203,924,505	
22. Net underwriting gain or (loss) (Lines 7 minus 21) .....	XXX	1,151,352	3,798,746	
23. Net investment income earned .....		491,277	658,009	
24. Net realized capital gains or (losses) .....				
25. Net investment gains or (losses) (Lines 23 plus 24) .....		491,277	658,009	
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....), (amount charged off \$.....)] .....				
27. Aggregate write-ins for other income or expenses .....		50,176	88,399	
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27) .....		1,692,805	4,545,154	
29. Federal and foreign income taxes incurred .....	XXX	112,500	1,785,000	
30. Net income (loss) (Lines 28 minus 29) .....	XXX	1,580,305	2,760,154	
<b>DETAILS OF WRITE-INS</b>				
0601. Administrative Services revenue .....	XXX	2,922,150	2,096,510	
0602. .....	XXX			
0603. Gain/loss on disposal of asset .....	XXX		2,486	
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX			
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX	2,922,150	2,098,996	
1301 .....				
1302 .....				
1303 .....				
1398. Summary of remaining write-ins for Line 13 from overflow page .....				
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....				
2701. COB and Subrogation .....		50,176	88,399	
2702. Network Access fees .....				
2703 .....				
2798. Summary of remaining write-ins for Line 27 from overflow page .....				
2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above) .....		50,176	88,399	

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

		1 Current Year to Date	2 Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>			
31.	Capital and surplus prior reporting year .....	16,267,379	11,611,866
<b>GAINS AND LOSSES TO CAPITAL &amp; SURPLUS</b>			
32.	Net income or (loss) from Line 30 .....	1,580,305	2,760,154
33.	Change in valuation basis of aggregate policy and claim reserves .....		
34.	Net unrealized capital gains and losses .....		
35.	Change in net unrealized foreign exchange capital gain or (loss) .....		
36.	Change in net deferred income tax .....	(88,455)	962,000
37.	Change in nonadmitted assets .....	(1,649,171)	264,418
38.	Change in unauthorized reinsurance .....		
39.	Change in treasury stock .....		
40.	Change in surplus notes .....		
41.	Cumulative effect of changes in accounting principles .....		(1,116,059)
42.	Capital Changes:		
42.1	Paid in .....		
42.2	Transferred from surplus (Stock Dividend) .....		
42.3	Transferred to surplus .....		
43.	Surplus adjustments:		
43.1	Paid in .....	68,601	1,785,000
43.2	Transferred to capital (Stock Dividend) .....		
43.3	Transferred from capital .....		
44.	Dividends to stockholders .....		
45.	Aggregate write-ins for gains or (losses) in surplus .....	38	
46.	Net change in capital and surplus (Lines 32 to 45) .....	(88,682)	4,655,513
47.	Capital and surplus end of reporting period (Line 31 plus 46) .....	16,178,697	16,267,379
<b>DETAILS OF WRITE-INS</b>			
4501.	GAAP Pushdown entry @ 12/31 .....		
4502.	Misc. adj. ....	38	
4503.	.....		
4598.	Summary of remaining write-ins for Line 45 from overflow page .....		
4599.	TOTALS (Lines 4501 through 4503 plus 4598) (Line 45 above) .....	38	

**CASH FLOW**

		1 Current Year To Date	2 Prior Year
<b>Cash from Operations</b>			
1.	Premiums and revenues collected net of reinsurance .....	176,429,893	208,690,507
2.	Claims and claims adjustment expenses .....	163,168,357	175,055,603
3.	General administrative expenses paid .....	23,806,148	25,712,385
4.	Other underwriting income (expenses) .....	(416,799)	
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....	(10,544,612)	7,505,720
6.	Net investment income .....	589,100	594,743
7.	Other income (expenses) .....	3,897,439	1,149,468
8.	Federal and foreign income taxes (paid) recovered .....	156,018	(1,191,000)
9.	Net cash from operations (Lines 5 to 8) .....	(5,902,055)	8,058,931
<b>Cash from Investments</b>			
10.	Proceeds from investments sold, matured or repaid:		
10.1	Bonds .....	50,000	100,000
10.2	Stocks .....		
10.3	Mortgage loans .....		
10.4	Real estate .....		
10.5	Other invested assets .....		
10.6	Net gains or (losses) on cash and short-term investments .....		
10.7	Miscellaneous proceeds .....		
10.8	TOTAL investment proceeds (Lines 10.1 to 10.7) .....	50,000	100,000
11.	Cost of investments acquired (long-term only):		
11.1	Bonds .....	5,375,008	4,497,984
11.2	Stocks .....		
11.3	Mortgage loans .....		
11.4	Real estate .....		
11.5	Other invested assets .....		
11.6	Miscellaneous applications .....	10,964	
11.7	TOTAL investments acquired (Lines 11.1 to 11.6) .....	5,385,972	4,497,984
12.	Net cash from investments (Line 10.8 minus Line 11.7) .....	(5,335,972)	(4,397,984)
<b>Cash from Financing and Miscellaneous Sources</b>			
13.	Cash provided:		
13.1	Surplus notes, capital and surplus paid in .....	362,119	1,785,000
13.2	Net transfers from affiliates .....	(1,973,981)	683,424
13.3	Borrowed funds received .....	(1,648,921)	264,418
13.4	Other cash provided .....	23,703	932,335
13.5	TOTAL (Lines 13.1 to 13.4) .....	(3,237,080)	3,665,177
14.	Cash applied:		
14.1	Dividends to stockholders paid .....		
14.2	Net transfers to affiliates .....	637,182	
14.3	Borrowed funds repaid .....		
14.4	Other applications .....	(48)	1,116,059
14.5	TOTAL (Lines 14.1 to 14.4) .....	637,134	1,116,059
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5) .....	(3,874,214)	2,549,118
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15) .....	(15,112,241)	6,210,065
17.	Cash and short-term investments:		
17.1	Beginning of period .....	21,375,068	15,165,002
17.2	End of period (Line 16 plus Line 17.1) .....	6,262,827	21,375,067

**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year .....	86,296			42,437			1,916	12,369	29,574	
2. First Quarter .....	91,064			43,101			5,095	11,887	30,981	
3. Second Quarter .....	92,660			42,851			5,146	11,825	32,838	
4. Third Quarter .....	97,023			46,248			5,340	11,638	33,797	
5. Current Year .....										
6. Current Year Member Months .....	835,280			394,378			46,520	105,795	288,587	
Total Member Ambulatory Encounters for Period:										
7. Physician .....	115,194			42,602			32,444	40,148		
8. Non-Physician .....	76,515			36,403			23,481	16,631		
9. Total .....	191,709			79,005			55,925	56,779		
10. Hospital Patient Days Incurred .....	39,279			8,436			836	21,549	8,458	
11. Number of Inpatient Admissions .....	8,495			2,267			233	3,490	2,505	
12. Premiums Collected .....	176,429,893			73,276,378			7,148,974	55,665,782	40,338,759	
13. Premiums Earned .....	186,903,369			72,053,290			7,767,820	62,157,307	44,924,952	
14. Amount Paid for Provision of Health Care Services .....	163,168,358			62,828,209			6,711,787	54,847,655	38,780,707	
15. Amount Incurred for Provision of Health Care Services .....	164,852,583			63,749,060			7,475,161	54,847,655	38,780,707	

**CLAIMS PAYABLE (Reported and Unreported)**

## Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
0199999 Individually Listed Claims Payable .....	.....	.....	.....	.....	.....	.....
0299999 Aggregate Accounts Not Individually Listed - Uncovered .....	.....	.....	.....	.....	.....	.....
0399999 Aggregate Accounts Not Individually Listed - Covered .....	2,309,479	761,000	453,000	382,000	1,061,000	4,966,479
0499999 Subtotals .....	2,309,479	761,000	453,000	382,000	1,061,000	4,966,479
0599999 Unreported claims and other claim reserves .....	.....	.....	.....	.....	.....	.....
0699999 Total Amounts Withheld .....	.....	.....	.....	.....	.....	.....
0799999 Total Claims Payable .....	.....	.....	.....	.....	.....	4,966,479
0899999 Accrued Medical Incentive Pool .....	.....	.....	.....	.....	.....	.....

# UNDERWRITING AND INVESTMENT EXHIBIT

## ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1+3)	6  Estimated Claim Reserve and Claim Liability Dec.31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid Dec.31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (Hospital & Medical) .....	2,994,000	59,834,210	403,000	3,693,845	3,397,000	3,293,342
2. Medicare Supplement .....						
3. Dental only .....						
4. Vision only .....						
5. Federal Employees Health Benefits Plan Premiums .....	113,000	6,598,787		869,634	113,000	106,261
6. Title XVIII - Medicare .....		54,847,655				
7. Title XIX - Medicaid .....		38,780,707				
8. Other .....						
9. Subtotal .....	3,107,000	160,061,359	403,000	4,563,479	3,510,000	3,399,603
10. Medical incentive pools, accruals and disbursements .....						
11. TOTALS .....	3,107,000	160,061,359	403,000	4,563,479	3,510,000	3,399,603

## **Notes to Financial Statement**

**GENERAL INTERROGATORIES**

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted)

**PART 1 - COMMON INTERROGATORIES****GENERAL**

1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? Yes[ ] No[X]

1.2 If yes, explain:

2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes[ ] No[X]

2.2 If yes, has the report been filed with the domiciliary state? Yes[ ] No[X] N/A[ ]

3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[ ] No[X]

3.2 If yes, date of change: If not previously filed, furnish herewith a certified copy of the instrument as amended.

4. Have there been any substantial changes in the organizational chart since the prior quarter end? If yes attach an organizational chart. Yes[ ] No[X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]

5.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? If yes, attach an explanation. Yes[ ] No[X] N/A[ ]

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/1997

7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1997

7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 12/31/1998

7.4 By what department or departments?  
Ohio Department of Insurance

8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes[ ] No[X]

8.2 If yes, give full information

**GENERAL INTERROGATORIES (continued)**

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

**INVESTMENT**

9.1 Has there been any changes in the reporting entity's own preferred or common stock? Yes[ ] No[X]

9.2 If yes, explain:

10.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes[ ] No[X]

10.2 If yes, give full and complete information relating thereto:

11. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$

12. Amount of real estate and mortgages held in short-term investments: \$

13.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes[ ] No[X]

13.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
13.21 Bonds .....	.....	.....
13.22 Preferred Stock .....	.....	.....
13.23 Common Stock .....	.....	.....
13.24 Short-Term Investments .....	.....	.....
13.25 Mortgages, Loans or Real Estate .....	.....	.....
13.26 All Other .....	.....	.....
13.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 13.21 to 13.26) .....	.....	.....
13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above .....	.....	.....
13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above .....	.....	.....

14.1 Does the reporting entity have any hedging transactions reported in Schedule DB? Yes[ ] No[X]

14.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[ ] No[X] N/A[ ]  
If no, attach a description with this statement.

15. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV, H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[ ] No[X]

15.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
.....	.....

15.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....

15.3 Have there been any changes, including name changes, in the custodian(s) identified in 15.1 during the current year? Yes[ ] No[X]

15.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....	.....	.....	.....

15.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
.....	.....	.....

**SCHEDULE A - VERIFICATION**

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period .....	58,346	61,745	54,957	51,325
2. Increase (decrease) by adjustment .....	3,399	(6,788)	(6,430)	(22,835)
3. Cost of acquired .....				
4. Cost of additions to and permanent improvements .....				29,857
5. Total profit (loss) on sales .....				
6. Increase (decrease) by foreign exchange adjustment .....				
7. Amount received on sales .....				
8. Book/adjusted carrying value at end of current period .....	61,745	54,957	48,527	58,347
9. Total valuation allowance .....				
10. Subtotal (Lines 8 plus 9) .....	61,745	54,957	48,527	58,347
11. Total nonadmitted amounts .....	61,745	54,957	48,527	58,346
12. Statement value, current period (Page 2, real estate lines, current period) .....				1

**SCHEDULE B - VERIFICATION**

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/recorded investment excluding accrued interest on mortgages owned, beginning of period .....				
2. Amount loaned during period:				
2.1 Actual cost at time of acquisitions .....				
2.2 Additional investment made after acquisitions .....				
3. Accrual of discount and mortgage interest points and commitment fees .....				
4. Increase (decrease) by adjustment .....				
5. Total profit (loss) on sale .....				
6. Amounts paid on account or in full during the period .....				
7. Amortization of premium .....				
8. Increase (decrease) by foreign exchange adjustment .....				
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....				
10. Total valuation allowance .....				
11. Subtotal (Lines 9 plus 10) .....				
12. Total nonadmitted amounts .....				
13. Statement value of mortgages owned at end of current period .....				

**SCHEDULE BA - VERIFICATION**

## Other Invested Assets Included in Schedule BA

Description	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, beginning of period .....				
2. Cost of acquisitions during period:				
2.1 Actual cost at time of acquisitions .....				
2.2 Additional investment made after acquisitions .....				
3. Accrual of discount .....				
4. Increase (decrease) by adjustment .....				
5. Total profit (loss) on sale .....				
6. Amounts paid on account or in full during the period .....				
7. Amortization of premium .....				
8. Increase (decrease) by foreign exchange adjustment .....				
9. Book/adjusted carrying value of long-term invested assets at end of current period .....				
10. Total valuation allowance .....				
11. Subtotal (Lines 9 plus 10) .....				
12. Total nonadmitted amounts .....				
13. Statement value of long-term invested assets at end of current period .....				

**SCHEDULE D - PART 1B****Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class**

	1 Statement Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Statement Value End of First Quarter	6 Statement Value End of Second Quarter	7 Statement Value End of Third Quarter	8 Statement Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1	14,778,612			(27,864)	14,439,343	14,778,612	14,750,748	9,490,385
2. Class 2								
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. TOTAL Bonds	14,778,612			(27,864)	14,439,343	14,778,612	14,750,748	9,490,385
<b>PREFERRED STOCK</b>								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. TOTAL Preferred Stock								
15. TOTAL Bonds & Preferred Stock	14,778,612			(27,864)	14,439,343	14,778,612	14,750,748	9,490,385

**SCHEDULE DA - PART 1****Short - Term Investments Owned End of Current Quarter**

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Amount of Interest Received Current Quarter	5 Paid for Accrued Interest
8099999. TOTALS .....	470,504	XXX .....	470,504	2,580	

**SCHEDULE DA - PART 2 - Verification****Short-Term Investments Owned**

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period .....	462,045	620,282	464,600	473,307
2. Cost of short-term investments acquired .....	5,249,751	214,541	205,904	4,539,229
3. Increase (decrease) by adjustment .....				
4. Increase (decrease) by foreign exchange adjustment .....				
5. Total profit (loss) on disposal of short-term investments .....				
6. Consideration received on disposal of short-term investments .....	5,091,514	370,223	200,000	4,550,491
7. Book/adjusted carrying value, current period .....	620,282	464,600	470,504	462,045
8. Total valuation allowance .....				
9. Subtotals (Lines 7 plus 8) .....	620,282	464,600	470,504	462,045
10. Total nonadmitted amounts .....				
11. Statement value (Lines 9 minus 10) .....	620,282	464,600	470,504	462,045
12. Income collected during period .....	6,664	3,342	2,580	
13. Income earned during period .....	6,664	3,342	2,580	

**16 Schedule DB Part F Section 1.....NONE**

**17 Schedule DB Part F Section 2.....NONE**

**SCHEDULE S - CEDED REINSURANCE****Showing all new reinsurers-Current Year to Date**

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Location	5 Is Insurer Authorized? (Yes or No)
------------------------------	------------------------------	------------------------	---------------	---

**Life and annuity - affiliates**

90611 .....	41-1366075 .....	Allianz Life Ins Co Of North Amer .....	Minneapolis, Minnesota .....	Yes[X] No[ ] .....
				Yes[ ] No[X] .....

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**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS****Allocated by States and Territories**

	State, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed (Yes or No)	Direct Business Only Year-to-Date			
				3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums
1.	Alabama	AL	No	No			
2.	Alaska	AK	No	No			
3.	Arizona	AZ	No	No			
4.	Arkansas	AR	No	No			
5.	California	CA	No	No			
6.	Colorado	CO	No	No			
7.	Connecticut	CT	No	No			
8.	Delaware	DE	No	No			
9.	District of Columbia	DC	No	No			
10.	Florida	FL	No	No			
11.	Georgia	GA	No	No			
12.	Hawaii	HI	No	No			
13.	Idaho	ID	No	No			
14.	Illinois	IL	No	No			
15.	Indiana	IN	No	No			
16.	Iowa	IA	No	No			
17.	Kansas	KS	No	No			
18.	Kentucky	KY	No	No			
19.	Louisiana	LA	No	No			
20.	Maine	ME	No	No			
21.	Maryland	MD	No	No			
22.	Massachusetts	MA	No	No			
23.	Michigan	MI	No	No			
24.	Minnesota	MN	No	No			
25.	Mississippi	MS	No	No			
26.	Missouri	MO	No	No			
27.	Montana	MT	No	No			
28.	Nebraska	NE	No	No			
29.	Nevada	NV	No	No			
30.	New Hampshire	NH	No	No			
31.	New Jersey	NJ	No	No			
32.	New Mexico	NM	No	No			
33.	New York	NY	No	No			
34.	North Carolina	NC	No	No			
35.	North Dakota	ND	No	No			
36.	Ohio	OH	No	Yes	72,053,291	62,157,307	44,924,952
37.	Oklahoma	OK	No	No			
38.	Oregon	OR	No	No			
39.	Pennsylvania	PA	No	No			
40.	Rhode Island	RI	No	No			
41.	South Carolina	SC	No	No			
42.	South Dakota	SD	No	No			
43.	Tennessee	TN	No	No			
44.	Texas	TX	No	No			
45.	Utah	UT	No	No			
46.	Vermont	VT	No	No			
47.	Virginia	VA	No	No			
48.	Washington	WA	No	No			
49.	West Virginia	WV	No	No			
50.	Wisconsin	WI	No	No			
51.	Wyoming	WY	No	No			
52.	American Samoa	AS	No	No			
53.	Guam	GU	No	No			
54.	Puerto Rico	PR	No	No			
55.	U.S. Virgin Islands	VI	No	No			
56.	Canada	CN	No	No			
57.	Aggregate other alien	OT	XXX	XXX			
58.	TOTAL (Direct Business)		XXX	(a) 1	72,053,291	62,157,307	44,924,952
							7,767,820

**DETAILS OF WRITE-INS**

5701	XXX	XXX					
5702	XXX	XXX					
5703	XXX	XXX					
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	XXX					
5799. TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)	XXX	XXX					

(a) Insert the number of yes responses except for Canada and Other Alien.

## **SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

All insurer members of a Holding Company Group that has acquired and/or disposed of any domestic insurer (s) since filing the last annual or quarterly statement  
shall prepare a common schedule for inclusion in each of the individual quarterly statements

### **PART 1 - ORGANIZATIONAL CHART**

## **SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

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**RESPONSES**

No

1. Will the SVO Compliance Certification be filed with this statement?

Explanation:

Bar Code:



**ASSETS**

	Current Period			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
0897. Summary of remaining write-ins for Line 8 (Lines 0804 through 0896) .....	.....	.....	.....	.....
2204. Income tax receivable .....	.....	.....	.....	415,722
2205. Deferred tax asset .....	..... 811,545	.....	..... 811,545	..... 752,796
2297. Summary of remaining write-ins for Line 22 (Lines 2204 through 2296) .....	..... 811,545	.....	..... 811,545	..... 1,168,518

**E01 Schedule A Part 2.....NONE**

**E01 Schedule A Part 3.....NONE**

**E02 Schedule B Part 1.....NONE**

**E02 Schedule B Part 2.....NONE**

**E03 Schedule BA Part 1.....NONE**

**E03 Schedule BA Part 2.....NONE**

**E04 Schedule D Part 3.....NONE**

**SCHEDULE D - PART 4**  
**Showing All Long-Term Bonds and Stocks Sold, Redeemed, or Otherwise Disposed of**  
**by the Company During the Current Quarter**

1 CUSIP Identification	2 Description	3 Disposal Date	4 Name of Purchaser	5 Number of Shares of Stock	6 Consideration	7 Par Value	8 Actual Cost	9 Book/Adjusted Carrying Value at Disposal	10 Increase (Decrease) by Adjustment	11 Increase (Decrease) by Foreign Exchange Adjustment	12 Foreign Exchange Gain (Loss) on Disposal	13 Realized Gain (Loss) on Disposal	14 Total Gain (Loss) On Disposal	15 Interest on Bonds Received During Year	16 Dividends on Stocks Received During Year	17 NAIC Design- ation (a)	
<b>Bonds - U.S. Governments</b>				XXX												XXX	
NONE				XXX												XXX	
0399999 Subtotal - Bonds - U.S. Governments																XXX	XXX
6099997 Subtotal - Bonds - Part 4																XXX	XXX
6099998 Summary Item for Bonds Bought and Sold This Quarter																XXX	XXX
6099999 Subtotal - Bonds																XXX	XXX
6599998 Summary Item for Preferred Stock Bought and Sold This Quarter																XXX	XXX
7099998 Summary Item for Common Stock Bought and Sold This Quarter				XXX												XXX	XXX
7199999 Subtotal - Preferred and Common Stock				XXX												XXX	XXX
7299999 Total - Bonds, Preferred and Common Stock				XXX													XXX

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues .....

**E06 Schedule DB Part A Section 1.....NONE**

**E06 Schedule DB Part B Section 1.....NONE**

**E07 Schedule DB Part C Section 1.....NONE**

**E07 Schedule DB Part D Section 1.....NONE**

**SCHEDULE E - PART 1 - CASH**

## Month End Depository Balances

Depository		1	2	3	4	Book Balance at End of Each Month During Current Quarter			8
						5	6	7	
open depositories				Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month
First Merit	Akron, Ohio		1.190	2,953		2,627,542	128,026	1,128,829	
First Merit	Akron, Ohio					7,862,723	17,054,542	4,663,493	
First Merit	Akron, Ohio								
First Merit	Akron, Ohio								
First Merit	Akron, Ohio								
First Merit	Akron, Ohio								
First Merit	Akron, Ohio								
0199998 Deposits in ..... depositories which do not exceed the allowable limit in any one depository (See Instructions) - open depositories .....		X X X							
0199999 Totals - Open Depositories .....		X X X		2,953		10,490,265	17,182,568	5,792,322	
0299998 Deposits in ..... depositories which do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories .....		X X X							
0299999 Totals - Suspended Depositories .....		X X X							
0399999 Total Cash On Deposit .....		X X X		2,953		10,490,265	17,182,568	5,792,322	
0499999 Cash in Company's Office .....		X X X	X X X	X X X					
0599999 Total Cash .....		X X X		2,953		10,490,265	17,182,568	5,792,322	

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