



ANNUAL STATEMENT

For the Year Ending December 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

AULTCARE HMO

NAIC Group Code	1204 <small>(Current Period)</small>	1204 <small>(Prior Period)</small>	NAIC Company Code	95200	Employer's ID Number	34-1758734
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	12/02/1993		Date Commenced Business	04/01/1994		
Statutory Home Office	2600 SIXTH STREET SW <small>(Street and Number)</small>		CANTON, OH 44710 <small>(City, or Town, State and Zip Code)</small>			
Main Administrative Office	2600 SIXTH STREET SW <small>(Street and Number)</small>					
	CANTON, OH 44710 <small>(City or Town, State and Zip Code)</small>		(330)438-6360-4057 <small>(Area Code) (Telephone Number)</small>			
Mail Address	2600 SIXTH STREET SW <small>(Street and Number or P.O. Box)</small>		CANTON, OH 44710 <small>(City, or Town, State and Zip Code)</small>			
Primary Location of Books and Records	2600 SIXTH STREET SW <small>(Street and Number)</small>					
	CANTON, OH 44710 <small>(City, or Town, State and Zip Code)</small>		(330)438-6360-4481 <small>(Area Code) (Telephone Number)</small>			
Internet Website Address						
Statement Contact	RYAN SHAWN BYLER <small>(Name)</small>		(330)438-6360-4481 <small>(Area Code)(Telephone Number)(Extension)</small>			
	rbyler@aultman.com <small>(E-Mail Address)</small>		(330)580-6658 <small>(Fax Number)</small>			
Policyowner Relations Contact						
			<small>(Street and Number)</small>			
	<small>(City, or Town, State and Zip Code)</small>		<small>(Area Code) (Telephone Number)(Extension)</small>			

OFFICERS

CHEIF EXECUTIVE OFFICER	RICK L HAINES
SECRETARY	ROGER E BAKER MD
TREASURER	SHEILA M MARKLEY-BLACK
VICE CHAIRMAN	FRANK G PROVO
CHAIRMAN	WILLIAM S ALFORD MD

VICE PRESIDENTS

DIRECTORS

JOHN B HUMPHREY JR MD	FRANK G PROVO
EDWARD J ROTH III	ROGER BAKER MD
ALLEN J ROVNER MD	WILLIAM S ALFORD DO
WILLIAM H BELDEN JR	SHEILA M MARKLEY-BLACK

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.

_____ (Signature) Rick L. Haines _____ (Printed Name) CEO	_____ (Signature) George Edgar Film _____ (Printed Name) CONTROLLER	_____ (Signature) _____ (Printed Name)
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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 _____, 2003

(Notary Public Signature)

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds	3,451,820		3,451,820	3,126,137
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$..... encumbrances)			(a).....	
4.2 Properties held for the production of income (less \$..... encumbrances)				
4.3 Properties held for sale (less \$..... encumbrances)				
5. Cash (\$.....647,263, Schedule E - Part 1) and short-term investments (\$....., Schedule DA - Part 2)	647,263		647,263	535,888
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)	4,099,083		4,099,083	3,662,025
10. Accident and health premiums due and unpaid				
11. Health care receivables	382,777		382,777	622,101
12. Amounts recoverable from reinsurers	295,599		295,599	407,801
13. Net adjustment in assets and liabilities due to foreign exchange rates				
14. Investment income due and accrued	46,381		46,381	51,909
15. Amounts due from parent, subsidiaries and affiliates	797,696		797,696	569,314
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				
22. Aggregate write-ins for other than invested assets				
23. Total assets (Lines 9 plus 10 through 22)	5,621,536		5,621,536	5,313,150
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. ACCUMULATED DEPRECIATION				
2202				
2203				
2298. Summary of remaining write-ins for Line 22 from overflow page				
2299. TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above)				

(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)	757,392		757,392	662,392
2. Accrued medical incentive pool and bonus payments				
3. Unpaid claims adjustment expenses				
4. Aggregate policy reserves				
5. Aggregate claim reserves				
6. Premiums received in advance	94,718		94,718	
7. General expenses due or accrued	140,586		140,586	191,627
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	2,643,625		2,643,625	1,837,319
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)				
18. Total liabilities (Lines 1 to 17)	3,636,321		3,636,321	2,691,338
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	3,550,000	3,450,000
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	(1,564,785)	(828,188)
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	1,985,215	2,621,812
27. Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	5,621,536	5,313,150
DETAILS OF WRITE-INS				
1701				
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)				
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	70,817	60,756
2. Net premium income	X X X	9,935,670	8,997,842
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	9,935,670	8,997,842
Medical and Hospital:			
8. Hospital/medical benefits		2,719,611	2,875,882
9. Other Professional Services		3,148,888	2,958,033
10. Outside Referrals		1,080,442	957,374
11. Emergency room and out-of-area		75,971	89,961
12. Prescription drugs		2,081,151	
13. Aggregate write-ins for other medical and hospital		1,100,041	1,902,169
14. Incentive pool and withhold adjustments			
15. Subtotal (Lines 8 to 14)		10,206,103	8,783,419
LESS:			
16. Net reinsurance recoveries		124,433	465,586
17. Total medical and hospital (Lines 15 minus 16)		10,081,670	8,317,833
18. Claims adjustment expenses			185,692
19. General administrative expenses		789,671	1,116,936
20. Increase in reserves for accident and health contracts			
21. Total underwriting deductions (Lines 17 through 20)		10,871,341	9,620,461
22. Net underwriting gain or (loss) (Lines 7 minus 21)	X X X	(935,671)	(622,619)
23. Net investment income earned		151,992	117,247
24. Net realized capital gains or (losses)		45,521	(2,093)
25. Net investment gains or (losses) (Lines 23 plus 24)		197,513	115,154
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			
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)		(738,158)	(507,465)
29. Federal and foreign income taxes incurred	X X X	18	(4,983)
30. Net income (loss) (Lines 28 minus 29)	X X X	(738,176)	(502,482)
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. INPATIENT		1,100,041	1,902,169
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)		1,100,041	1,902,169
2701			
2702			
2703			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
31. Capital and surplus prior reporting year	2,621,812	2,126,684
GAINS AND LOSSES TO CAPITAL & SURPLUS		
32. Net income or (loss) from Line 30	(738,176)	(502,482)
33. Change in valuation basis of aggregate policy and claim reserves		
34. Net unrealized capital gains and losses		
35. Change in net unrealized foreign exchange capital gain or (loss)		
36. Change in net deferred income tax		
37. Change in nonadmitted assets	1,579	1,001
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	100,000	1,000,000
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		(3,391)
46. Net change in capital and surplus (Lines 32 to 45)	(636,597)	495,128
47. Capital and surplus end of reporting year (Line 31 plus 46)	1,985,215	2,621,812
DETAILS OF WRITE-INS		
4501. AUDIT ADJUSTMENTS		(3,391)
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)		(3,391)

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance	9,937,249	8,997,842
2.	Claims and claims adjustment expenses	10,093,901	8,658,473
3.	General administrative expenses paid	780,793	1,100,364
4.	Other underwriting income (expenses)		
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(937,445)	(760,995)
6.	Net investment income	203,034	106,335
7.	Other income (expenses)		
8.	Federal and foreign income taxes (paid) recovered	(18)	4,983
9.	Net cash from operations (Line 5 to 8)	(734,429)	(649,677)
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1	Bonds	1,024,988	308,437
10.2	Stocks		
10.3	Mortgage loans		
10.4	Real estate		
10.5	Other invested assets		
10.6	Net gains or (losses) on cash and short-term investments		
10.7	Miscellaneous proceeds		
10.8	Total investment proceeds (Lines 10.1 to 10.7)	1,024,988	308,437
11.	Cost of investments acquired (long-term only):		
11.1	Bonds	1,331,942	1,412,011
11.2	Stocks		
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)	1,331,942	1,412,011
12.	Net cash from investments (Line 10.8 minus Line 11.7)	(306,954)	(1,103,574)
Cash from Financing and Miscellaneous Sources			
13.	Cash provided:		
13.1	Surplus notes, capital and surplus paid in	100,000	1,000,000
13.2	Net transfers from affiliates	577,924	906,017
13.3	Borrowed funds received		
13.4	Other cash provided	474,835	(21,788)
13.5	Total (Lines 13.1 to 13.4)	1,152,759	1,884,229
14.	Cash applied:		
14.1	Dividends to stockholder paid		
14.2	Net transfers to affiliates		
14.3	Borrowed funds repaid		
14.4	Other applications		192,345
14.5	Total (Lines 14.1 to 14.4)		192,345
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	1,152,759	1,691,884
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	111,375	(61,367)
17.	Cash and short-term investments:		
17.1	Beginning of year	535,888	597,254
17.2	End of year (Line 16 plus Line 17.1)	647,263	535,887

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	9,935,670	3,909,487					6,026,183						
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)	9,935,670	3,909,487					6,026,183						
7. Medical/hospital benefits	2,719,611	1,070,112					1,649,498						
8. Other professional services	3,148,888	1,239,025					1,909,864						
9. Outside referrals	1,080,442	425,132					655,310						
10. Emergency room and out-of-area	75,971	29,893					46,078						
11. Prescription drugs	2,081,151	818,891					1,262,260						
12. Aggregate write-ins for other medical and hospital	1,100,041	432,844					667,197						
13. Incentive pool and withhold adjustments													
14. Subtotal (Lines 7 to 13)	10,206,103	4,015,898					6,190,206						
15. Net reinsurance recoveries	124,433	124,433											
16. Total medical and hospital (Lines 14 minus 15)	10,081,670	3,891,464					6,190,206						
17. Claims adjustment expenses													
18. General administrative expenses	789,671	310,720					478,951						
19. Increase in reserves for accident and health contracts													
20. Total underwriting deductions (Lines 16 to 19)	10,871,341	4,202,184					6,669,157						
21. Net underwriting gain or (loss) (Line 6 minus Line 20)	(935,671)	(292,697)					(642,974)						
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. INPATIENT	1,100,041	432,844					667,197						
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)	1,100,041	432,844					667,197						

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (medical and hospital)	4,127,442		212,536	3,914,906
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan Premiums	6,158,647		137,883	6,020,764
6.	Title XVIII - Medicare				
7.	Title XIX - Medicaid				
8.	Other				
9.	TOTALS	10,286,089		350,419	9,935,670

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	10,206,103	4,015,897				6,190,206			
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	10,206,103	4,015,897				6,190,206			
2. Paid medical incentive pools and bonuses									
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	757,392	298,019				459,373			
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net	757,392	298,019				459,373			
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									
6. Amounts recoverable from reinsurers December 31, current year	295,599	116,313				179,286			
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	757,392	298,019				459,373			
7.2 Reinsurance assumed									
7.3 Reinsurance ceded									
7.4 Net	757,392	298,019				459,373			
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	10,206,103	4,015,897				6,190,206			
11.2 Reinsurance assumed									
11.3 Reinsurance ceded	295,599	116,313				179,286			
11.4 Net	9,910,504	3,899,584				6,010,920			
12. Incurred medical incentive pools and bonuses									

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									
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net									
2. Incurred but Unreported:									
2.1 Direct	757,392	298,019				459,373			
2.2 Reinsurance assumed									
2.3 Reinsurance ceded									
2.4 Net	757,392	298,019				459,373			
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	757,392	298,019				459,373			
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net	757,392	298,019				459,373			

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)	330,449	3,685,447	263,526	298,019	593,975	607,619
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan Premiums	509,366	5,680,841	398,866	459,373	908,232	936,598
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid						
8.	Other						
9.	Subtotal	839,815	9,366,288	662,392	757,392	1,502,207	1,544,217
10.	Medical incentive pools, accrual and disbursements						
11.	TOTALS	839,815	9,366,288	662,392	757,392	1,502,207	1,544,217

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	302,122	8,124			
2.	1998	3,398,229	430,079	4,147		
3.	1999	X X X	4,614,238	529,855	9,966	
4.	2000	X X X	X X X	5,604,946	648,710	6,657
5.	2001	X X X	X X X	X X X	8,124,743	839,815
6.	2002	X X X	X X X	X X X	X X X	9,448,711

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	302,122	8,124			
2.	1998	3,798,229	430,079	4,147		
3.	1999	X X X	5,067,747	529,855	9,966	
4.	2000	X X X	X X X	6,081,646	648,710	6,657
5.	2001	X X X	X X X	X X X	8,812,443	839,815
6.	2002	X X X	X X X	X X X	X X X	10,005,504

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	4,575	4,050			4,050	89			4,050	89
3.	1999	5,402	4,798			4,798	89			4,798	89
4.	2000	6,524	6,110			6,110	94			6,110	94
5.	2001	9,621	8,783			8,783	91			8,783	91
6.	2002	10,634	10,206			10,206	96	757		10,963	103
7.	TOTAL (Lines 1 through 6)	X X X	33,947		X X X	33,947	X X X	757		34,704	X X X
8.	TOTAL (Lines 2 through 6)	36,756	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	302,122	8,124			
2. 1998	3,398,229	430,079	4,147		
3. 1999	X X X	4,614,238	529,855	9,966	
4. 2000	X X X	X X X	5,604,946	648,710	6,657
5. 2001	X X X	X X X	X X X	8,124,743	839,815
6. 2002	X X X	X X X	X X X	X X X	9,448,711

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	302,122	8,124			
2. 1998	3,798,229	430,079	4,147		
3. 1999	X X X	5,067,747	529,855	9,966	
4. 2000	X X X	X X X	6,081,646	648,710	6,657
5. 2001	X X X	X X X	X X X	8,812,443	839,815
6. 2002	X X X	X X X	X X X	X X X	10,005,504

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	4,575	4,050			4,050	89			4,050	89
3. 1999	5,402	4,798			4,798	89			4,798	89
4. 2000	6,524	6,110			6,110	94			6,110	94
5. 2001	9,621	8,783			8,783	91			8,783	91
6. 2002	10,634	10,206			10,206	96	757		10,963	103
7. TOTAL (Lines 1 through 6)	X X X	33,947		X X X	33,947	X X X	757		34,704	X X X
8. TOTAL (Lines 2 through 6)	36,756	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
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare NONE
- 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

UNDERWRITING AND INVESTMENT EXHIBIT

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

Other 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	NONE				
3.	1999					
4.	2000					
5.	2001					
6.	2002					

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	NONE				
3.	1999					
4.	2000					
5.	2001					
6.	2002					

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										
5.	2001										
6.	2002										
7.	TOTAL (Lines 1 through 6)	X X X			X X X		X X X				X X X
8.	TOTAL (Lines 2 through 6)		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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
POLICY RESERVE									
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$#####) for investment income									
5. Aggregate write-ins for other policy reserves									
6. Totals (gross)									
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)									
CLAIM RESERVE									
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves		NONE							
12. Totals (gross)									
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 5)									
DETAILS OF WRITE-INS									
0501									
0502									
0503									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)									
1101									
1102									
1103									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)									

(a) Includes \$..... premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

		1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
1.	Rent (\$..... for occupancy of own building)		19,042		19,042
2.	Salaries, wages and other benefits		392,136		392,136
3.	Commissions (less \$..... ceded plus \$..... assumed)		126,588		126,588
4.	Legal fees and expenses		1,459		1,459
5.	Certifications and accreditation fees				
6.	Auditing, actuarial and other consulting services		9,945		9,945
7.	Traveling expenses		8,728		8,728
8.	Marketing and advertising		7,782		7,782
9.	Postage, express and telephone		43,228		43,228
10.	Printing and office supplies		16,418		16,418
11.	Occupancy, depreciation and amortization				
12.	Equipment		4,024		4,024
13.	Cost or depreciation of EDP equipment and software		5,450		5,450
14.	Outsourced services including EDP, claims, and other services				
15.	Boards, bureaus and association fees		39,450		39,450
16.	Insurance, except on real estate				
17.	Collection and bank service charges				
18.	Group service and administration fees				
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		54,400		54,400
23.3	Regulator authority licenses and fees				
23.4	Payroll taxes				
23.5	Other (excluding federal income and real estate taxes)				
24.	Investment expenses not included elsewhere		13,034		13,034
25.	Aggregate write-ins for expenses		47,987		47,987
26.	Total expenses incurred (Lines 1 to 25)		789,671		(a) 789,671
27.	Add expenses unpaid December 31, prior year		191,627		191,627
28.	Less expenses unpaid December 31, current year		200,505		200,505
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)		780,793		780,793
DETAILS OF WRITE-INS					
2501.	ADMIN & GENERAL		47,987		47,987
2502.				
2503.				
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	Totals (Lines 2501 through 2503 + 2598)(Line 25 above)		47,987		47,987

(a) Includes management fees of \$..... 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)..... 203,034 197,513
1.1 Bonds exempt from U.S. tax	(a).....	
1.2 Other bonds (unaffiliated)	(a).....	
1.3 Bonds of affiliates	(a).....	
2.1 Preferred stocks (unaffiliated)	(b).....	
2.11 Preferred stocks of affiliates	(b).....	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c).....	
4. Real estate	(d).....	
5. Contract loans		
6. Cash/short-term investments	(e).....	
7. Derivative instruments	(f).....	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	203,034	197,513
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)		197,513
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 Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	5 Total
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment		
1. U.S. Government bonds	45,521				45,521
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
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)	45,521				45,521
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		1,579	1,579
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			
5. TOTAL (Line 1 plus Line 3 and Line 4)		1,579	1,579
DETAILS OF WRITE-INS			
0401			
0402			
0403			
0498. Summary of remaining write-ins for Line 4 from overflow page			
0499. TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above)			

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	4,783	5,425	5,407	5,492	5,525	70,817
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	4,783	5,425	5,407	5,492	5,525	70,817
DETAILS OF WRITE-INS						
0601						
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)						

Notes to Financial Statement

SECTION A

1. Summary of Significant Accounting Policies.
 - A. The accompanying financial statement of AultCare HMO has been completed in accordance with the NAIC Accounting Practices and Procedures manual except to the extent that state law differs.
 - B. The preparation of financial statement in conformity with Statutory Accounting Principles required management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also required disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.
 - C. Accounting Policy
 - (1) The Company had no short-term investments.
 - (2) Bonds were stated at amortized cost using the straight-line method.
 - (3) Common stock was stated at market value.
 - (4) The Company had no preferred stock.
 - (5) The Company had no mortgage loans.
 - (6) The Company had no loan backed securities.
 - (7) The Company had no investments in subsidiaries, controlled, or affiliated companies.
 - (8) The Company had no investments in joint ventures, partnerships, or limited liability companies.
 - (9) The Company had no derivatives.
 - (10) The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
 - (11) The Company estimated the liabilities for losses based on independent actuary opinions received quarterly.
2. Accounting Changes and Corrections of Errors
 - A. The Company had no material changes in accounting principles or correction of errors.
 - B. The Company had no changes in accounting principles as a result of the initial implementation of codification.
3. Business Combinations and Goodwill
 - A. The Company had no business combinations accounted for under the statutory purchase method.
 - B. The Company had no business combinations taking the form of a statutory merger.
 - C. The Company had no assumption of reinsurance.
 - D. An impairment loss was not recognized.
4. The Company did not discontinue any operations.
5. Investments
 - A. The Company had no mortgage loan investments.
 - B. The Company had no recorded investments in restructured loans.
 - C. The Company had no recorded investments in reverse mortgages.
 - D. The Company had no recorded investments in Loan-Backed Securities.
 - E. The Company had no recorded investments in repurchase Agreements.
6. Joint Ventures, Partnerships and Limited Liability Companies.
 - A. The Company had no investments in joint ventures, partnerships or limited liability companies.
 - B. The Company had no impaired investments in joint ventures, partnerships or limited liability companies.
7. The Company did not exclude any investment income due and accrued.
8. The Company had no derivative instruments.
9. The Company did not have any net deferred income tax asset (DTA) or deferred tax liability (DTL) recognized in the company's assets, liabilities, surplus or other funds.
10. Information Concerning Parent, Subsidiaries and Affiliates
 - A,B,C The Aultman Health Foundation made a capital contribution of \$100,000 to the Company. The Company paid Aultman Hospital \$1,219,220 in capitated claims for its enrollees. The Company paid \$20,439 to Aultman Health Foundation for management services. The Company paid \$19,042 to Aultman Health Foundation for rent.
 - D. At December 31, 2002, the Company reported \$797,696 as amounts due from the parent company, Aultman Health Foundation. The Company reported \$1,354,933 as amounts due to an affiliate, AultCare Corporation. The Company reported \$1,279,868 as amounts due to an affiliate, McKinley Life Insurance Company. The Company reported \$8,824 as amounts due to an affiliate, Primetime Medical Insurance Company.
 - E. The Company did not make any guarantees or undertakings, written or otherwise, for the

Notes to Financial Statement

benefit of an affiliate or related party which resulted in a material contingent exposure of the Company's assets to any liabilities.

- F. Both Aultman Health Foundation, the parent, and AultCare Corporation, an affiliate, provided various administrative, marketing, and claims processing services for the Company.
 - G. All outstanding shares of the Company were owned by the parent company, Aultman Health foundation, a not-for-profit foundation domiciled in the State of Ohio.
 - H. The Company held no assets of its parent or affiliates.
 - I. The Company did not have an investment in an SCA entity that exceeds 10% of admitted assets of the insurer.
 - J. The Company did not realize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.
11. Debt
- A. The Company had no capital note obligations.
 - B. The Company had no outstanding debentures or similar obligations. As of December 31, 2002, the Company had no liability for borrowed money. The Company did not have any reverse purchase agreements.
12. The Company had no retirement plans, deferred compensation, post employment benefits and compensation absences and other postretirement benefit plans.
13. Capital And Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations.
- (1) The Company had no common stock outstanding.
 - (2) The Company had no preferred stock outstanding.
 - (3) Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, Ohio, to an amount that is based on restrictions relating to statutory surplus.
 - (4) The Company paid no dividends in 2002
 - (5) There were no restrictions placed on the Company's surplus.
 - (6) The Total Amount of advances to surplus not repaid is \$0.
 - (7) The Amounts of stock held by the Company, including stock of affiliated companies, for special purposes was:
For conversion of preferred stock: 0 shares.
a. For employee stock options: 0 shares.
b. For stock purchase warrants: 0 shares.
 - (8) The Company had no special surplus funds.
 - (9) The Company did not have any surplus funds represented that were reduced.
 - (10) The Company had no outstanding surplus debentures of similar obligations.
 - (11) The Company had no restatements due to prior quasi-reorganizations.
 - (12) The Company was not involved in a quasi-reorganization.
14. Contingencies
- A. The Company was not aware of any material contingent liabilities.
 - B. The company was not aware of any assessments that could have a material financial effect.
 - C. The Company had no Gain Contingencies.
 - D. Contingent liabilities arising from litigation, income taxes and other matters were not considered material in relation to the financial position of the Company.
15. The Company had no lease obligations.
16. The Company had no financial instruments with off-balance sheet risk.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities.
- A. The Company had no transfers of receivables reported as sales.
 - B. The Company had no transfers of financial assets.
 - C. The Company had no wash sales.
18. The Company had no Uninsured A&H Plans or Uninsured Portion of Partially Insured Plans.
19. The Company had no direct premium written or produced by managing general agents or third party administrators.
20. Other Items
- A. The Company did not experience an extraordinary event or transaction that resulted in a gain or loss.
 - B. The Company had no troubled debt to restructure.
 - C. There are no other disclosures.
 - D. At December 31, 2002 the Company had admitted assets of \$347,978 in accounts receivable for uninsured plans and amounts due from agents. The Company routinely assesses the collectibility of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition.

Notes to Financial Statement

21. There have been no events subsequent to December 31, 2002, which would have a material effect on the financial condition of the Company.
22. Reinsurance
- A. Ceded Reinsurance Report
- Section 1 - General Interrogatories
- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the company?
Yes () No (X)
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?
Yes () No (X)
- Section 2 - Ceded Reinsurance Report - Part A
- (1) Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?
Yes () No (X)
- (2) Does the company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts which, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurers exceed the total direct premium collected under the reinsured policies?
Yes () No (X)
- Section 3 - Ceded Reinsurance Report - part B
- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year this statement, to included policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?
Yes () No (X)
- B. The Company did not write off any uncollectible reinsurance during the year.
- C. The Company did not commuted any cede reinsurance during the year.
23. The Company did not have any retrospectively rated contracts or contracts subject to redetermination.
24. The Company did no make any changes in the provision for incurred loss and loss adjustment expenses attributable to insured events of prior years.
25. The Company had no intercompany pooling arrangements.
26. The Company was not required to hold reserves for life contracts or deposit-type contracts.
27. The Company had no variable annuities with guaranteed living benefits.
28. The Company had no annuity actuarial reserves, deposit type contract funds or other liabilities without life or disability contingencies. (Not Applicable)
29. The Company had no premium and annuity consideration deferred or uncollected.
30. The Company had no separate account of business.

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	1,354,674	33.007	1,354,674	33.048
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				
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				
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	2,097,147	51.098	2,097,147	51.161
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				
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)				
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				
3.4 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	652,369	15.895	647,263	15.790
9. Other invested assets				
10. Total invested assets	4,104,190	100.000	4,099,084	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[X] No[]
- 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[X] No[] N/A[]
- 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.01/01/2003.....
- 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.03/13/1999.....
- 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).03/13/1999.....
- 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?
 BRUNER-COX, 4505 STEPHEN CIRCLE NW SUITE 200, CANTON, OH 44718-3629
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?
 BUCK CONSULTANTS, 1111 SUPERIOR AVE. SUITE 1600, CLEVELAND, OH 44114--ACTUARY/CONSULTANT ASSOC W/ ACTUARIAL CONSULTING FIRM
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?
 0
- 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? Yes[] No[] N/A[X]

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[X] No[]
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[X] No[]
 18.2 If no, give full and complete information, relating thereto:

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[X] No[]
 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	FIRST MERIT TRUST COMPANY	4100 DRESSLER RD CANTON, OH 44718

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
	BOYD WATERSON	1801 East 9th St, Suite 1400, Cleveland, OH 44710

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?

\$

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

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 \$ 200,000
 - 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:
In the HMO Provider Agreement-Section 9 (Hold Harmless Clause) it states that the Physician shall not charge a subscriber to whom Covered Services have been provided if AultCare becomes insolvent. Also, the physician agrees to continue to provide Covered Services to Members as needed to complete any Covered Services commenced but unfinished with provisions listed.
- 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 822
 - 7.2 Number of providers at end of reporting year 893
- 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[] No[X]
- 9.2 If yes:
 - 9.21 Maximum amount payable bonuses \$
 - 9.22 Amount actually paid for year bonuses \$
 - 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
Ohio-Stark, Wayne, Tuscarawas, Carroll, and Holmes

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)	5,621,536	5,313,150	3,475,783	3,084,532	2,379,371
2. Total liabilities (Page 3, Line 18)	3,636,321	2,691,338	1,349,099	989,067	712,041
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 26)	1,985,215	2,621,812	2,126,684	2,095,465	1,667,330
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	9,935,670	8,997,842	6,524,381	5,504,326	4,575,465
6. Total medical and hospital expenses (Line 17)	10,081,670	8,317,833	6,138,947	4,798,411	4,050,149
7. Total administrative expenses (Line 19)	789,671	1,116,936	501,046	465,641	443,511
8. Net underwriting gain (loss) (Line 22)	(935,671)	(622,619)	(86,457)	333,399	(48,236)
9. Net investment gain (loss) (Line 25)	197,513	115,154	115,114	101,440	96,183
10. Total other income (Lines 26 plus 27)					
11. Net income or (loss) (Line 30)	(738,176)	(502,482)	28,657	434,839	47,947
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	1,985,215	2,621,812	2,126,684	2,095,465	1,667,330
13. Authorized control level risk-based capital	329,002	892,549	838,784	761,346	600,128
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	5,525	4,783	3,842	3,428	3,232
15. Total members months (Column 6, Line 7)	70,817	60,756	48,568	43,646	35,328
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)	101.5	92.4	94.1	87.1	88.5
18. Total underwriting deductions (Line 21)	109.4	106.9	101.3	93.9	1.0
19. Total underwriting gain (loss) (Line 22)	(9.4)	(6.9)	(1.3)	6.1	0.0
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	1,502,207	1,135,376	1,027,511	923,203	789,563
21. Estimated liability of unpaid claims-[prior year (Line 11, Col. 6)] ..	1,544,217	916,978	1,459,212	1,602,798	1,086,308

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)					
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	2	3	4
	Book/Adjusted Carrying Value	Fair Value (a)	Actual Cost	Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States	3,451,820	3,667,583	3,482,394
	2. Canada			
	3. Other Countries			
	4. Totals	3,451,820	3,667,583	3,482,394
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			
	14. Canada			
	15. Other Countries			
	16. Totals			
Public Utilities (unaffiliated)	17. United States			
	18. Canada			
	19. Other Countries			
	20. Totals			
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States			
	22. Canada			
	23. Other Countries			
	24. Totals			
Parent, Subsidiaries and Affiliates	25. Totals			
	26. Total Bonds	3,451,820	3,667,583	3,482,394
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			
	50. Canada			
	51. Other Countries			
	52. Totals			
Parent, Subsidiaries and Affiliates	53. Totals			
	54. Total Common Stocks			
	55. Total Stocks			
	56. Total Bonds and Stocks	3,451,820	3,667,583	3,482,394

(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	3,126,137	6. Foreign Exchange Adjustment	
2. Cost of bonds and stocks acquired, Column 6, Part 3	1,331,942	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	(18,424)	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		7. Book/adjusted carrying value at end of current period	3,451,820
3.4 Column 10, Part 4	(8,368) (26,792)	8. Total valuation allowance	
4. Total gain (loss), Column 14, Part 4	45,521	9. Subtotal (Lines 7 plus 8)	3,451,820
5. Deduct consideration for bonds and stocks disposed of		10. Total nonadmitted assets	
Column 6, Part 4	1,024,988	11. Statement value of bonds and stocks, current period	3,451,820

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	4,127,442		6,158,647
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		4,127,442		6,158,647

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

AULTMAN HEALTH FOUNDATION - TAX EXEMPT FOUNDATION (34-1445390)
(PARENT)

1. AULTCARE CORPORATION-MANAGED CARE (34-1488123)
 - 1A. AULTCARE HMO-HMO (34-1758734)
2. AULTMAN DEVELOPMENT INSTITUTE (34-1388891)
3. AULTMAN HOSPITAL-HOSPITAL (34-0714538)
4. MCKINLEY LIFE INSURANCE COMPANY-HEALTH INSURANCE (34-1624818)
 - 4A. MCKINLEY LIFE INSURANCE AGENCY, LTD-AGENCY (34-1795772)
5. NORTH CENTRAL MEDICAL RESOURCES-DURABLE MEDICAL EQUIPMENT (34-1610344)
6. PRIMETIME MEDICAL INSURANCE COMPANY-HEALTH INSURANCE (34-1809738)
7. OHIO PHYSICIAN SUPPORT SERVICES-MSO (34-1819356)
 - 7A. OHIO PHYSICIAN PROFESSIONAL CORP (31-1509897)
 - 7B. OHIO SPECIALTY PHYSICIAN CORP (34-1853300)