



ANNUAL STATEMENT

For the Year Ending December 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

HOMETOWN HEALTH PLAN

| | | | | | | |
|---------------------------------------|---|---|--|------------|----------------------|------------|
| NAIC Group Code | 3058 <small>(Current Period)</small> | 0000 <small>(Prior Period)</small> | NAIC Company Code | 95195 | Employer's ID Number | 34-1523541 |
| Organized under the Laws of | Ohio | | State of Domicile or Port of Entry | Ohio | | |
| Country of Domicile | United States of America | | | | | |
| Licensed as business type: | Life, Accident & Health[] Dental Service Corporation[] Other[] | Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] | Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X] | | | |
| Date Incorporated or Organized | 08/14/1986 | | Date Commenced Business | 01/01/1987 | | |
| Statutory Home Office | 100 Lillian Gish Blvd., Suite 301 <small>(Street and Number)</small> | | Massillon, OH 44647 <small>(City, or Town, State and Zip Code)</small> | | | |
| Main Administrative Office | 100 Lillian Gish Blvd., Suite 301 <small>(Street and Number)</small> | | | | | |
| | Massillon, OH 44647 <small>(City or Town, State and Zip Code)</small> | | (877)236-2289 <small>(Area Code) (Telephone Number)</small> | | | |
| Mail Address | 100 Lillian Gish Blvd., P.O. Box 4816 <small>(Street and Number or P.O. Box)</small> | | Massillon, OH 44648 <small>(City, or Town, State and Zip Code)</small> | | | |
| Primary Location of Books and Records | 100 Lillian Gish Blvd., Suite 301 <small>(Street and Number)</small> | | | | | |
| | Massillon, OH 44647 <small>(City, or Town, State and Zip Code)</small> | | (877)236-2289 <small>(Area Code) (Telephone Number)</small> | | | |
| Internet Website Address | www.hometownhealthnet.com | | | | | |
| Statement Contact | John F. Strah <small>(Name)</small> | | (330)834-2203 <small>(Area Code)(Telephone Number)(Extension)</small> | | | |
| | JStrah@Hometownhealthnet.com <small>(E-Mail Address)</small> | | (330)834-2040 <small>(Fax Number)</small> | | | |
| Policyowner Relations Contact | 100 Lillian Gish Blvd., P.O. Box 4816 <small>(Street and Number)</small> | | | | | |
| | Massillon, OH 44648 <small>(City, or Town, State and Zip Code)</small> | | (877)236-2289 <small>(Area Code) (Telephone Number)(Extension)</small> | | | |

OFFICERS

President William C. Epling
Secretary Richard J. Streck M.D.
Treasurer John F. Strah

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

| | |
|--|---|
| <p>Michael Gallucci William C. Epling Thomas Stover M.D. Alan J. Bleyer Ramon Martinez #</p> | <p>Clifford Isroff Calvin Warren Jr. M.D. J. Gregory Feczko D.O. Richard J. Streck M.D.</p> |
|--|---|

State of Ohio
County of Stark 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.

| | | |
|---|---|---|
| <p>_____ <small>(Signature)</small> William C. Epling <small>(Printed Name)</small> President</p> | <p>_____ <small>(Signature)</small> Richard J. Streck, M.D. <small>(Printed Name)</small> Secretary</p> | <p>_____ <small>(Signature)</small> John F. Strah <small>(Printed Name)</small> Treasurer</p> |
|---|---|---|

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

Subscribed and sworn to before me this _____ day of February, 2003

03/01/2003

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(Notary Public Signature)

ASSETS

| | Current Year | | | Prior Year |
|--|--------------|----------------------------|-----------------------------|-----------------------------|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets | 4 Net Admitted Assets |
| 1. Bonds | 8,829,384 | | 8,829,384 | 6,018,698 |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks | | | | |
| 2.2 Common stocks | 3,224,178 | | 3,224,178 | 4,162,691 |
| 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) | | | (a) | |
| 4.2 Properties held for the production of income (less \$..... encumbrances) | | | | |
| 4.3 Properties held for sale (less \$..... encumbrances) | | | | |
| 5. Cash (\$.....9,949,866, Schedule E - Part 1) and short-term investments (\$.....170,828, Schedule DA - Part 2) | 10,120,694 | | 10,120,694 | 9,337,707 |
| 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) | 22,174,256 | | 22,174,256 | 19,519,096 |
| 10. Accident and health premiums due and unpaid | 144,576 | 3,415 | 141,161 | 821,395 |
| 11. Health care receivables | | | | |
| 12. Amounts recoverable from reinsurers | 131,411 | 131,411 | | 208,101 |
| 13. Net adjustment in assets and liabilities due to foreign exchange rates | | | | |
| 14. Investment income due and accrued | 134,976 | | 134,976 | 104,192 |
| 15. Amounts due from parent, subsidiaries and affiliates | 109,087 | | 109,087 | 372,735 |
| 16. Amounts receivable relating to uninsured accident and health plans | | | | |
| 17. Furniture and equipment | | | | |
| 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 | | | | |
| 21. Other nonadmitted assets | 85,715 | 85,715 | | 0 |
| 22. Aggregate write-ins for other than invested assets | 1,106,715 | 271,240 | 835,475 | 1,301,812 |
| 23. Total assets (Lines 9 plus 10 through 22) | 23,886,736 | 491,780 | 23,394,956 | 22,327,330 |
| 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. State Deposit (ODI) | 478,459 | | 478,459 | 478,459 |
| 2202. Other Receivables - Self Funded RX | | | | 405,664 |
| 2203. Other Receivables - Capitated Hospital Reimbursements | 185,198 | 147,790 | 37,409 | 417,689 |
| 2298. Summary of remaining write-ins for Line 22 from overflow page | 443,058 | 123,450 | 319,608 | |
| 2299. TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above) | 1,106,715 | 271,240 | 835,475 | 1,301,812 |

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

LIABILITIES, CAPITAL AND SURPLUS

| | Current Year | | | Prior Year |
|--|--------------|----------------|-------------|-------------|
| | 1 Covered | 2 Uncovered | 3 Total | 4 Total |
| 1. Claims unpaid (less \$..... reinsurance ceded) | 9,646,000 | | 9,646,000 | 9,552,000 |
| 2. Accrued medical incentive pool and bonus payments | 246,717 | | 246,717 | |
| 3. Unpaid claims adjustment expenses | | | | |
| 4. Aggregate policy reserves | | | | |
| 5. Aggregate claim reserves | | | | |
| 6. Premiums received in advance | 4,843,884 | | 4,843,884 | 3,954,962 |
| 7. General expenses due or accrued | 1,143,089 | | 1,143,089 | 917,365 |
| 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 | | | | |
| 12. Payable to 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) | | | | 239,247 |
| 18. Total liabilities (Lines 1 to 17) | 15,879,690 | | 15,879,690 | 14,663,574 |
| 19. Common capital stock | X X X | X X X | | |
| 20. Preferred capital stock | X X X | X X X | | |
| 21. Gross paid in and contributed surplus | X X X | X X X | 15,500,000 | 11,800,000 |
| 22. Surplus notes | X X X | X X X | | |
| 23. Aggregate write-ins for other than special surplus funds | X X X | X X X | | |
| 24. Unassigned funds (surplus) | X X X | X X X | (7,984,734) | (4,136,244) |
| 25. Less treasury stock, at cost: | X X X | X X X | | |
| 25.1 shares common (value included in Line 19 \$.....) | X X X | X X X | | |
| 25.2 shares preferred (value included in Line 20 \$.....) | X X X | X X X | | |
| 26. Total capital and surplus (Lines 19 to 25) | X X X | X X X | 7,515,266 | 7,663,756 |
| 27. Total liabilities, capital and surplus (Lines 18 and 26) | X X X | X X X | 23,394,956 | 22,327,330 |
| DETAILS OF WRITE-INS | | | | |
| 1701. Capitation Reserve Liability | | | | 239,247 |
| 1702 | | | | |
| 1703 | | | | |
| 1798. Summary of remaining write-ins for Line 17 from overflow page | | | | |
| 1799. TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above) | | | | 239,247 |
| 2301 | X X X | X X X | | |
| 2302 | X X X | X X X | | |
| 2303 | X X X | X X X | | |
| 2398. Summary of remaining write-ins for Line 23 from overflow page | X X X | X X X | | |
| 2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) | X X X | X X X | | |

STATEMENT OF REVENUE AND EXPENSES

| | Current Year | | Prior Year |
|--|----------------|-------------|------------|
| | 1 Uncovered | 2 Total | 3 Total |
| 1. Member Months | X X X | 404,926 | 420,435 |
| 2. Net premium income | X X X | 105,319,364 | 89,107,499 |
| 3. Change in unearned premium reserves and reserve for rate credits | X X X | | |
| 4. Fee-for-service (net of \$..... medical expenses) | X X X | | |
| 5. Risk revenue | X X X | | |
| 6. Aggregate Write-Ins for Other health care related revenues | X X X | | |
| 7. Total revenues (Lines 2 to 6) | X X X | 105,319,364 | 89,107,499 |
| Medical and Hospital: | | | |
| 8. Hospital/medical benefits | | 56,710,766 | 39,484,018 |
| 9. Other Professional Services | | | |
| 10. Outside Referrals | | 27,873,923 | 24,443,803 |
| 11. Emergency room and out-of-area | | | |
| 12. Prescription drugs | | 13,019,253 | 10,839,214 |
| 13. Aggregate write-ins for other medical and hospital | | | |
| 14. Incentive pool and withhold adjustments | | 233,329 | 277,558 |
| 15. Subtotal (Lines 8 to 14) | | 97,837,271 | 75,044,593 |
| LESS: | | | |
| 16. Net reinsurance recoveries | | 569,851 | (701,711) |
| 17. Total medical and hospital (Lines 15 minus 16) | | 97,267,420 | 75,746,304 |
| 18. Claims adjustment expenses | | 4,977,431 | 4,165,703 |
| 19. General administrative expenses | | 7,153,173 | 7,100,796 |
| 20. Increase in reserves for accident and health contracts | | | |
| 21. Total underwriting deductions (Lines 17 through 20) | | 109,398,024 | 87,012,803 |
| 22. Net underwriting gain or (loss) (Lines 7 minus 21) | X X X | (4,078,660) | 2,094,696 |
| 23. Net investment income earned | | 663,928 | 566,020 |
| 24. Net realized capital gains or (losses) | | (828,113) | (777,386) |
| 25. Net investment gains or (losses) (Lines 23 plus 24) | | (164,185) | (211,366) |
| 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 | | 1,116,386 | 345,334 |
| 28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27) | | (3,126,459) | 2,228,664 |
| 29. Federal and foreign income taxes incurred | X X X | | |
| 30. Net income (loss) (Lines 28 minus 29) | X X X | (3,126,459) | 2,228,664 |
| DETAILS OF WRITE-INS | | | |
| 0601 | X X X | | |
| 0602 | X X X | | |
| 0603 | X X X | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | X X X | | |
| 0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) | X X X | | |
| 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 Recovery | | 267,215 | 345,334 |
| 2702. RX Rebates | | 849,171 | |
| 2703 | | | |
| 2798. Summary of remaining write-ins for Line 27 from overflow page | | | |
| 2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above) | | 1,116,386 | 345,334 |

STATEMENT OF REVENUE AND EXPENSES (Continued)

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| CAPITAL & SURPLUS ACCOUNT | | |
| 31. Capital and surplus prior reporting year | 7,663,756 | 3,189,598 |
| GAINS AND LOSSES TO CAPITAL & SURPLUS | | |
| 32. Net income or (loss) from Line 30 | (3,126,459) | 2,228,664 |
| 33. Change in valuation basis of aggregate policy and claim reserves | | |
| 34. Net unrealized capital gains and losses | (291,544) | (236,051) |
| 35. Change in net unrealized foreign exchange capital gain or (loss) | | |
| 36. Change in net deferred income tax | | |
| 37. Change in nonadmitted assets | (430,487) | 681,545 |
| 38. Change in unauthorized reinsurance | | |
| 39. Change in treasury stock | | |
| 40. Change in surplus notes | | |
| 41. Cumulative effect of changes in accounting principles | | |
| 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 | 3,700,000 | 1,800,000 |
| 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 | | |
| 46. Net change in capital and surplus (Lines 32 to 45) | (148,490) | 4,474,158 |
| 47. Capital and surplus end of reporting year (Line 31 plus 46) | 7,515,266 | 7,663,756 |
| DETAILS OF WRITE-INS | | |
| 4501 | | |
| 4502 | | |
| 4503 | | |
| 4598. Summary of remaining write-ins for Line 45 from overflow page | | |
| 4599. TOTALS (Lines 4501 through 4503 plus 4598) (Line 45 above) | | |

CASH FLOW

| | | 1 Current Year | 2 Prior Year |
|--|--|-------------------|-----------------|
| Cash from Operations | | | |
| 1. | Premiums and revenues collected net of reinsurance | 109,218,577 | 93,200,005 |
| 2. | Claims and claims adjustment expenses | 102,252,230 | 80,829,372 |
| 3. | General administrative expenses paid | 7,153,173 | 6,183,431 |
| 4. | Other underwriting income (expenses) | | |
| 5. | Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) | (186,826) | 6,187,202 |
| 6. | Net investment income | 663,928 | 552,778 |
| 7. | Other income (expenses) | 407,547 | 345,334 |
| 8. | Federal and foreign income taxes (paid) recovered | | |
| 9. | Net cash from operations (Line 5 to 8) | 884,649 | 7,085,314 |
| Cash from Investments | | | |
| 10. | Proceeds from investments sold, matured or repaid: | | |
| 10.1 | Bonds | 2,399,321 | 1,425,693 |
| 10.2 | Stocks | 1,897,404 | 1,901,636 |
| 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 | (828,113) | (777,386) |
| 10.8 | Total investment proceeds (Lines 10.1 to 10.7) | 3,468,612 | 2,549,943 |
| 11. | Cost of investments acquired (long-term only): | | |
| 11.1 | Bonds | 5,320,345 | 4,625,350 |
| 11.2 | Stocks | 1,949,929 | 1,886,186 |
| 11.3 | Mortgage loans | | |
| 11.4 | Real estate | | |
| 11.5 | Other invested assets | | |
| 11.6 | Miscellaneous applications | | |
| 11.7 | Total investments acquired (Lines 11.1 to 11.6) | 7,270,274 | 6,511,536 |
| 12. | Net cash from investments (Line 10.8 minus Line 11.7) | (3,801,662) | (3,961,593) |
| Cash from Financing and Miscellaneous Sources | | | |
| 13. | Cash provided: | | |
| 13.1 | Surplus notes, capital and surplus paid in | 3,700,000 | 1,800,000 |
| 13.2 | Net transfers from affiliates | | |
| 13.3 | Borrowed funds received | | |
| 13.4 | Other cash provided | | |
| 13.5 | Total (Lines 13.1 to 13.4) | 3,700,000 | 1,800,000 |
| 14. | Cash applied: | | |
| 14.1 | Dividends to stockholder paid | | |
| 14.2 | Net transfers to affiliates | | |
| 14.3 | Borrowed funds repaid | | |
| 14.4 | Other applications | | |
| 14.5 | Total (Lines 14.1 to 14.4) | | |
| 15. | Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5) | 3,700,000 | 1,800,000 |
| RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS | | | |
| 16. | Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15) | 782,987 | 4,923,721 |
| 17. | Cash and short-term investments: | | |
| 17.1 | Beginning of year | 9,337,707 | 4,413,986 |
| 17.2 | End of year (Line 16 plus Line 17.1) | 10,120,694 | 9,337,707 |

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---|-------------|---|-----------------|------------------------|----------------|----------------|---|-----------------------------|---------------------------|--------------|----------------------|-----------------------|-------|
| | Total | Comprehensive (Hospital & Medical) | Medical Only | Medicare Supplement | Dental Only | Vision Only | Federal Employee Health Benefit Plan | Title XVIII- Medicare | Title XIX- Medicaid | Stop Loss | Disability Income | Long- term Care | Other |
| 1. Net premium income | 105,319,364 | 50,516,050 | | | | | | 54,803,314 | | | | | |
| 2. Change in unearned premium reserves and reserve for rate credit | | | | | | | | | | | | | |
| 3. Fee-for-service (net of \$..... medical expenses) | | | | | | | | | | | | | |
| 4. Risk revenue | | | | | | | | | | | | | |
| 5. Aggregate write-ins for other health care related revenues | | | | | | | | | | | | | |
| 6. Total revenues (Lines 1 to 5) | 105,319,364 | 50,516,050 | | | | | | 54,803,314 | | | | | |
| 7. Medical/hospital benefits | 56,710,766 | 25,152,461 | | | | | | 31,558,305 | | | | | |
| 8. Other professional services | | | | | | | | | | | | | |
| 9. Outside referrals | 27,873,923 | 12,667,861 | | | | | | 15,206,062 | | | | | |
| 10. Emergency room and out-of-area | | | | | | | | | | | | | |
| 11. Prescription drugs | 13,019,253 | 7,451,135 | | | | | | 5,568,118 | | | | | |
| 12. Aggregate write-ins for other medical and hospital | | | | | | | | | | | | | |
| 13. Incentive pool and withhold adjustments | 233,329 | 233,329 | | | | | | | | | | | |
| 14. Subtotal (Lines 7 to 13) | 97,837,272 | 45,504,786 | | | | | | 52,332,486 | | | | | |
| 15. Net reinsurance recoveries | 569,851 | 364,816 | | | | | | 205,035 | | | | | |
| 16. Total medical and hospital (Lines 14 minus 15) | 97,267,421 | 45,139,970 | | | | | | 52,127,451 | | | | | |
| 17. Claims adjustment expenses | 4,977,431 | 2,737,587 | | | | | | 2,239,844 | | | | | |
| 18. General administrative expenses | 7,153,173 | 3,934,245 | | | | | | 3,218,928 | | | | | |
| 19. Increase in reserves for accident and health contracts | | | | | | | | | | | | | |
| 20. Total underwriting deductions (Lines 16 to 19) | 109,398,025 | 51,811,802 | | | | | | 57,586,223 | | | | | |
| 21. Net underwriting gain or (loss) (Line 6 minus Line 20) | (4,078,661) | (1,295,752) | | | | | | (2,782,909) | | | | | |
| DETAILS OF WRITE-INS | | | | | | | | | | | | | |
| 0501 | | | | | | | | | | | | | |
| 0502 | | | | | | | | | | | | | |
| 0503 | | | | | | | | | | | | | |
| 0598. Summary of remaining write-ins for Line 5 from overflow page | | | | | | | | | | | | | |
| 0599. TOTAL (Lines 0501 through 0503 plus 0598) (Line 5 above) | | | | | | | | | | | | | |
| 1201 | | | | | | | | | | | | | |
| 1202 | | | | | | | | | | | | | |
| 1203 | | | | | | | | | | | | | |
| 1298. Summary of remaining write-ins for Line 12 from overflow page | | | | | | | | | | | | | |
| 1299. TOTAL (Lines 1201 through 1203 plus 1298) (Line 12 above) | | | | | | | | | | | | | |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

| | | 1 | 2 | 3 | 4 |
|----|--|--------------------|------------------------|----------------------|---|
| | Line of Business | Direct Business | Reinsurance Assumed | Reinsurance Ceded | Net Premium Income (Columns 1 + 2 - 3) |
| 1. | Comprehensive (medical and hospital) | 51,100,920 | | 584,871 | 50,516,050 |
| 2. | Medicare Supplement | | | | |
| 3. | Dental only | | | | |
| 4. | Vision only | | | | |
| 5. | Federal Employees Health Benefits Plan Premiums | | | | |
| 6. | Title XVIII - Medicare | 55,074,994 | | 271,680 | 54,803,314 |
| 7. | Title XIX - Medicaid | | | | |
| 8. | Other | | | | |
| 9. | TOTALS | 106,175,914 | | 856,551 | 105,319,364 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|--|------------|---|------------------------|----------------|----------------|--|----------------------------|--------------------------|-------|
| | Total | Compre- hensive (Medical & Hospital) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan Premium | Title XVIII Medicare | Title XIX Medicaid | Other |
| 1. Payments during the year: | | | | | | | | | |
| 1.1 Direct | 97,509,942 | 46,052,456 | | | | | 51,457,486 | | |
| 1.2 Reinsurance assumed | | | | | | | | | |
| 1.3 Reinsurance ceded | | | | | | | | | |
| 1.4 Net | 97,509,942 | 46,052,456 | | | | | 51,457,486 | | |
| 2. Paid medical incentive pools and bonuses | | | | | | | | | |
| 3. Claim liability December 31, current year from Part 2A: | | | | | | | | | |
| 3.1 Direct | 9,646,000 | 4,424,000 | | | | | 5,222,000 | | |
| 3.2 Reinsurance assumed | | | | | | | | | |
| 3.3 Reinsurance ceded | | | | | | | | | |
| 3.4 Net | 9,646,000 | 4,424,000 | | | | | 5,222,000 | | |
| 4. Claim reserve December 31, current year from Part 2D: | | | | | | | | | |
| 4.1 Direct | | | | | | | | | |
| 4.2 Reinsurance assumed | | | | | | | | | |
| 4.3 Reinsurance ceded | | | | | | | | | |
| 4.4 Net | | | | | | | | | |
| 5. Accrued medical incentive pools and bonuses, current year | 246,717 | 246,717 | | | | | | | |
| 6. Amounts recoverable from reinsurers December 31, current year | | | | | | | | | |
| 7. Claim liability December 31, prior year from Part 2A: | | | | | | | | | |
| 7.1 Direct | 9,552,000 | 5,205,000 | | | | | 4,347,000 | | |
| 7.2 Reinsurance assumed | | | | | | | | | |
| 7.3 Reinsurance ceded | | | | | | | | | |
| 7.4 Net | 9,552,000 | 5,205,000 | | | | | 4,347,000 | | |
| 8. Claim reserve December 31, prior year from Part 2D: | | | | | | | | | |
| 8.1 Direct | | | | | | | | | |
| 8.2 Reinsurance assumed | | | | | | | | | |
| 8.3 Reinsurance ceded | | | | | | | | | |
| 8.4 Net | | | | | | | | | |
| 9. Accrued medical incentive pools and bonuses, prior year | | | | | | | | | |
| 10. Amounts recoverable from reinsurers December 31, prior year | | | | | | | | | |
| 11. Incurred benefits: | | | | | | | | | |
| 11.1 Direct | 97,603,942 | 45,271,456 | | | | | 52,332,486 | | |
| 11.2 Reinsurance assumed | | | | | | | | | |
| 11.3 Reinsurance ceded | | | | | | | | | |
| 11.4 Net | 97,603,942 | 45,271,456 | | | | | 52,332,486 | | |
| 12. Incurred medical incentive pools and bonuses | 246,717 | 246,717 | | | | | | | |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|-----------|---|------------------------|----------------|----------------|--|----------------------------|--------------------------|-------|
| | Total | Compre- hensive (Medical & Hospital) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan Premium | Title XVIII Medicare | Title XIX Medicaid | Other |
| 1. Reported in Process of Adjustment: | | | | | | | | | |
| 1.1 Direct | 2,004,018 | 1,320,030 | | | | | 683,988 | | |
| 1.2 Reinsurance assumed | | | | | | | | | |
| 1.3 Reinsurance ceded | | | | | | | | | |
| 1.4 Net | 2,004,018 | 1,320,030 | | | | | 683,988 | | |
| 2. Incurred but Unreported: | | | | | | | | | |
| 2.1 Direct | 7,641,982 | 3,103,970 | | | | | 4,538,012 | | |
| 2.2 Reinsurance assumed | | | | | | | | | |
| 2.3 Reinsurance ceded | | | | | | | | | |
| 2.4 Net | 7,641,982 | 3,103,970 | | | | | 4,538,012 | | |
| 3. Amounts Withheld from Paid Claims and Capitations: | | | | | | | | | |
| 3.1 Direct | | | | | | | | | |
| 3.2 Reinsurance assumed | | | | | | | | | |
| 3.3 Reinsurance ceded | | | | | | | | | |
| 3.4 Net | | | | | | | | | |
| 4. TOTALS | | | | | | | | | |
| 4.1 Direct | 9,646,000 | 4,424,000 | | | | | 5,222,000 | | |
| 4.2 Reinsurance assumed | | | | | | | | | |
| 4.3 Reinsurance ceded | | | | | | | | | |
| 4.4 Net | 9,646,000 | 4,424,000 | | | | | 5,222,000 | | |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

| | Line of Business | Claims Paid During the Year | | Claim Reserve and Claim Liability December 31 of Current Year | | 5 | 6 |
|-----|--|---|--|---|--|--|---|
| | | 1 On Claims Incurred Prior to January 1 of Current Year | 2 On Claims Incurred During the Year | 3 On Claims Unpaid December 31 of Prior Year | 4 On Claims Incurred During the Year | Claims Incurred in Prior Years (Columns 1 + 3) | Estimated Claim Reserve and Claim Liability December 31 of Prior Year |
| 1. | Comprehensive (medical and hospital) | 4,734,642 | 41,458,883 | (11,721) | 4,520,721 | 4,722,921 | 5,205,000 |
| 2. | Medicare Supplement | | | | | | |
| 3. | Dental only | | | | | | |
| 4. | Vision only | | | | | | |
| 5. | Federal Employees Health Benefits Plan Premiums | | | | | | |
| 6. | Title XVIII - Medicare | 3,592,283 | 47,481,612 | 59,022 | 5,077,978 | 3,651,305 | 4,347,000 |
| 7. | Title XIX - Medicaid | | | | | | |
| 8. | Other | | | | | | |
| 9. | Subtotal | 8,326,925 | 88,940,495 | 47,301 | 9,598,699 | 8,374,226 | 9,552,000 |
| 10. | Medical incentive pools, accrual and disbursements | | | | | | |
| 11. | TOTALS | 8,326,925 | 88,940,495 | 47,301 | 9,598,699 | 8,374,226 | 9,552,000 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Grand Total

Section A - Paid Claims

| Year in Which Losses Were Incurred | | Net Amounts Paid | | | | |
|---------------------------------------|-------------|------------------|-----------|-----------|-----------|-----------|
| | | 1 1998 | 2 1999 | 3 2000 | 4 2001 | 5 2002 |
| 1. | Prior | | | | | |
| 2. | 1998 | | | | | |
| 3. | 1999 | X X X | | | | |
| 4. | 2000 | X X X | X X X | 63,534 | 7,203 | 43 |
| 5. | 2001 | X X X | X X X | X X X | 66,363 | 8,327 |
| 6. | 2002 | X X X | X X X | X X X | X X X | 88,941 |

Section B - Incurred Claims

| Year in Which Losses Were Incurred | | Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year | | | | |
|---------------------------------------|-------------|---|-----------|-----------|-----------|-----------|
| | | 1 1998 | 2 1999 | 3 2000 | 4 2001 | 5 2002 |
| 1. | Prior | | | | | |
| 2. | 1998 | | | | | |
| 3. | 1999 | X X X | | | | |
| 4. | 2000 | X X X | X X X | 63,534 | 7,203 | 43 |
| 5. | 2001 | X X X | X X X | X X X | 66,363 | 8,374 |
| 6. | 2002 | X X X | X X X | X X X | X X X | 98,786 |

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

| Years in Which Premiums were Earned and Claims were Incurred | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---------------------------------|--------------------|--------------------|--|-----------------------|--|-----------------------|------------------|---|--|-----------------------|
| | | Premiums Earned | Claims Payments | Claim Adjustment Expense Payments | (Col. 3/2) Percent | Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | (Col. 5/1) Percent | Claims Unpaid | Unpaid Claims Adjustment Expenses | Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | (Col. 9/1) Percent |
| 1. | Prior to 1998 | X X X | | | X X X | | X X X | | | | X X X |
| 2. | 1998 | | | | | | | | | | |
| 3. | 1999 | | | | | | | | | | |
| 4. | 2000 | 68,381 | 70,780 | 3,310 | 5 | 74,090 | 108 | | | 74,090 | 108 |
| 5. | 2001 | 89,107 | 74,690 | 4,166 | 6 | 78,856 | 88 | 47 | | 78,903 | 89 |
| 6. | 2002 | 105,319 | 88,940 | 4,977 | 6 | 93,918 | 89 | 9,845 | | 103,763 | 99 |
| 7. | TOTAL (Lines 1 through 6) | X X X | 234,410 | 12,453 | X X X | 246,864 | X X X | 9,892 | | 256,756 | X X X |
| 8. | TOTAL (Lines 2 through 6) | 262,807 | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X |

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Hospital and Medical
Section A - Paid Claims

| Year in Which Losses Were Incurred | Net Amounts Paid | | | | |
|---------------------------------------|------------------|-----------|-----------|-----------|-----------|
| | 1 1998 | 2 1999 | 3 2000 | 4 2001 | 5 2002 |
| 1. Prior | | | | | |
| 2. 1998 | | | | | |
| 3. 1999 | X X X | | | | |
| 4. 2000 | X X X | X X X | 39,015 | 3,820 | 1 |
| 5. 2001 | X X X | X X X | X X X | 34,778 | 4,735 |
| 6. 2002 | X X X | X X X | X X X | X X X | 41,459 |

Section B - Incurred Claims

| Year in Which Losses Were Incurred | Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year | | | | |
|---------------------------------------|---|-----------|-----------|-----------|-----------|
| | 1 1998 | 2 1999 | 3 2000 | 4 2001 | 5 2002 |
| 1. Prior | | | | | |
| 2. 1998 | | | | | |
| 3. 1999 | X X X | | | | |
| 4. 2000 | X X X | X X X | 39,015 | 3,820 | 1 |
| 5. 2001 | X X X | X X X | X X X | 34,778 | 4,723 |
| 6. 2002 | X X X | X X X | X X X | X X X | 46,226 |

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

| Years in Which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claims Payments | 3 Claim Adjustment Expense Payments | 4 (Col. 3/2) Percent | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 (Col. 9/1) Percent |
|---|-------------------------|-------------------------|---|----------------------------|---|----------------------------|-----------------------|--|---|-----------------------------|
| 1. Prior to 1998 | X X X | | | X X X | | X X X | | | | X X X |
| 2. 1998 | | | | | | | | | | |
| 3. 1999 | | | | | | | | | | |
| 4. 2000 | 44,410 | 42,836 | 1,993 | 5 | 44,829 | 101 | | | 44,829 | 101 |
| 5. 2001 | 52,248 | 39,513 | 2,444 | 6 | 41,957 | 80 | (12) | | 41,945 | 80 |
| 6. 2002 | 50,516 | 41,459 | 2,352 | 6 | 43,811 | 87 | 4,767 | | 48,578 | 96 |
| 7. TOTAL (Lines 1 through 6) | X X X | 123,808 | 6,789 | X X X | 130,597 | X X X | 4,755 | | 135,352 | X X X |
| 8. TOTAL (Lines 2 through 6) | 147,174 | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X |

12 Hospital and Medical

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement NONE

- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE

- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only. NONE

- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only. NONE

- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only. NONE

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only. NONE

- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only. NONE

- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only. NONE

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP. NONE

- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP. NONE

- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP. NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Title XVIII - Medicare Section A - Paid Claims

| Year in Which Losses Were Incurred | | Net Amounts Paid | | | | |
|---------------------------------------|-------------|------------------|-----------|-----------|-----------|-----------|
| | | 1 1998 | 2 1999 | 3 2000 | 4 2001 | 5 2002 |
| 1. | Prior | | | | | |
| 2. | 1998 | | | | | |
| 3. | 1999 | X X X | | | | |
| 4. | 2000 | X X X | X X X | 24,519 | 3,383 | 42 |
| 5. | 2001 | X X X | X X X | X X X | 31,585 | 3,592 |
| 6. | 2002 | X X X | X X X | X X X | X X X | 47,482 |

Section B - Incurred Claims

| Year in Which Losses Were Incurred | | Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year | | | | |
|---------------------------------------|-------------|---|-----------|-----------|-----------|-----------|
| | | 1 1998 | 2 1999 | 3 2000 | 4 2001 | 5 2002 |
| 1. | Prior | | | | | |
| 2. | 1998 | | | | | |
| 3. | 1999 | X X X | | | | |
| 4. | 2000 | X X X | X X X | 24,519 | 3,383 | 42 |
| 5. | 2001 | X X X | X X X | X X X | 31,585 | 3,651 |
| 6. | 2002 | X X X | X X X | X X X | X X X | 52,560 |

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

| Years in Which Premiums were Earned and Claims were Incurred | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---------------------------------|--------------------|--------------------|--|-----------------------|--|-----------------------|------------------|---|--|-----------------------|
| | | Premiums Earned | Claims Payments | Claim Adjustment Expense Payments | (Col. 3/2) Percent | Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | (Col. 5/1) Percent | Claims Unpaid | Unpaid Claims Adjustment Expenses | Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | (Col. 9/1) Percent |
| 1. | Prior to 1998 | X X X | | | X X X | | X X X | | | | X X X |
| 2. | 1998 | | | | | | | | | | |
| 3. | 1999 | | | | | | | | | | |
| 4. | 2000 | 23,971 | 27,944 | 1,317 | 5 | 29,261 | 122 | | | 29,261 | 122 |
| 5. | 2001 | 36,860 | 35,177 | 1,722 | 5 | 36,899 | 100 | 59 | | 36,958 | 100 |
| 6. | 2002 | 54,803 | 47,482 | 2,625 | 6 | 50,107 | 91 | 5,078 | | 55,185 | 101 |
| 7. | TOTAL (Lines 1 through 6) | X X X | 110,603 | 5,664 | X X X | 116,267 | X X X | 5,137 | | 121,404 | X X X |
| 8. | TOTAL (Lines 2 through 6) | 115,634 | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X |

12 Title XVIII-Medicare

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve - NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

| | | 1 | 2 | 3 | 4 |
|-----------------------------|---|---------------------------------|---------------------------------------|------------------------|----------------|
| | | Claim Adjustment Expenses | General Administrative Expenses | Investment Expenses | Total |
| 1. | Rent (\$..... for occupancy of own building) | 402,126 | 15,307 | | 417,433 |
| 2. | Salaries, wages and other benefits | 2,281,150 | 3,343,239 | | 5,624,389 |
| 3. | Commissions (less \$..... ceded plus \$..... assumed) | 1,235,884 | | | 1,235,884 |
| 4. | Legal fees and expenses | | 28,295 | | 28,295 |
| 5. | Certifications and accreditation fees | 19,400 | 4,438 | | 23,838 |
| 6. | Auditing, actuarial and other consulting services | 175,960 | 128,329 | | 304,289 |
| 7. | Traveling expenses | 12,363 | 90,596 | | 102,959 |
| 8. | Marketing and advertising | 3,017 | 481,696 | | 484,713 |
| 9. | Postage, express and telephone | 30,440 | 483,468 | | 513,908 |
| 10. | Printing and office supplies | 42,348 | 513,867 | | 556,215 |
| 11. | Occupancy, depreciation and amortization | 32,539 | 672,302 | | 704,841 |
| 12. | Equipment | | 223,468 | | 223,468 |
| 13. | Cost or depreciation of EDP equipment and software | | | | |
| 14. | Outsourced services including EDP, claims, and other services | 198,903 | 128,630 | | 327,533 |
| 15. | Boards, bureaus and association fees | 554 | 6,271 | | 6,825 |
| 16. | Insurance, except on real estate | 65,817 | 20,173 | | 85,990 |
| 17. | Collection and bank service charges | 103,530 | 29,668 | | 133,198 |
| 18. | Group service and administration fees | 221,557 | 212,653 | | 434,210 |
| 19. | Reimbursements by uninsured accident and health plans | | | | |
| 20. | Reimbursements from fiscal intermediaries | | | | |
| 21. | Real estate expenses | | | | |
| 22. | Real estate taxes | | | | |
| 23. | Taxes, licenses and fees: | | | | |
| 23.1 | State and local insurance taxes | | | | |
| 23.2 | State premium taxes | | 447,269 | | 447,269 |
| 23.3 | Regulator authority licenses and fees | | | | |
| 23.4 | Payroll taxes | 151,843 | 297,196 | | 449,039 |
| 23.5 | Other (excluding federal income and real estate taxes) | | 26,308 | | 26,308 |
| 24. | Investment expenses not included elsewhere | | | | |
| 25. | Aggregate write-ins for expenses | | | | |
| 26. | Total expenses incurred (Lines 1 to 25) | 4,977,431 | 7,153,173 | | (a) 12,130,604 |
| 27. | Add expenses unpaid December 31, prior year | | | | |
| 28. | Less expenses unpaid December 31, current year | | | | |
| 29. | Amounts receivable relating to uninsured accident and health plans, prior year | | | | |
| 30. | Amounts receivable relating to uninsured accident and health plans, current year | | | | |
| 31. | Total expenses paid (Lines 26 plus 27 minus 28 minus 29 plus 30) | 4,977,431 | 7,153,173 | | 12,130,604 |
| DETAILS OF WRITE-INS | | | | | |
| 2501 | ..... |  |  |  |  |
| 2502 | ..... |  |  |  |  |
| 2503 | ..... |  |  |  |  |
| 2598. | Summary of remaining write-ins for Line 25 from overflow page | | | | |
| 2599. | Totals (Lines 2501 through 2503 + 2598)(Line 25 above) | | | | |

(a) Includes management fees of \$.....10,132,067 to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

| | | 1 Collected During Year | 2 Earned During Year |
|-----------------------------|---|-------------------------------|----------------------------|
| 1. | U.S. Government bonds | (a)..... 55,218 | 69,477 |
| 1.1 | Bonds exempt from U.S. tax | (a)..... | |
| 1.2 | Other bonds (unaffiliated) | (a)..... 318,403 | 439,120 |
| 1.3 | Bonds of affiliates | (a)..... | |
| 2.1 | Preferred stocks (unaffiliated) | (b)..... | |
| 2.11 | Preferred stocks of affiliates | (b)..... | |
| 2.2 | Common stocks (unaffiliated) | 68,043 | 68,043 |
| 2.21 | Common stocks of affiliates | | |
| 3. | Mortgage loans | (c)..... | |
| 4. | Real estate | (d)..... | |
| 5. | Contract loans | | |
| 6. | Cash/short-term investments | (e)..... 87,288 | 87,288 |
| 7. | Derivative instruments | (f)..... | |
| 8. | Other invested assets | | |
| 9. | Aggregate write-ins for investment income | | |
| 10. | Total gross investment income | 528,952 | 663,928 |
| 11. | Investment expenses | | (g)..... |
| 12. | Investment taxes, licenses and fees, excluding federal income taxes | | (g)..... |
| 13. | Interest expense | | (h)..... |
| 14. | Depreciation on real estate and other invested assets | | (i)..... |
| 15. | Aggregate write-ins for deductions from investment income | | |
| 16. | Total deductions (Lines 11 through 15) | | |
| 17. | Net Investment income (Line 10 minus Line 16) | | 663,928 |
| DETAILS OF WRITE-INS | | | |
| 0901 | ..... |  |  |
| 0902 | ..... |  |  |
| 0903 | ..... |  |  |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page | | |
| 0999. | TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) | | |
| 1501 | ..... |  |  |
| 1502 | ..... |  |  |
| 1503 | ..... |  |  |
| 1598. | Summary of remaining write-ins for Line 15 from overflow page | | |
| 1599. | TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) | | |

- (a) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
(b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.
(c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
(d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.
(e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
(f) Includes \$..... accrual of discount less \$..... amortization of premium.
(g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.
(i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

| | | 1 | 2 | 3 | 4 | 5 |
|-----------------------------|--|---|-------------------------------|---|--|-----------|
| | | Realized Gain (Loss) on Sales or Maturity | Other Realized Adjustments | Increases (Decreases) by Adjustment | Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values | Total |
| 1. | U.S. Government bonds | (7,148) | | | | (7,148) |
| 1.1 | Bonds exempt from U.S. tax | | | | | |
| 1.2 | Other bonds (unaffiliated) | 18,870 | | | | 18,870 |
| 1.3 | Bonds of affiliates | | | | | |
| 2.1 | Preferred stocks (unaffiliated) | | | | | |
| 2.11 | Preferred stocks of affiliates | | | | | |
| 2.2 | Common stocks (unaffiliated) | (194,557) | (645,278) | | | (839,835) |
| 2.21 | Common stocks of affiliates | | | | | |
| 3. | Mortgage loans | | | | | |
| 4. | Real estate | | | | | |
| 5. | Contract loans | | | | | |
| 6. | Cash/short-term investments | | | | | |
| 7. | Derivative instruments | | | | | |
| 8. | Other invested assets | | | | | |
| 9. | Aggregate write-ins for capital gains (losses) | | | | | |
| 10. | Total capital gains (losses) | (182,835) | (645,278) | | | (828,113) |
| DETAILS OF WRITE-INS | | | | | | |
| 0901 | ..... |  |  |  |  |  |
| 0902 | ..... |  |  |  |  |  |
| 0903 | ..... |  |  |  |  |  |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page | | | | | |
| 0999. | TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) | | | | | |

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

| | 1 End of Current Year | 2 End of Prior Year | 3 Changes for Year (Increase) or Decrease |
|--|--------------------------------|------------------------------|--|
| 1. Summary of items Page 2, Lines 10 to 13 and 15 to 20, Column 2 | 134,826 | 7,721 | (127,105) |
| 2. Other Nonadmitted Assets: | | | |
| 2.1 Bills receivable | | | |
| 2.2 Leasehold improvements | | | |
| 2.3 Cash advanced to or in the hands of officers and agents | | | |
| 2.4 Loans on personal security, endorsed or not | | | |
| 2.5 Commuted commissions | | | |
| 3. Total (Lines 2.1 to 2.5) | | | |
| 4. Aggregate write-ins for other assets | 356,955 | 53,572 | (303,383) |
| 5. TOTAL (Line 1 plus Line 3 and Line 4) | 491,781 | 61,293 | (430,487) |
| DETAILS OF WRITE-INS | | | |
| 0401. Prepaid Expenses | 85,715 | 53,572 | (32,143) |
| 0402. Other Receivables - Capitated Hospital Reimbursements | 147,790 | | (147,790) |
| 0403. Other Receivables - Refunds/Reimbursements | 123,450 | | (123,450) |
| 0498. Summary of remaining write-ins for Line 4 from overflow page | | | |
| 0499. TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above) | 356,955 | 53,572 | (303,383) |

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

| Source of Enrollment | Total Members at End of | | | | | 6 Current Year Member Months |
|--|-------------------------|-----------------------|------------------------|-----------------------|----------------------|---------------------------------------|
| | 1 Prior Year | 2 First Quarter | 3 Second Quarter | 4 Third Quarter | 5 Current Year | |
| 1. Health Maintenance Organizations | 22,957 | 23,704 | 23,320 | 23,689 | 23,137 | 283,750 |
| 2. Provider Service Organizations | | | | | | |
| 3. Preferred Provider Organizations | | | | | | |
| 4. Point of Service | 6,099 | 6,822 | | | | 20,107 |
| 5. Indemnity Only | | | | | | |
| 6. Aggregate write-ins for other lines of business | 7,001 | 8,056 | 8,535 | 8,734 | 8,668 | 101,069 |
| 7. TOTAL | 36,057 | 38,582 | 31,855 | 32,423 | 31,805 | 404,926 |
| DETAILS OF WRITE-INS | | | | | | |
| 0601. SecureCare | 7,001 | 8,056 | 8,535 | 8,734 | 8,668 | 101,069 |
| 0602 | | | | | | |
| 0603 | | | | | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | | | | | | |
| 0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) | 7,001 | 8,056 | 8,535 | 8,734 | 8,668 | 101,069 |

Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Hometown Health Plan (the Plan) have been prepared in conformity with the accounting practices prescribed or permitted by the Ohio Department of Insurance. The statements have been completed in accordance with the NAIC *Accounting Practices and Procedures* manual except to the extent that state law differs.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with the Annual Statement Instructions and *Accounting Practices and Procedures* manual requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

C. Accounting Policy

The Plan's statutory-basis financial statements are prepared in accordance with accounting practices prescribed or permitted by the Ohio Department of Insurance. The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' Accounting Practices and Procedures manual has been adopted as a component of prescribed or permitted practices by the state of Ohio. The Commissioner of Insurance has the right to permit specific practices that deviate from prescribed practices. Such practices vary from accounting principles generally accepted in the United States (GAAP). The more significant variances from GAAP as to these statements are as follows:

Nonadmitted Assets—Certain assets designated as "nonadmitted", principally accounts receivable greater than ninety days old, prepaid expenses and other assets not specifically identified as an admitted asset within the Accounting Practices and Procedures Manual, are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheet.

Statements of Cash Flows—Cash and short term investments in the statements of cash flows represent cash balances and investments with initial maturities of one year or less. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

Equity securities are recorded at market value as determined by the Securities Valuation Office of the NAIC and the related unrealized capital gains or losses are reported in unassigned surplus.

Realized capital gains and losses are determined on the first-in, first-out cost method. Changes in admitted asset carrying amounts of bonds and equity securities are credited or charged directly to unassigned surplus.

Premiums—Premiums are earned pro rata over the terms of the policies. The reserve for unearned premiums is determined on a monthly pro rata basis.

Reclassification—Certain prior year amounts have been reclassified to conform to current year presentation.

In addition, the company uses the following accounting policies:

(1) The Plan has no short-term investments.

(2) Investments in bonds are reported at amortized cost based on their National Association of Insurance Commissioners (NAIC) rating; for GAAP such fixed maturity investments would be designated as available-for-sale investments and would be reported at fair value with unrealized holding gains and losses reported as a separate component of capital and surplus. The cost is adjusted for amortization of premiums and discounts using the straight-line method.

Notes to Financial Statement

- (3) Common stocks are stated at market value as determined by the Securities Valuation Office of the NAIC.
- (4) The Plan has no invested preferred stock.
- (5) The Plan has no mortgage loans.
- (6) All single class and multi-class mortgage-backed/asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows.
- (7) The Plan holds no investments with respect to any subsidiaries controlled or affiliated companies.
- (8) The Plan has no ownership interests in joint ventures, partnerships or limited liability companies.
- (9) The Plan has no derivatives.
- (10 & 11) Health claims payable represents management's best estimate of ultimate net cost of all reported and unreported claims incurred through December 31. The method for estimating health claims payable is based on a review of historical claim payment patterns and claim trends. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the amounts reported for health claims payable are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

2. Accounting Changes and Corrections of Errors

- A. There were no material changes in accounting principles and/or correction of errors.
- B. Illustrative Disclosure for Insurers Upon Initial Implementation of Codification:
- (1) The Plan prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Ohio. Effective January 1, 2001, the State of Ohio required that insurance companies domiciled in the State of Ohio prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures Manual subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner. Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures Manual are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned surplus in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods.
- (2) As a result of these changes, the Plan reported a change of accounting principle, as an adjustment that decreased capital and surplus, of \$892,885 as of January 1, 2001.
- (3) Included in this total adjustment is a reduction in capital and surplus of approximately \$580,000 related to future installments on groups with premium receivable balances greater than 90 days past due. Approximately \$300,000 related to affiliated hospital receivables less than 90 days past due but with associated receivable balances greater than 90 days past due.

3. Business Combinations and Goodwill

- A. Not Applicable
- B. Not Applicable
- C. Impairment Loss

Notes to Financial Statement

(1) There was an impairment loss recognized on the following common stock as of 12/31/02: Cisco Systems, Inc., EMC Corp-Mass, Texas instruments, AOL Time Warner, Inc., Liberty Media Corp Series A, Ericsson L M Telephone Co Spo, Nokia Corp Sponsored America, Telecom Argentina Stet France, Zurich Finl Svsc Sponsored AD, Telecomunicacoes Brasileiras, Deutsche Telekom AG Sponsored, British Energy PLC, Invensys PLC American Deposita, BT Group PLC, Corus Group PLC, Hitachi LTD ADR 10SH, Brasil Telecom Participacoes.

(2) The total amount of the impairment recognized was \$504,943. Fair value was determined using the market values supplied by Advest, Inc.

4. Discontinued Operations

Not Applicable

5. Investments

- A. Mortgage Loans – not applicable
- B. Debt Restructuring – not applicable
- C. Reverse Mortgages – not applicable
- D. Loan-Backed Securities – not applicable
- E. Repurchase Agreements – not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

7. Investment Income

There was no due and accrued income excluded from surplus.

8. Derivative Instruments

Not Applicable

9. Income Taxes

The Plan is a not-for-profit corporation as described in Section 501(c)(4) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

10. Information Concerning Parent, Subsidiaries and Affiliates (disclosure of relationships)

The Plan is affiliated with Akron General Health System (AGHS), a not-for-profit Ohio corporation, organized for the purposes of planning, fund-raising, health education, and other activities related to the promotion of health care professionals within its service area. Certain members of the Board of Trustees and management of the Plan are members of the Board of Trustees and management of Akron General Health System and affiliates.

In 1999, AGHS became the sole member of the Plan and Hometown HHP Services, Inc.(HHP Services) and committed to make \$19,000,000 of capital contributions to the Plan and the Hometown Health Plan group of companies, including HHP Services and Hometown Insurance Group, of which the entire amount has been made through December 31, 2001.

The Plan is operated pursuant to a management services contract (Contract) with HHP Services. AGHS is the sole member (shareholder) of HHP Services. The Contract requires the Plan to pay a fixed percentage of its monthly premium revenue to HHP Services in return for executive management, administration, marketing, accounting, and claims administration services. The Contract extends through October 31, 2005 unless terminated earlier by the mutual consent of the Plan and HHP Services. For the years ended

Notes to Financial Statement

December 31, 2002 and 2001, the Plan paid \$10,132,067 and \$9,431,658, respectively, to HHP Services pursuant to the Contract.

The Plan has hospital service agreements (Agreements) with Massillon Community Hospital (MCH), Akron General Medical Center (AGMC), Visiting Nurse Service and Affiliates and Lodi Community Hospital (LCH) (collectively, the Facilities. AGHS is also the sole member of the Facilities. The Agreements require the Plan to make monthly payments to the Facilities based upon a prospectively determined capitation schedule or a fee-for-service. In return, the Facilities provide health care services to Plan members on orders of physicians under contract with the Plan.

For the year ended December 31, 2002, the Plan paid approximately \$28,395,600 to the Facilities pursuant to the Agreements. The Plan provides commercial insurance coverage to employees of AGHS and its affiliates. The Plan recorded premium revenue from AGHS and its affiliates of \$11,465,600 and \$10,090,500 in 2002 and 2001, respectively. As of December 31, 2002 and 2001, premiums receivable from AGHS and affiliates totaled \$0 and \$867, respectively.

11. Debt

The Plan has no capital note obligation or any other debt obligations.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit plans

Not applicable

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

Not applicable

14. Contingencies

A liability for guaranty fund assessments is accrued after an insolvency has occurred.

15. Leases

Not Applicable

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Not Applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not Applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

Not Applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not Applicable

20. Other items

None

21. Events Subsequent

Notes to Financial Statement

None

22. Reinsurance

- A. Unsecured Reinsurance Recoverables – Not Applicable
- B. Reinsurance Recoverable in Dispute – Not Applicable
- C. Reinsurance Assumed and Ceded

The Plan maintains reinsurance to limit its liability for providing certain health care services to members. Under the provisions of the policy, the Plan pays premiums based on membership. The Plan is reimbursed a percentage of charges in excess of a deductible for hospital and related services provided to individual members. The deductible during 2001 was either \$50,000 or \$30,000 per member policy year, based on the primary hospital selected by the member to provide services. The deductible was \$75,000 in 2002. The Plan and the reinsurer share covered charges in excess of the deductible with the Plan retaining 10% to 50% of the liability for hospital services and skilled nursing services, subject to a lifetime benefit limit of \$2,000,000 per member. Pursuant to the reinsurance agreement, the Plan recovered \$569,852 and \$834,390 during 2002 and 2001, respectively. Reinsurance recoveries are netted against benefits paid in the accompanying statutory financial statements. Reinsurance premiums, which are netted against premiums earned, were \$856,551 and \$1,536,101 during 2002 and 2001, respectively.

On June 1, 2000, the Plan entered into an agreement with Clarendon National Insurance Company ("Clarendon") to provide out-of-network Point of Service ("POS") and Out-of-Area ("OOA") policies. Clarendon subsequently contracted with Mutual Indemnity Group ("Mutual") to cede 100% of the premiums and claims on these lines of business to Mutual. In connection with a shareholder agreement between Mutual and HHP Services, any difference between the amount of premiums and claims ceded (including IBNR) to Mutual is an asset or liability of HHP Services.

- D. Uncollectible Reinsurance – Not Applicable
- E. Commutation of Ceded Reinsurance – Not Applicable
- F. Retroactive Reinsurance – Not Applicable

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not Applicable

24. Salvage and Subrogation

Not Applicable

25. Change in Incurred Claims and Claim Adjustment Expenses

Not Applicable

26. Organization and Operation

Hometown Health Plan (the Plan) commenced operations on January 1, 1987. The Plan is a not-for-profit health maintenance organization domiciled in Ohio, which offers products primarily in two lines of business: Commercial and Medicare.

The Plan contracts with hospitals and individual primary care physicians to provide medical services to its members. The Plan pays capitation fees to selected hospitals and primary care physicians for services provided. The Plan also contracts with individual specialty care physicians to provide medical services on referral from primary care physicians. Contracted specialty care physicians are paid on a predetermined fee-for-service basis. The service contracts with primary care physicians provide for additional payments based upon the aggregate utilization of inpatient and specialty care services by Plan members compared to budgeted utilization. The Plan has accrued \$233,329 and \$239,247 for such payments for the years ended

Notes to Financial Statement

December 31, 2002 and 2001, respectively.

27. Minimum Net Worth

Health Maintenance Organizations (HMOs) are subject to certain Risk-Based Capital (RBC) requirements as specified by the NAIC. Under these requirements, the amount of capital and surplus maintained by HMOs is to be determined based on the various risk factors related to it. At December 31, 2002, the Plan meets the RBC requirements.

SUMMARY INVESTMENT SCHEDULE

| Investment Categories | Gross Investment Holdings | | Admitted Assets as Reported in the Annual Statement | |
|---|---------------------------|-----------------|---|-----------------|
| | 1 Amount | 2 Percentage | 3 Amount | 4 Percentage |
| 1. Bonds: | | | | |
| 1.1 U.S. treasury securities | 917,274 | 4.137 | 917,274 | 4.137 |
| 1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities): | | | | |
| 1.21 Issued by U.S. government agencies | | | | |
| 1.22 Issued by U.S. government sponsored agencies | 306,542 | 1.382 | 306,542 | 1.382 |
| 1.3 Foreign government (including Canada, excluding mortgage-backed securities) | | | | |
| 1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.: | | | | |
| 1.41 States, territories and possessions general obligations | | | | |
| 1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations | | | | |
| 1.43 Revenue and assessment obligations | 552,747 | 2.493 | 552,747 | 2.493 |
| 1.44 Industrial development and similar obligations | | | | |
| 1.5 Mortgage-backed securities (includes residential and commercial MBS): | | | | |
| 1.51 Pass-through securities: | | | | |
| 1.511 Guaranteed by GNMA | | | | |
| 1.512 Issued by FNMA and FHLMC | 344,065 | 1.552 | 344,065 | 1.552 |
| 1.513 Privately issued | | | | |
| 1.52 CMOs and REMICs: | | | | |
| 1.521 Issued by FNMA and FHLMC | | | | |
| 1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC | 564,837 | 2.547 | 564,837 | 2.547 |
| 1.523 All other privately issued | | | | |
| 2. Other debt and other fixed income securities (excluding short term): | | | | |
| 2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) | 6,143,920 | 27.707 | 6,143,920 | 27.707 |
| 2.2 Unaffiliated foreign securities | | | | |
| 2.3 Affiliated securities | | | | |
| 3. Equity interests: | | | | |
| 3.1 Investments in mutual funds | | | | |
| 3.2 Preferred stocks: | | | | |
| 3.21 Affiliated | | | | |
| 3.22 Unaffiliated | | | | |
| 3.3 Publicly traded equity securities (excluding preferred stocks): | | | | |
| 3.31 Affiliated | | | | |
| 3.32 Unaffiliated | 3,224,178 | 14.540 | 3,224,178 | 14.540 |
| 3.4 Other equity securities: | | | | |
| 3.41 Affiliated | | | | |
| 3.42 Unaffiliated | | | | |
| 3.5 Other equity interests including tangible personal property under lease: | | | | |
| 3.51 Affiliated | | | | |
| 3.52 Unaffiliated | | | | |
| 4. Mortgage loans: | | | | |
| 4.1 Construction and land development | | | | |
| 4.2 Agricultural | | | | |
| 4.3 Single family residential properties | | | | |
| 4.4 Multifamily residential properties | | | | |
| 4.5 Commercial loans | | | | |
| 5. Real estate investments: | | | | |
| 5.1 Property occupied by company | | | | |
| 5.2 Property held for production of income (includes \$..... of property acquired in satisfaction of debt) | | | | |
| 5.3 Property held for sale (\$..... including property acquired in satisfaction of debt) | | | | |
| 6. Policy loans | | | | |
| 7. Receivables for securities | | | | |
| 8. Cash and short-term investments | 10,120,694 | 45.642 | 10,120,694 | 45.642 |
| 9. Other invested assets | | | | |
| 10. Total invested assets | 22,174,257 | 100.000 | 22,174,257 | 100.000 |

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[] No[X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[] No[] N/A[X]
- 1.3 State Regulating? Ohio
- 2.1 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]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2001.....
- 3.2 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.12/31/2001.....
- 3.3 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).09/26/1997.....
- 3.4 By what department or departments?
Ohio Department of Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[] No[X]
- 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[] No[X]
- 4.22 renewals? 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 the 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 |
|---------------------|------------------------|------------------------|
| | | |

- 6.1 Has the 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]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[] No[X]
- 7.2 If yes, %
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

| 1 Nationality | 2 Type of Entity |
|------------------|---------------------|
| | |

GENERAL INTERROGATORIES (continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young LLP, Suite 300, 222 South Main Street, Akron, OH 44308
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Ernst & Young LLP, Suite 300, 222 South Main Street, Akron, OH 44308
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? Yes[] No[] N/A[X]
 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[] No[] N/A[X]
 10.3 Have there been any changes made to any of the trust indentures during the year? Yes[] No[] N/A[X]
 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes?

BOARD OF DIRECTORS

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes[] No[X]
12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes[X] No[]
13. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person? Yes[X] No[]

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.11 To directors or other officers \$
 - 14.12 To stockholders not officers \$
 - 14.13 Trustees, supreme or grand (Fraternal only) \$
- 14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.21 To directors or other officers \$
 - 14.22 To stockholders not officers \$
 - 14.23 Trustees, supreme or grand (Fraternal only) \$
- 15.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes[] No[X]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
- 15.21 Rented from others \$
 - 15.22 Borrowed from others \$
 - 15.23 Leased from others \$
 - 15.24 Other \$
- Disclose in Notes to Financial the nature of each obligation.
- 16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes[] No[X]
- 16.2 If answer is yes:
- 16.21 Amount paid as losses or risk adjustment \$
 - 16.22 Amount paid as expenses \$
 - 16.23 Other amounts paid \$

GENERAL INTERROGATORIES (continued)

INVESTMENT

17. List the following capital stock information for the reporting entity:

| | 1 Number of Shares Authorized | 2 Number of Shares Outstanding | 3 Par Value Per Share | 4 Redemption Price If Callable | 5 Is Dividend Rate Limited? | 6 Are Dividends Cumulative? |
|--------------------|-------------------------------------|--------------------------------------|-----------------------------|--------------------------------------|-----------------------------------|-----------------------------------|
| 1. Preferred | | | | | Yes[] No[] N/A[X] | Yes[] No[] N/A[X] |
| 2. Common | | | | X X X | X X X | X X X |

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes[] No[X]

18.2 If no, give full and complete information, relating thereto:
Advest, Inc.

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 2 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1). Yes[] No[X]

19.2 If yes, state the amount thereof at December 31 of the current year:

- 19.21 Loaned to others \$
- 19.22 Subject to repurchase agreements \$
- 19.23 Subject to reverse repurchase agreements \$
- 19.24 Subject to dollar repurchase agreements \$
- 19.25 Subject to reverse dollar repurchase agreements \$
- 19.26 Pledged as collateral \$
- 19.27 Placed under option agreements \$
- 19.28 Letter stock or securities restricted as to sale \$
- 19.29 Other \$

19.3 For each category above, if any of these assets are held by other, identify by whom held:

- 19.31
- 19.32
- 19.33
- 19.34
- 19.35
- 19.36
- 19.37
- 19.38
- 19.39

For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

| 1 Nature of Restriction | 2 Description | 3 Amount |
|----------------------------|------------------|-------------|
| | | |

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

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

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[] No[X]

21.2 If yes, state the amount thereof at December 31 of the current year. \$

22. 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]

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

| | 1 Name of Custodian(s) | 2 Custodian's Address |
|---------|---------------------------|--------------------------|
| 22.1001 | | |

GENERAL INTERROGATORIES (continued)

INVESTMENT

22.02 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) |
|--------------|------------------|------------------------------|
| | | |

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year?

Yes[] No[X]

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

| 1 Old Custodian | 2 New Custodian | 3 Date of Change | 4 Reason |
|--------------------|--------------------|---------------------|-------------|
| | | | |

22.05 Identify all investment advisers, 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 Number(s) | 2 Name | 3 Address |
|---|-----------|--------------|
| | | |

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | |

24.1 Amount of payments for legal expenses, if any?

\$ 134

24.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|-------------------------------------|------------------|
| Buckingham, Doolittle & Assoc. | 134 |

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$

25.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | |

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes[] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only: \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding:
- 1.4 Indicate amount of premium earned attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$
- 1.6 Individual policies - Most current three years:
- 1.61 Total premium earned \$
- 1.62 Total incurred claims \$
- 1.63 Number of covered lives \$
- All years prior to most current three years:
- 1.64 Total premium earned \$
- 1.65 Total incurred claims \$
- 1.66 Number of covered lives \$
- 1.7 Group policies - Most current three years:
- 1.71 Total premium earned \$
- 1.72 Total incurred claims \$
- 1.73 Number of covered lives \$
- All years prior to most current three years:
- 1.74 Total premium earned \$
- 1.75 Total incurred claims \$
- 1.76 Number of covered lives \$
- 2.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes[] No[X]
- 2.2 If yes, give particulars:
- 3.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency? Yes[X] No[]
- 3.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes[] No[X]
- 4.1 Does the reporting entity have stop-loss reinsurance? Yes[X] No[]
- 4.2 If no, explain:
- 4.3 Maximum retained risk (see instructions):
- 4.31 Comprehensive Medical \$ 75,000
- 4.32 Medical Only \$
- 4.33 Medicare Supplement \$
- 4.34 Dental \$
- 4.35 Other Limited Benefit Plan \$
- 4.36 Other \$
5. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
 Contractual agreement with providers to continue to provide services & insolvency and conversion coverage under the reinsurance contract
- 6.1 Does the reporting entity set up its claim liability for provider services on a service data base? Yes[X] No[]
- 6.2 If no, give details:
7. Provide the following information regarding participating providers:
- 7.1 Number of providers at start of reporting year 2003
- 7.2 Number of providers at end of reporting year 2004
- 8.1 Does the reporting entity have business subject to premium rate guarantees? Yes[] No[X]
- 8.2 If yes, direct premium earned:
- 8.21 Business with rate guarantees between 15-36 months 0
- 8.22 Business with rate guarantees over 36 months 0
- 9.1 Does the reporting entity have Bonus/Withhold Arrangements in its provider contracts? Yes[X] No[]
- 9.2 If yes:
- 9.21 Maximum amount payable bonuses \$ 477,785
- 9.22 Amount actually paid for year bonuses \$ 224,874
- 9.23 Maximum amount payable withholds \$
- 9.24 Amount actually paid for year withholds \$
10. List service areas in which reporting entity is licensed to operate:

| 1 Name of Service Area |
|-----------------------------|
| Geauga County, OH |
| Columbiana County, OH |
| Richland County, OH |
| Tuscarawas County, OH |
| Coshocton County, OH |
| Cuyahoga County, OH |
| Summit County, OH |
| Mahoning County, OH |
| Holmes County, OH |
| Muskingham County, OH |
| Lorain County, OH |
| Harrison County, OH |
| Ashland County, OH |
| Stark County, OH |
| Portage County, OH |
| Trumbull County, OH |
| Wayne County, OH |
| Medina County, OH |
| Carroll County, OH |
| Knox County, OH |
| Guernsey County, OH |

FIVE-YEAR HISTORICAL DATA

| | 1 2002 | 2 2001 | 3 2000 | 4 1999 | 5 1998 |
|--|-------------|------------|-------------|-------------|------------|
| BALANCE SHEET ITEMS (Pages 2 and 3) | | | | | |
| 1. Total admitted assets (Page 2, Line 23) | 23,394,956 | 22,327,330 | 19,424,914 | 13,829,126 | 11,317,660 |
| 2. Total liabilities (Page 3, Line 18) | 15,879,690 | 14,663,574 | 16,235,317 | 11,791,074 | 9,305,900 |
| 3. Statutory surplus | | | | | |
| 4. Total capital and surplus (Page 3, Line 26) | 7,515,266 | 7,663,756 | 3,189,598 | 2,038,052 | 2,011,760 |
| INCOME STATEMENT ITEMS (Page 4) | | | | | |
| 5. Total revenues (Line 7) | 105,319,364 | 89,107,499 | 68,380,680 | 51,463,840 | 39,174,838 |
| 6. Total medical and hospital expenses (Line 17) | 97,267,420 | 75,746,304 | 63,131,637 | 47,415,830 | 33,986,146 |
| 7. Total administrative expenses (Line 19) | 7,153,173 | 7,100,796 | 8,952,131 | 6,782,093 | 5,111,605 |
| 8. Net underwriting gain (loss) (Line 22) | (4,078,660) | 2,094,696 | (4,327,529) | (2,031,955) | 311,729 |
| 9. Net investment gain (loss) (Line 25) | (164,185) | (211,366) | 105,664 | 702,128 | 239,202 |
| 10. Total other income (Lines 26 plus 27) | 1,116,386 | 345,334 | 222,920 | | |
| 11. Net income or (loss) (Line 30) | (3,126,459) | 2,228,664 | (3,998,945) | (2,031,955) | 311,729 |
| RISK-BASED CAPITAL ANALYSIS | | | | | |
| 12. Total adjusted capital | 7,515,266 | 7,663,756 | 3,189,598 | 2,038,052 | 2,011,760 |
| 13. Authorized control level risk-based capital | 3,831,776 | 2,972,048 | 2,658,542 | | |
| ENROLLMENT (Exhibit 2) | | | | | |
| 14. Total members at end of period (Column 5, Line 7) | 31,805 | 36,057 | 32,810 | 28,086 | 24,377 |
| 15. Total members months (Column 6, Line 7) | 404,926 | 420,435 | 372,760 | 329,853 | 284,827 |
| OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) | | | | | |
| 16. Premiums earned (Lines 2 plus 3) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 17. Total medical and hospital (Line 17) | 92.4 | 85.0 | 92.3 | | |
| 18. Total underwriting deductions (Line 21) | 103.9 | 97.6 | 106.3 | | |
| 19. Total underwriting gain (loss) (Line 22) | (3.9) | 2.4 | (6.3) | | |
| UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B) | | | | | |
| 20. Total claims incurred for prior years (Line 11, Col. 5) | 8,374,226 | 7,220,013 | 6,154,809 | 4,429,541 | 3,532,108 |
| 21. Estimated liability of unpaid claims-[prior year (Line 11, Col. 6)] .. | 9,552,000 | 8,361,000 | 6,737,000 | 4,400,000 | 3,429,288 |

FIVE-YEAR HISTORICAL DATA (Continued)

| | 1 2002 | 2 2001 | 3 2000 | 4 1999 | 5 1998 |
|--|----------------|-----------|-----------|-----------|-----------|
| INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES | | | | | |
| 22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1) | | | | | |
| 23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) | | | | | |
| 24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2) | | | | | |
| 25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11) | N O N E | | | | |
| 26. Affiliated mortgage loans on real estate | | | | | |
| 27. All other affiliated | | | | | |
| 28. Total of above Lines 22 to 27 | | | | | |

SCHEDULE D - SUMMARY BY COUNTRY**Long-term Bonds and Stocks OWNED December 31 of Current Year**

| Description | | 1 Book/Adjusted Carrying Value | 2 Fair Value (a) | 3 Actual Cost | 4 Par Value of Bonds |
|---|----------------------------------|--------------------------------------|------------------------|------------------|----------------------------|
| BONDS | | | | | |
| Governments (Including all obligations guaranteed by governments) | 1. United States | 917,274 | 988,951 | 920,407 | 885,000 |
| | 2. Canada | | | | |
| | 3. Other Countries | | | | |
| | 4. Totals | 917,274 | 988,951 | 920,407 | 885,000 |
| States, Territories and Possessions (Direct and Guaranteed) | 5. United States | | | | |
| | 6. Canada | | | | |
| | 7. Other Countries | | | | |
| | 8. Totals | | | | |
| Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) | 9. United States | | | | |
| | 10. Canada | | | | |
| | 11. Other Countries | | | | |
| | 12. Totals | | | | |
| Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions | 13. United States | 1,203,353 | 1,276,373 | 1,204,979 | 1,193,597 |
| | 14. Canada | | | | |
| | 15. Other Countries | | | | |
| | 16. Totals | 1,203,353 | 1,276,373 | 1,204,979 | 1,193,597 |
| Public Utilities (unaffiliated) | 17. United States | | | | |
| | 18. Canada | | | | |
| | 19. Other Countries | | | | |
| | 20. Totals | | | | |
| Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated) | 21. United States | 6,708,757 | 7,145,647 | 6,730,243 | 6,559,983 |
| | 22. Canada | | | | |
| | 23. Other Countries | | | | |
| | 24. Totals | 6,708,757 | 7,145,647 | 6,730,243 | 6,559,983 |
| Parent, Subsidiaries and Affiliates | 25. Totals | | | | |
| | 26. Total Bonds | 8,829,384 | 9,410,971 | 8,855,629 | 8,638,580 |
| PREFERRED STOCKS | | | | | |
| Public Utilities (unaffiliated) | 27. United States | | | | |
| | 28. Canada | | | | |
| | 29. Other Countries | | | | |
| | 30. Totals | | | | |
| Banks, Trust and Insurance Companies (unaffiliated) | 31. United States | | | | |
| | 32. Canada | | | | |
| | 33. Other Countries | | | | |
| | 34. Totals | | | | |
| Industrial and Miscellaneous (unaffiliated) | 35. United States | | | | |
| | 36. Canada | | | | |
| | 37. Other Countries | | | | |
| | 38. Totals | | | | |
| Parent, Subsidiaries and Affiliates | 39. Totals | | | | |
| | 40. Total Preferred Stocks | | | | |
| COMMON STOCKS | | | | | |
| Public Utilities (unaffiliated) | 41. United States | | | | |
| | 42. Canada | | | | |
| | 43. Other Countries | | | | |
| | 44. Totals | | | | |
| Banks, Trust and Insurance Companies (unaffiliated) | 45. United States | | | | |
| | 46. Canada | | | | |
| | 47. Other Countries | | | | |
| | 48. Totals | | | | |
| Industrial and Miscellaneous (unaffiliated) | 49. United States | 3,224,178 | 3,224,178 | 4,414,680 | |
| | 50. Canada | | | | |
| | 51. Other Countries | | | | |
| | 52. Totals | 3,224,178 | 3,224,178 | 4,414,680 | |
| Parent, Subsidiaries and Affiliates | 53. Totals | | | | |
| | 54. Total Common Stocks | 3,224,178 | 3,224,178 | 4,414,680 | |
| | 55. Total Stocks | 3,224,178 | 3,224,178 | 4,414,680 | |
| | 56. Total Bonds and Stocks | 12,053,562 | 12,635,149 | 13,270,309 | |

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....

SCHEDULE D - Verification Between Years

| | | | |
|---|-------------|--|------------|
| 1. Book/adjusted carrying value of bonds and stocks, prior year | 10,494,939 | 6. Foreign Exchange Adjustment | |
| 2. Cost of bonds and stocks acquired, Column 6, Part 3 | 7,270,274 | 6.1 Column 17, Part 1 | |
| 3. Increase (decrease) by adjustment: | | 6.2 Column 13, Part 2, Section 1 | |
| 3.1 Column 16, Part 1 | (37,125) | 6.3 Column 11, Part 2, Section 2 | |
| 3.2 Column 12, Part 2, Section 1 | | 6.4 Column 11, Part 4 | |
| 3.3 Column 10, Part 2, Section 2 | (1,099,781) | 7. Book/adjusted carrying value at end of current period | 12,053,562 |
| 3.4 Column 10, Part 4 | (95,185) | 8. Total valuation allowance | |
| 4. Total gain (loss), Column 14, Part 4 | (182,835) | 9. Subtotal (Lines 7 plus 8) | 12,053,562 |
| 5. Deduct consideration for bonds and stocks disposed of | | 10. Total nonadmitted assets | |
| Column 6, Part 4 | 4,296,725 | 11. Statement value of bonds and stocks, current period | 12,053,562 |

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 | | | 6 Federal Employees Health Benefits Program Premiums |
|-----------------------------|---|---|---|----------------------|------------------------------|----------------------------|---|
| | | | | 3 Premiums | 4 Medicare Title XVIII | 5 Medicaid Title XIX | |
| 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 | 51,100,920 | 55,074,994 | |
| 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 | X X X | X X X | | | |
| 58. | TOTAL (Direct Business) | X X X | (a) 1 | | 51,100,920 | 55,074,994 | |
| DETAILS OF WRITE-INS | | | | | | | |
| 5701 | | | | | | | |
| 5702 | | | | | | | |
| 5703 | | | | | | | |
| 5798. | Summary of remaining write-ins for Line 57 from overflow page | | | | | | |
| 5799. | TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above) | | | | | | |

(a) Insert the number of yes responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

AKRON GENERAL HEALTH SYSTEM ORGANIZATION CHART