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**9520420120100101** 2011

**QUARTERLY STATEMENT**

**AS OF March 31, 2011**

**OF THE CONDITION AND AFFAIRS OF THE**

**KAISER FOUNDATION HEALTH PLAN OF OHIO**

NAIC Group Code	0601 (Current Period)	0601 (Prior Period)	NAIC Company Code	95204	Employer's ID Number	34-0922268
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 <input type="checkbox"/>	Property/Casualty <input type="checkbox"/>	Hospital, Medical & Dental Service or Indemnity <input type="checkbox"/>			
	Dental Service Corporation <input type="checkbox"/>	Vision Service Corporation <input type="checkbox"/>	Health Maintenance Organization <input checked="" type="checkbox"/>			
	Other <input type="checkbox"/>	Is HMO Federally Qualified? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>				
Incorporated/Organized	03/29/1962		Commenced Business	10/27/1976		
Statutory Home Office	1001 Lakeside Ave. Suite 1200 (Street and Number)		Cleveland, OH 44114-1153 (City, or Town, State and Zip Code)			
Main Administrative Office	1001 Lakeside Ave. Suite 1200 Cleveland, OH 44114-1153 (Street and Number)		(216)621-5600 (Area Code) (Telephone Number)			
Mail Address	1001 Lakeside Ave. Suite 1200 (Street and Number or P.O. Box)		Cleveland, OH 44114-1153 (City, or Town, State and Zip Code)			
Primary Location of Books and Records	1001 Lakeside Ave. Suite 1200 (Street and Number)		(216)621-5600 (Area Code) (Telephone Number)			
Internet Web Site Address	KP.org					
Statutory Statement Contact	Scott D. Gonia (Name)		(216)479-5116 (Area Code)(Telephone Number)(Extension)			
	Scott.D.Gonia@kp.org (E-Mail Address)		(216)623-8793 (Fax Number)			

## OFFICERS

Name	Title
George C. Halvorson	Chairman, CEO and President
Patricia D. Kennedy-Scott	Regional President
Kathy Lancaster	Executive Vice President-CFO
Arthur M. Southam MD	Executive Vice President-Health Plan Operations
Bernard J. Tyson	President and Chief Operating Officer
Mark S. Zemelman	Senior Vice President, General Counsel, Secretary
Thomas R. Meier	Senior Vice President and Treasurer
Don H. Orndoff	Senior Vice President, National Facilities Service
Deborah Stokes	Senior Vice President, Controller and CAO
Daniel H. Beck	Assistant Secretary

## Vice Presidents

## DIRECTORS OR TRUSTEES

George C. Halvorson  
Cynthia A. Telles PhD  
Kim J. Kaiser

Sandra P. Thompkins JD  
Jenny J. Ming  
William R. Graber

Christine K. Cassel MD  
J. Neal Purcell  
Judith A. Johansen JD

Thomas W. Chapman EdD  
J. Eugene Grigsby, III PhD  
Edward Pei

Daniel P. Garcia JD  
Philip A. Marineau

State of Ohio  
County of Cuyahoga 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 manual 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. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)  
Patricia D. Kennedy-Scott  
(Printed Name)  
1.  
Regional President  
(Title)

---

(Signature)  
Daniel H. Beck  
(Printed Name)  
2.  
Assistant Secretary  
(Title)

---

\_\_\_\_\_  
(Signature)  
\_\_\_\_\_  
(Printed Name)  
3.  
\_\_\_\_\_  
(Title)

Subscribed and sworn to before me this  
day of \_\_\_\_\_, 2011

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

Yes[X] No[ ]

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(Notary Public Signature)

**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	101,794,273		101,794,273	97,544,695
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:				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....	55,612,315	29,438	55,582,877	55,994,212
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$.....14,464,066), cash equivalents (\$.....0) and short-term investments (\$.....42,862,589) .....	57,326,655		57,326,655	69,061,320
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives .....				
8. Other invested assets .....				
9. Receivables for securities .....				
10. Securities lending reinvested collateral assets .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	214,733,243	29,438	214,703,805	222,600,227
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	683,715		683,715	715,593
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	13,223,530		13,223,530	11,691,835
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....				
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....				
18.2 Net deferred tax asset .....				
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....	703,980	451,787	252,193	299,852
21. Furniture and equipment, including health care delivery assets (\$.....3,220,327) .....	8,328,648	740,447	7,588,201	8,173,306
22. Net adjustments in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	724,887		724,887	1,115,963
24. Health care (\$.....1,662,749) and other amounts receivable .....	1,934,380		1,934,380	1,678,302
25. Aggregate write-ins for other than invested assets .....	1,068,478	1,068,478		0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	241,400,861	2,290,150	239,110,711	246,275,078
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	241,400,861	2,290,150	239,110,711	246,275,078
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. <b>TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)</b> .....				
2501. Prepaid & Other Current Assets .....	1,013,578	1,013,578		
2502. Other Property and Equipment and Long Term Assets .....	54,900	54,900		0
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. <b>TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)</b> .....	1,068,478	1,068,478		0

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	36,087,999		36,087,999	37,106,295
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	1,049,900		1,049,900	1,049,900
4. Aggregate health policy reserves	8,500,000		8,500,000	11,700,000
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance	11,200,988		11,200,988	9,420,367
9. General expenses due or accrued	1,236,664		1,236,664	2,166,087
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
13. Remittances and items not allocated				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates	37,428,887		37,428,887	31,569,473
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
20. Reinsurance in unauthorized companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans				
23. Aggregate write-ins for other liabilities (including \$.....0 current)	96,470,783		96,470,783	111,166,871
24. Total liabilities (Lines 1 to 23)	191,975,221		191,975,221	204,178,993
25. Aggregate write-ins for special surplus funds	XXX	XXX		
26. Common capital stock	XXX	XXX		
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	12,043	12,043
29. Surplus notes	XXX	XXX	65,000,000	60,000,000
30. Aggregate write-ins for other than special surplus funds	XXX	XXX		
31. Unassigned funds (surplus)	XXX	XXX	(17,876,553)	(17,915,958)
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$.....0)	XXX	XXX		
32.2 .....0 shares preferred (value included in Line 27 \$.....0)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	47,135,490	42,096,085
34. Total Liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	239,110,711	246,275,078
<b>DETAILS OF WRITE-INS</b>				
2301. Post Retirement	38,767,028		38,767,028	37,077,337
2302. Accrued Payroll and Related	10,992,843		10,992,843	9,663,556
2303. Professional and Public Liability	33,943		33,943	14,764,873
2398. Summary of remaining write-ins for Line 23 from overflow page	46,676,969		46,676,969	49,661,105
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	96,470,783		96,470,783	111,166,871
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX		
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX		

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year To Date		Prior Year To Date	Prior Year Ended
				December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months .....	XXX .....	344,718	394,144	1,518,461
2. Net premium income (including \$.....0 non-health premium income) .....	XXX .....	137,610,552	141,162,202	555,729,112
3. Change in unearned premium reserves and reserves for rate credits .....	XXX .....			
4. Fee-for-service (net of \$.....0 medical expenses) .....	XXX .....	448,270	1,198,606	3,672,930
5. Risk revenue .....	XXX .....			
6. Aggregate write-ins for other health care related revenues .....	XXX .....			
7. Aggregate write-ins for other non-health revenues .....	XXX .....			
8. Total revenues (Lines 2 to 7) .....	XXX .....	138,058,822	142,360,808	559,402,042
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....		42,547,285	48,123,262	184,731,467
10. Other professional services .....		19,194,205	17,839,955	71,608,558
11. Outside referrals .....		14,740,830	15,020,822	60,103,399
12. Emergency room and out-of-area .....		8,569,441	12,069,523	42,897,900
13. Prescription drugs .....		14,097,204	13,872,917	56,062,245
14. Aggregate write-ins for other hospital and medical .....		28,770,585	30,533,814	117,578,796
15. Incentive pool, withhold adjustments and bonus amounts .....				
16. Subtotal (Lines 9 to 15) .....		127,919,550	137,460,293	532,982,365
<b>Less:</b>				
17. Net reinsurance recoveries .....				
18. Total hospital and medical (Lines 16 minus 17) .....		127,919,550	137,460,293	532,982,365
19. Non-health claims (net) .....				
20. Claims adjustment expenses, including \$.....1,957,120 cost containment expenses .....		3,206,566	2,814,532	11,870,517
21. General administrative expenses .....		12,115,049	12,161,615	50,647,646
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....		(3,200,000)		11,700,000
23. Total underwriting deductions (Lines 18 through 22) .....		140,041,165	152,436,440	607,200,528
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX .....	(1,982,343)	(10,075,632)	(47,798,486)
25. Net investment income earned .....		414,922	202,575	2,588,354
26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....		170,031	50,674	(187,790)
27. Net investment gains or (losses) (Lines 25 plus 26) .....		584,953	253,249	2,400,564
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....				
29. Aggregate write-ins for other income or expenses .....		91,832	71,597	609,626
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX .....	(1,305,558)	(9,750,786)	(44,788,296)
31. Federal and foreign income taxes incurred .....	XXX .....			
32. Net income (loss) (Lines 30 minus 31) .....	XXX .....	(1,305,558)	(9,750,786)	(44,788,296)
<b>DETAILS OF WRITE-INS</b>				
0601. ....	XXX .....			
0602. ....	XXX .....			
0603. ....	XXX .....			
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX .....			
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX .....			
0701. ....	XXX .....			
0702. ....	XXX .....			
0703. ....	XXX .....			
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX .....			
0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	XXX .....			
1401. Occupancy, Depreciation and Amortization .....		2,902,443	2,962,022	12,338,311
1402. Medical Office Facilities .....		7,502,862	6,955,878	30,421,749
1403. Professional Liability Insurance .....		716,652	1,930,185	(3,664,285)
1498. Summary of remaining write-ins for Line 14 from overflow page .....		17,648,628	18,685,729	78,483,021
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....		28,770,585	30,533,814	117,578,796
2901. Miscellaneous .....		91,832	71,597	609,626
2902. ....				
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page .....				
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....		91,832	71,597	609,626

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

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>			
33. Capital and surplus prior reporting year .....	42,096,085	40,644,103	40,644,103
34. Net income or (loss) from Line 32 .....	(1,305,558)	(9,750,786)	(44,788,296)
35. Change in valuation basis of aggregate policy and claim reserves .....			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0			
37. Change in net unrealized foreign exchange capital gain or (loss) .....			
38. Change in net deferred income tax .....			
39. Change in nonadmitted assets .....	496,270	67,597	(293,439)
40. Change in unauthorized reinsurance .....			
41. Change in treasury stock .....			
42. Change in surplus notes .....	5,000,000		45,000,000
43. Cumulative effect of changes in accounting principles .....			
44. Capital Changes:			
44.1 Paid in .....			
44.2 Transferred from surplus (Stock Dividend) .....			
44.3 Transferred to surplus .....			
45. Surplus adjustments:			
45.1 Paid in .....			
45.2 Transferred to capital (Stock Dividend) .....			
45.3 Transferred from capital .....			
46. Dividends to stockholders .....			
47. Aggregate write-ins for gains or (losses) in surplus .....	848,694	(140,472)	1,533,717
48. Net change in capital and surplus (Lines 34 to 47) .....	5,039,406	(9,823,661)	1,451,982
49. Capital and surplus end of reporting period (Line 33 plus 48) .....	47,135,491	30,820,442	42,096,085
<b>DETAILS OF WRITE-INS</b>			
4701. Cumulative Effect of Change in Accounting Principle_ Adopting FIN 47 .....			
4702. Change in Restricted Donations .....		(522)	(522)
4703. Additional minimum liability Pension .....	848,694	(139,950)	1,534,239
4798. Summary of remaining write-ins for Line 47 from overflow page .....			
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	848,694	(140,472)	1,533,717

STATEMENT AS OF **March 31, 2011** OF THE **KAISER FOUNDATION HEALTH PLAN OF OHIO**  
**CASH FLOW**

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>				
1.	Premiums collected net of reinsurance .....	134,659,478	143,095,482	564,098,634
2.	Net investment income .....	646,776	(102,084)	3,048,779
3.	Miscellaneous income .....	330,832	1,036,047	3,989,690
4.	Total (Lines 1 to 3) .....	135,637,086	144,029,445	571,137,103
5.	Benefit and loss related payments .....	125,737,846	133,460,926	540,339,392
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	16,159,205	15,376,175	61,437,971
8.	Dividends paid to policyholders .....			
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....			
10.	Total (Lines 5 through 9) .....	141,897,051	148,837,101	601,777,363
11.	Net cash from operations (Line 4 minus Line 10) .....	(6,259,965)	(4,807,656)	(30,640,260)
<b>Cash from Investments</b>				
12.	Proceeds from investments sold, matured or repaid:			
12.1	Bonds .....	12,799,604	5,494,670	46,496,167
12.2	Stocks .....			
12.3	Mortgage loans .....			
12.4	Real estate .....			
12.5	Other invested assets .....			
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....			
12.7	Miscellaneous proceeds .....	1,176,824	1,061,415	4,321,991
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	13,976,428	6,556,085	50,818,158
13.	Cost of investments acquired (long-term only):			
13.1	Bonds .....	17,177,318	64,628,482	109,004,991
13.2	Stocks .....			
13.3	Mortgage loans .....			
13.4	Real estate .....	662,175	532,824	6,008,554
13.5	Other invested assets .....			
13.6	Miscellaneous applications .....		6,822,924	7,184,093
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	17,839,493	71,984,230	122,197,638
14.	Net increase (or decrease) in contract loans and premium notes .....			
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14) .....	(3,863,065)	(65,428,145)	(71,379,480)
<b>Cash from Financing and Miscellaneous Sources</b>				
16.	Cash provided (applied):			
16.1	Surplus notes, capital notes .....	5,000,000		45,000,000
16.2	Capital and paid in surplus, less treasury stock .....			
16.3	Borrowed funds .....			
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....			
16.5	Dividends to stockholders .....			
16.6	Other cash provided (applied) .....	(6,611,635)	6,096,379	34,647,494
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6) .....	(1,611,635)	6,096,379	79,647,494
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>				
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(11,734,665)	(64,139,422)	(22,372,246)
19.	Cash, cash equivalents and short-term investments:			
19.1	Beginning of year .....	69,061,320	91,433,566	91,433,566
19.2	End of period (Line 18 plus Line 19.1) .....	57,326,655	27,294,144	69,061,320

**Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:**

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**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year .....	122,342	6,782	89,587				7,711	18,262		
2. First Quarter .....	113,877	6,219	81,692				8,044	17,922		
3. Second Quarter .....										
4. Third Quarter .....										
5. Current Year .....										
6. Current Year Member Months .....	344,718	19,230	247,497				24,131	53,860		
Total Member Ambulatory Encounters for Period:										
7. Physician .....	100,682	4,810	55,127				8,066	32,679		
8. Non-Physician .....	22,928	981	12,617				2,064	7,266		
9. Total .....	123,610	5,791	67,744				10,130	39,945		
10. Hospital Patient Days Incurred .....										
11. Number of Inpatient Admissions .....	2,857	148	1,238				193	1,278		
12. Health Premiums Written (a) .....	137,610,552	4,896,681	84,506,318				11,315,702	36,891,851		
13. Life Premiums Direct .....										
14. Property/Casualty Premiums Written .....										
15. Health Premiums Earned .....	137,610,552	4,896,681	84,506,318				11,315,702	36,891,851		
16. Property/Casualty Premiums Earned .....										
17. Amount Paid for Provision of Health Care Services .....	128,937,846	4,413,147	85,987,122				7,733,842	30,803,735		
18. Amount Incurred for Provision of Health Care Services .....	127,919,550	4,435,651	84,061,762				8,829,791	30,592,346		

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....36,891,851.

**CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)****Aging Analysis of Unpaid Claims**

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
<b>Individually Listed Claims Unpaid</b>						
Due to Ohio Permanente Medical Group .....	8,289,943	5,428,631	.....	.....	.....	13,718,574
0199999 Individually Listed Claims Unpaid .....	8,289,943	5,428,631	.....	.....	.....	13,718,574
0299999 Aggregate Accounts Not Individually Listed - Uncovered .....	6,331,213	.....	.....	.....	.....	6,331,213
0399999 Aggregate Accounts Not Individually Listed - Covered .....	.....	.....	.....	.....	.....	.....
0499999 Subtotals .....	14,621,156	5,428,631	.....	.....	.....	20,049,787
0599999 Unreported claims and other claim reserves .....	.....	.....	.....	.....	.....	16,038,212
0699999 Total Amounts Withheld .....	.....	.....	.....	.....	.....	.....
0799999 Total Claims Unpaid .....	.....	.....	.....	.....	.....	36,087,999
0899999 Accrued Medical Incentive Pool And Bonus Amounts .....	.....	.....	.....	.....	.....	.....

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1+3)	6 Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical) .....	23,331,522	67,068,748	2,497,376	25,147,511	25,828,898	29,547,742
2. Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3. Dental only .....	.....	.....	.....	.....	.....	.....
4. Vision only .....	.....	.....	.....	.....	.....	.....
5. Federal Employees Health Benefits Plan .....	1,996,037	5,737,805	405,052	4,078,701	2,401,089	3,387,805
6. Title XVIII - Medicare .....	7,950,175	22,853,559	357,680	3,601,679	8,307,855	4,170,748
7. Title XIX - Medicaid .....	.....	.....	.....	.....	.....	.....
8. Other health .....	.....	.....	.....	.....	.....	.....
9. Health subtotal (Lines 1 to 8) .....	33,277,734	95,660,112	3,260,108	32,827,891	36,537,842	37,106,295
10. Healthcare receivables (a) .....	.....	.....	.....	.....	.....	.....
11. Other non-health .....	.....	.....	.....	.....	.....	.....
12. Medical incentive pools and bonus amounts .....	.....	.....	.....	.....	.....	.....
13. Totals (Lines 9 - 10 + 11 + 12) .....	33,277,734	95,660,112	3,260,108	32,827,891	36,537,842	37,106,295

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

## Notes to Financial Statement

Kaiser Foundation Health Plan of Ohio

Notes to Financial Statements

For the Three Months Ended March 31, 2011 and the Year Ended December 31, 2010

### 1) Summary of Significant Accounting Policies

#### A. Accounting Practices

The accompanying statutory financial statements of Kaiser Foundation Health Plan of Ohio ("Health Plan") have been prepared in conformity with the National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures* manual, ("NAIC SAP"), the NAIC Annual Statement Instructions, and other accounting practices as prescribed or permitted by the State of Ohio – Ohio Department of Insurance (ODI). There were no reported differences to net income, statutory surplus, or risked based capital for specific practices, prescribed or permitted by the State of Ohio, that deviate from NAIC SSAP in the reported periods.

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

The preparation of the statutory financial statements in conformity with NAIC SAP, the NAIC Annual Statement Instructions, and other accounting practices as prescribed or permitted by the ODI requires management to make estimates and assumptions that affect the reported amounts. Allowance for uncollectible accounts receivable, Medicare revenue accruals, Medicare payables and reserves, incurred but not reported medical claims, pension and postretirement benefit liabilities, premium deficiency reserves, self insured professional, general and workers' compensation liabilities, real estate, property, and equipment, investment impairments and other charges represent significant estimates. Actual results could differ materially from those estimates. With respect to employee benefit plans, as occurs from time to time, negotiations with labor partners may result in changes to compensation and benefits. These changes are reflected in the statutory financial statements as appropriate when agreements are finalized.

#### C. Accounting Policies

##### Cash and Short Term Investments

Cash (including overdrafts) and short term investments include interest bearing deposits purchased with maturities of twelve months or less. Cash and investments that are restricted per regulatory requirements are classified as bonds and other invested assets and excluded from cash and short term investments.

##### Premiums Receivable

Premiums receivable are reported net of nonadmitted balances. Certain receivables are not admissible in accordance with the NAIC SAP. Nonadmitted amounts consist of all nongovernmental premiums receivable greater than 90 days past due. In addition, when premiums receivable greater than 90 days past due is more than a de minimis portion of the entire premiums receivable balance, the premiums receivable balance greater than 90 days is nonadmitted.

##### Bonds and Other Invested Assets

Bonds and other invested assets include U.S. Treasury and government-sponsored agencies, mortgage and asset-backed securities, industrial and miscellaneous bonds and all other government bonds. Recognized gains and losses, which are recorded on the specific identification basis, and interest income are included in net investment and other income.

Bonds are reported in accordance with NAIC Annual Statement instructions (Statement Value). Accordingly, bonds that are designated highest quality, NAIC Designation 1 and 2, are reported at amortized cost using the effective interest method, and bonds that are classified as NAIC Designation 3 or lower are reported at lower of amortized cost or fair value.

Adjustments are made prospectively and repayment assumptions are obtained from a third party vendor data source for mortgage and asset-backed securities and collateralized mortgage obligations. The amortization method used is the scientific method.

Investments are regularly reviewed for impairment and a charge is recognized when the fair value is below cost basis and is judged to be other-than-temporary. Impairment is included in recognized losses. In its review of assets for impairment that is deemed other-than-temporary, management generally follows the following guidelines:

## **Notes to Financial Statement**

- Substantially all investments are managed by outside investment managers who do not need KFHP's management pre-approval for sales, and substantially all declines in value below cost are recognized as impairments that are other-than-temporary.
- For other securities, losses are recognized for known matters, such as bankruptcies, regardless of ownership period, and investments that have been continuously below book value for an extended period of time are evaluated for impairment that is other-than-temporary.

Health Plan's investment transactions are recorded on a trade date basis.

Health Plan is required to keep investments on deposit in the State of Ohio, where it is licensed. At both March 31, 2011 and December 31, 2010, \$400 thousand in long-term U.S. Treasury notes were restricted to satisfy the state's regulatory requirements.

### Real Estate, Property and Equipment

Real estate, property and equipment which includes land, buildings and improvements, furniture and equipment are stated at cost less accumulated depreciation and amortization. Interest is capitalized on facilities construction in process and is added to the cost of the underlying asset, in accordance with Statement of Statutory Accounting Principles (SSAP) No. 44, *Capitalization of Interest Cost*. Depreciation begins when the project is substantially complete and ready for its intended use. Software is amortized on a straight-line basis over three years. Buildings and equipment are depreciated on a straight line basis over the estimated useful lives of the various classes of assets, generally ranging from 3 to 33 years.

Management evaluates alternatives for delivering services which may affect the current and future utilization of existing and planned assets and could result in an adjustment to the carrying values of such land, buildings, equipment, and software in the future. Management evaluates and records impairment losses, where applicable, based on expected utilization, projected cash flows, and recoverable values.

Maintenance and repairs are expensed as incurred. Major improvements that increase the estimated useful life of an asset are capitalized. Upon the sale or retirement of assets, recorded cost and related accumulated depreciation are removed from the accounts, and any gain or loss on disposal is reflected in operations.

Included in property and equipment are health care delivery assets representing pharmaceutical inventory, as well as medical center furniture, fixtures, and equipment used in direct delivery of care. Pharmaceutical inventories are included in the furniture and equipment category.

Pharmaceutical inventory is not subject to depreciation. Medical center furniture, fixtures, and equipment used in the direct delivery of care are depreciated over their estimated useful lives for a period not to exceed three years.

### Self Insured Risks

Costs associated with self insured risks, primarily for general and workers' compensation liabilities are charged to operations based upon actual and estimated claims. The estimate for incurred but not reported self insured claims is based on actuarial projections of costs using historical claims and other relevant data. Estimates are monitored and reviewed and, as settlements are made or estimates are revised, differences are reflected in current operations. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. While the ultimate payments for self insured claims are dependent on future developments, management is of the opinion that the reserve for self insured risks is adequate. Insurance coverage, in excess of the per occurrence self insured retention, has been secured with affiliated and unaffiliated insurers for specified amounts for workers' compensation and general liabilities. Decisions relating to the limit and scope of the self insured layer and the amounts of excess insurance purchased are reviewed each year, subject to management's analysis of actuarial loss projections and the price and availability of acceptable commercial insurance.

### Reserves for Unpaid Claims and Claims Adjustment Expense

The cost of health care services is recognized in the period in which services are provided. Reserves for unpaid claims and claims adjustment expense consists of unpaid health care expenses, which include an estimate of the cost of services provided to Health Plan's members by third party providers that have been incurred but not reported. The estimate for incurred but not reported claims is based on actuarial projections of costs using historical paid claims and other relevant data. Estimates are monitored and reviewed and, as settlements are made or estimates are revised, adjustments are reflected in current operations. Such estimates are subject to the impact of changes in the regulatory environment and economic conditions. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. While the ultimate

## Notes to Financial Statement

amount of paid claims is dependent on future developments, management is of the opinion that the reserves for claims are adequate to cover such claims.

Health Plan contracts with The Ohio Permanente Medical Group, P.C. (the Medical Group) to provide or arrange medical services for members. Included in the reserves for unpaid claims and claims adjustment expense is Health Plan's due to associated medical group. Due to associated medical group consists primarily of unpaid medical expenses owed to the Medical Group for medical services provided to members under a medical services agreement with Health Plan. Under the agreement, Health Plan reimburses the Medical Group for cost of physician services provided by Medical Group and claims expense for referred medical services. The cost of medical services, including an estimate of claims incurred but not reported, is recognized by Health Plan in the period in which services are provided and is reflected as a component of medical and hospital expenses.

### Premium Deficiency Reserves

Premium deficiency reserves and the related expense are recognized when it is probable that expected future health care costs and maintenance costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries over the contract period. Expected investment income is included in the calculation for premium deficiency reserves. The level at which contracts are grouped for evaluation purposes is generally by geographic region. The methods for making such estimates and for establishing the resulting reserves are reviewed and updated, and any resulting adjustments are reflected in current operations. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided.

### Donations and Grants Made or Received

Donations and grants made are recognized at fair value in the period in which a commitment is made, provided the payment of the donation or grant is probable and the amount is determinable. Donations or grants received, including research grants, are recognized at fair value in the period the donation or grant was committed unconditionally by the grantor or in the period the donation or grant requirements are met, if later.

### Revenue Recognition

Net premium revenue includes premiums from employer groups, individuals and Medicare. Revenue is recognized over the period in which the members are entitled to health care services.

The majority of Health Plan's Medicare revenue is paid based on pre-established rates, and the final settlement is made after fiscal year-end. During the three months ended March 31, 2011, Health Plan recorded favorable adjustments to Medicare revenue of \$99 thousand. In 2010, Health Plan recorded unfavorable adjustments to Medicare revenue of \$2.0 million, due to the adjustments to reserve for prior year Medicare Cost report.

In addition, Medicare benefits include a voluntary prescription drug benefit (Part D). Revenues for Part D include capitated payments made from Medicare adjusted for health risk factor scores. Revenues also include amounts to reflect a portion of the health care costs for low-income Medicare beneficiaries and a risk sharing arrangement to limit the exposure to unexpected expenses. Related accruals are recognized monthly based on cumulative experience and membership data. Part D revenue is finalized after all data is submitted to Medicare, and the final settlement is made after the end of the fiscal year.

Medicare Cost revenue and Medicare Part D revenue are subject to governmental audits and potential payment adjustments. The Centers for Medicare & Medicaid Services performs coding audits to validate the supporting documentation maintained by Health Plan and its care providers. These coding audits may result in retrospective payment adjustments to Health Plan.

Premiums collected in advance are deferred and recorded as premiums received in advance. Revenue is adjusted to reflect estimates of collectability, including retroactive membership adjustment trends and economic conditions. Revenue and related receivables are exclusive of charity care. A portion of revenues derived under contracts with the United States Office of Personnel Management is subject to audit and potential retrospective adjustments.

### Pension and Other Postretirement Benefits

Health Plan participates in defined benefit pension and postretirement plans that are administered by KFHP. The plans are accounted for within the framework of SSAP No. 89, *Accounting for Pensions, A Replacement of SSAP No. 8*, and SSAP No. 14, *Postretirement Benefits Other than Pensions*, respectively. The plans are actuarially evaluated and involve various assumptions. Critical assumptions include the discount rate and the expected rate of return on plan assets (for pension), which are important elements of expense and/or liability measurement. Other assumptions involve demographic factors such as retirement age, mortality, turnover and the rate of compensation increases. KFHP evaluates

## **Notes to Financial Statement**

assumptions annually and modifies them as appropriate. Pension and postretirement costs are allocated over the service period of the employees in the plan.

KFHP uses a discount rate to determine the present value of the future benefit obligations. The discount rate is established based on rates available for high-quality fixed-income debt at the measurement date whose maturity dates match the expected cash flows of the retirement plans.

To determine the expected long-term rate of return on pension plan assets, KFHP considers the current and expected asset allocation, as well as historical and expected returns for each plan asset class. Any difference between actual and expected plan experience, including asset return experience, in excess of a 10% corridor around the larger of assets or liabilities, is recognized in the net periodic pension calculation over the expected average future service of the current employees, which is approximately 13 years.

### Cost Allocations

For reporting lines of business activity, expenses are allocated based on utilization and experience.

### Reclassifications

Certain reclassifications were made in the 2010 statutory financial statements to conform to the 2011 presentation.

Consistent with the December 31, 2010 amended annual filing, General and Administrative expenses have been restated for 2010 to better reflect the administrative costs related to insurance operations and to ensure consistency with the methodology used in the Medical Loss Ratio exhibit.

2) Accounting Changes and Corrections of Errors

No significant changes from 2010 annual statement.

3) Business Combinations and Goodwill

No significant changes from 2010 annual statement.

4) Discontinued Operations

No significant changes from 2010 annual statement.

5) Investments

D) Loan-Backed Securities

(1) & (3) Fair Values and Concentrations of Credit Risk

At March 31, 2011, Health Plan held loan-backed securities with the following fair values and concentrations credit risk:

## Notes to Financial Statement

Type	Class	Book Value	Fair Value
Residential & Commercial Mortgage Backed	Industrial & Misc	\$ 5,875,490	\$ 5,877,423
	Total	<u>\$ 5,875,490</u>	<u>\$ 5,877,423</u>

(4) & (5) Other than temporary impairment recognized for the quarter ended March 31, 2011 related to loan-backed securities is as follows:

	1	2	3
	Amortized Cost Basis	Other-than-Temporary Impairment	Fair Value
	Before Other-than-Temporary Impairment	Recognized in Loss	(C1 - C2)
Aggregate Inability or Intent to Retain	\$1,021,744	\$2,435	\$1,019,309
Total	<u>\$1,021,744</u>	<u>\$2,435</u>	<u>\$1,019,309</u>

CUSIP	Book/Adj Carrying Value	Recognized other-than- temporary impairment	Amortized Cost after other-than- temporary impairment	Fair Value
	Amortized cost before current period OTTI	Temporary impairment	Temporary impairment	
52108H-UM-4	\$461,248	\$1,543	\$459,705	\$459,705
14041N-ED-9	\$560,496	\$892	\$559,604	\$559,604
Total	<u>\$1,021,744</u>	<u>\$2,435</u>	<u>\$1,019,309</u>	<u>\$1,019,309</u>

6) Joint Ventures, Partnerships & Limited Liability Companies

No significant changes from 2010 annual statement.

7) Investment Income

No significant changes from 2010 annual statement.

8) Derivative Instruments

No significant changes from 2010 annual statement.

9) Income Taxes

No significant changes from 2010 annual statement.

10) Information Concerning Parent, Subsidiaries and Affiliates

Health Plan is a subsidiary of Kaiser Foundation Health Plan, Inc. (KFHP). KFHP is affiliated with Kaiser Foundation Hospitals (Hospitals) because their governing boards and management are substantially the same.

Health Plan contracts with Kaiser Foundation Hospitals to provide or arrange hospital services to members. Based upon the terms of the Hospital Service Agreement, Health Plan paid \$17.3 million and \$76.2 million to Hospitals for the three months ended March 31, 2011 and for the year ended December 31, 2010, respectively.

Costs of services provided by KFHP and Hospitals to Health Plan were based on the actual cost incurred to provide those services. Services provided include, but are not limited to the following: information technology, treasury, general management, administrative support, and transaction processing. Charges for services provided by KFHP and

## **Notes to Financial Statement**

Hospitals were approximately \$14.4 million and \$58.0 million for the three months ended March 31, 2011 and the year ended December 31, 2010, respectively.

Additionally, Health Plan has purchased professional liability and other insurance from Lokahi Assurance, Ltd. and Ordway Indemnity, Ltd. (subsidiaries of KFHP). Health Plan's premium expense under these arrangements for the three months ended March 31, 2011 and the year ended December 31, 2010 was \$825 thousand and \$(3.3) million, respectively. For the year ended December 31, 2010, the expense included a refund of \$9.4 million related to prior years.

Health Plan is contracted by Kaiser Permanente Insurance Company, a subsidiary of KFHP, to provide administrative services including, but not limited to, product development, rating and underwriting, marketing and sales, advertising, claims adjudication, member services, utilization management, and premium billing and collection. Pursuant to this contract, Health Plan received revenues of \$200 thousand and \$1.2 million for the three months ended March 31, 2011 and the year ended December 31, 2010, respectively.

Health Plan has also entered into reciprocal business relationships with KFHP whereby Health Plan and KFHP and its subsidiaries provide medical services to visiting members. Net revenue recorded for services provided by Health Plan for the three months ended March 31, 2011 and the year ended December 31, 2010 was \$176 thousand and \$794 thousand, respectively. Net expense for services provided to Health Plan members for the three months ended March 31, 2011 and the year ended December 31, 2010 was \$239 thousand and \$716 thousand, respectively.

Health Plan has a guarantee agreement with the parent, KFHP, in which the parent, without exception, guarantees all obligations of Health Plan, including a guarantee to provide health care services to Health Plan's subscribers, enrollees and dependents in the event that Health Plan is discontinued prior to the expiration of Health Plan's contracts.

Due from Hospitals generally represents amounts held and invested by affiliated organizations for the benefit of Health Plan in accordance with an agreement to manage excess funds. Due to Hospitals generally represents funds transferred by Hospitals to Health Plan to satisfy Health Plan's operational requirements. Due from (due to) Hospitals included a liability for payment of Hospitals' reserves for unpaid claims of \$10.8 million and \$11.5 million as of March 31, 2011 and December 31, 2010, respectively. Hospitals' claims expense was included in Health Plan's medical and hospital expenses.

In the first quarter of 2011, Health Plan transferred \$13.7 million in professional liability to Lokahi Assurance, Ltd., with an offsetting cash transfer.

Amounts due to and from related parties at March 31, 2011 and December 31, 2010:

	<u>3/31/2011</u>	<u>12/31/2010</u>
<b>Due to Related Parties:</b>		
Kaiser Foundation Health Plan, Inc.	\$ 4,907,291	\$ 5,872,123
Kaiser Foundation Hospitals	28,414,302	20,588,175
Kaiser Permanente Insurance Corp	2,981,243	3,668,672
Other Related Parties	1,126,051	1,440,503
<b>Total Due to Related Parties</b>	<b><u>\$ 37,428,887</u></b>	<b><u>\$ 31,569,473</u></b>
 <b>Due from Related Parties:</b>		
Kaiser Permanente Insurance Corp	465,424	688,594
Other Related Parties	259,463	427,368
<b>Total Due from Related Parties</b>	<b><u>\$ 724,887</u></b>	<b><u>\$ 1,115,962</u></b>

**11) Debt**

No significant changes from 2010 annual statement.

**12) Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences, and Post-retirement Benefit Plans**

No significant changes from 2010 annual statement.

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

In March 2011, Health Plan issued a subordinated note (the Note) to Hospitals in the amount of \$5.0 million with interest payable annually at 7.5 %. The Note is payable seven years from issuance and is due in March 2018. Payment of principal or interest is subject

## Notes to Financial Statement

to approval by the Ohio Department of Insurance. Payment of the principal or interest of these Notes is subordinated to the prior payment of all general liabilities of Health Plan and the claims of its policyholders and all classes of creditors.

Health Plan has not received formal approval to treat the \$5.0 million note in accordance with SSAP No. 41, *Surplus Notes*, but reasonably expects this approval and has classified it as a surplus note and included it as a component of statutory net worth at March 31, 2011. Additionally, no accrued interest has been recorded as approval for payment has not been obtained from the Ohio Department of Insurance.

**14) Contingencies**

No significant changes from 2010 annual statement.

**15) Leases**

No significant changes from 2010 annual statement.

**16) Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

No significant changes from 2010 annual statement.

**17) Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

Health Plan has no transactions subject to the disclosure requirements of this footnote during the reporting period. Health Plan had no transfers of receivables or transfers of financial assets. SSAP No. 91R, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities* (SSAP No.91R), paragraph 100 requires a reporting entity to disclose any wash sales involving securities with a NAIC designation of 3 or below. Health Plan's investment strategy does not include purchasing any securities with a NAIC designation of 3 or below. During 2011 and 2010, Health Plan did not participate in any wash sale as defined by SSAP No. 91.

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

Health Plan had no ASO or ASC plans on which to report. See Revenue Recognition in Note 1C – Accounting Policies.

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

No significant changes from 2010 annual statement.

**20) Fair Value Measurements**

Investments are measured at fair value on a recurring basis. This includes securities reported at the lower of cost or fair value based on NAIC designation regardless if the security was reported in the previous period at amortized costs. The estimated fair value of investments is based on level 2 inputs.

Investments at statement value and estimated fair value, at March 31, 2011 included:

**Notes to Financial Statement**

<b>March 31, 2011</b>	<b>Statement value</b>	<b>Gross unrealized gains</b>	<b>Gross unrealized losses</b>	<b>Estimated fair value</b>
Short-term investments:				
Money market funds	\$ 41,863,471	\$ —	\$ —	\$ 41,863,471
Industrial and Miscellaneous Bonds	<u>999,118</u>	<u>—</u>	<u>—</u>	<u>999,118</u>
Total short-term investments	<u>42,862,589</u>	<u>—</u>	<u>—</u>	<u>42,862,589</u>
Bonds and other invested assets:				
U.S. Treasury and government-sponsored agencies	33,288,489	546,556	(3)	33,835,042
All other government bonds	1,400,000	12,503	—	1,412,503
Loan-backed and/or structured securities	5,875,490	1,933	—	5,877,423
Industrial and miscellaneous bonds	<u>61,230,294</u>	<u>682,237</u>	<u>(43)</u>	<u>61,912,488</u>
Total bonds and other invested assets	<u>101,794,273</u>	<u>1,243,229</u>	<u>(46)</u>	<u>103,037,456</u>
Total investments	<u>\$ 144,656,862</u>	<u>\$ 1,243,229</u>	<u>\$ (46)</u>	<u>\$ 145,900,045</u>

## 21) Other Items

No significant changes from 2010 annual statement.

## **Notes to Financial Statement**

### **22) Events Subsequent**

No significant changes from 2010 annual statement.

STATEMENT AS OF **March 31, 2011** OF THE **KAISER FOUNDATION HEALTH PLAN OF OHIO**  
**Notes to Financial Statement**

23) Reinsurance

No significant changes from 2010 annual statement.

24) Retrospectively Rated Contracts

No significant changes from 2010 annual statement.

25) Change in Incurred Claims and Claim Adjustment Expenses

Analysis of claims activity as of and for the three months ended March 31, 2011 and for the year ended December 31, 2010 (in thousands):

	<b>3/31/2011</b>	<b>12/31/2010</b>
<b>Claims Payable:</b>		
Balance at Beginning of Period	\$37,106	\$32,763
Balance at End of Period	<u>36,088</u>	<u>37,106</u>
Change in Claims Payable - Increase (Decrease)	<u>(1,018)</u>	<u>4,343</u>
 <b>Incurred Claims:</b>		
Insured Events of Current Year	128,488	534,162
Increase/(Decrease) Insured Events of Prior Year	<u>(568)</u>	<u>(1,180)</u>
Total Incurred Claims	<u>127,920</u>	<u>532,982</u>
 <b>Payment of Claims:</b>		
Claims Incurred in Prior Years	33,278	31,142
Claims Incurred in Current Year	<u>95,660</u>	<u>497,497</u>
Total Claims Paid	<u>\$128,938</u>	<u>\$528,639</u>

No additional premiums or return premiums have been accrued as a result of the prior-year effects.

26) Intercompany Pooling Arrangements

No significant changes from 2010 annual statement.

27) Structured Settlements

No significant changes from 2010 annual statement.

28) Health Care Receivables

No significant changes from 2010 annual statement.

29) Participating Policies

No significant changes from 2010 annual statement.

30) Premium Deficiency Reserves

At March 31, 2011, Health Plan established premium deficiency reserves of \$8.5 million related to 2011 and 2012 expected losses on contracts. The liability was established based on evaluation of contracts at March 31, 2011. Anticipated investment income was utilized in the calculation of expected losses.

31) Anticipated Salvage and Subrogation

No significant changes from 2010 annual statement.

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

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

1.2 If yes, has the report been filed with the domiciliary state? .....

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: .....

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes[ ] No[X]  
If yes, complete the Schedule Y - Part 1 - organizational chart.

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

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

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

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

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008 .....

6.2 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. 12/31/2008 .....

6.3 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). 07/27/2009 .....

6.4 By what department or departments?  
Ohio Department of Insurance

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes[ ] No[ ] N/A[X]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[ ] No[ ] N/A[X]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[ ] No[X]

7.2 If yes, give full information

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[ ] No[X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company. Yes[ ] No[X]

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[ ] No[X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....	.....	Yes[ ] No[X]				

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes[X] No[ ]  
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain: .....

9.2 Has the code of ethics for senior managers been amended? Yes[ ] No[X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s). .....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[ ] No[X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s). .....

**FINANCIAL**

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[X] No[ ]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ ..... 724,887

**INVESTMENT**

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

11.2 If yes, give full and complete information relating thereto: .....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ ..... 0

13. Amount of real estate and mortgages held in short-term investments: \$ ..... 0

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

**GENERAL INTERROGATORIES (Continued)****INVESTMENT**

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	.....	.....
14.22 Preferred Stock .....	.....	.....
14.23 Common Stock .....	.....	.....
14.24 Short-Term Investments .....	.....	.....
14.25 Mortgages Loans on Real Estate .....	.....	.....
14.26 All Other .....	.....	.....
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) .....	.....	.....
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	.....	.....

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes[ ] No[X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

If no, attach a description with this statement.

Yes[ ] No[ ] N/A[X]

16. Excluding items in Schedule E - Part 3 - Special Deposits, 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 Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[ ]

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

1 Name of Custodian(s)	2 Custodian Address
KeyBank association .....	PO Box 94718 Cleveland, OH 44144 .....
State Street Bank .....	444 South Flower Street, 45th Floor, Los Angeles, California 90071 .....

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

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

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes[ ] No[X]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
104973 .....	Wells Capital Management .....	525 Market St., 10th Fl, San Francisco, CA 94510 .....

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[ ]

17.2 If no, list exceptions:

# GENERAL INTERROGATORIES

## PART 2 - HEALTH

1. Operating Percentages:

1.1 A&H loss percent	.....	92.000%
1.2 A&H cost containment percent	.....	1.000%
1.3 A&H expense percent excluding cost containment expenses	.....	10.000%

2.1 Do you act as a custodian for health savings accounts?

Yes[ ] No[X]

2.2 If yes, please provide the amount of custodial funds held as of the reporting date.

\$..... 0

2.3 Do you act as an administrator for health savings accounts?

Yes[ ] No[X]

2.4 If yes, please provide the balance of the funds administered as of the reporting date.

\$..... 0

**SCHEDULE S - CEDED REINSURANCE**  
**Showing All New Reinsurance Treaties - Current Year to Date**

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			<b>N O N E</b>			

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS****Current Year to Date - Allocated by States and Territories**

State, Etc.	1 Active Status	Direct Business Only							
		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama (AL) .....	N .....								
2. Alaska (AK) .....	N .....								
3. Arizona (AZ) .....	N .....								
4. Arkansas (AR) .....	N .....								
5. California (CA) .....	N .....								
6. Colorado (CO) .....	N .....								
7. Connecticut (CT) .....	N .....								
8. Delaware (DE) .....	N .....								
9. District of Columbia (DC) .....	N .....								
10. Florida (FL) .....	N .....								
11. Georgia (GA) .....	N .....								
12. Hawaii (HI) .....	N .....								
13. Idaho (ID) .....	N .....								
14. Illinois (IL) .....	N .....								
15. Indiana (IN) .....	N .....								
16. Iowa (IA) .....	N .....								
17. Kansas (KS) .....	N .....								
18. Kentucky (KY) .....	N .....								
19. Louisiana (LA) .....	N .....								
20. Maine (ME) .....	N .....								
21. Maryland (MD) .....	N .....								
22. Massachusetts (MA) .....	N .....								
23. Michigan (MI) .....	N .....								
24. Minnesota (MN) .....	N .....								
25. Mississippi (MS) .....	N .....								
26. Missouri (MO) .....	N .....								
27. Montana (MT) .....	N .....								
28. Nebraska (NE) .....	N .....								
29. Nevada (NV) .....	N .....								
30. New Hampshire (NH) .....	N .....								
31. New Jersey (NJ) .....	N .....								
32. New Mexico (NM) .....	N .....								
33. New York (NY) .....	N .....								
34. North Carolina (NC) .....	N .....								
35. North Dakota (ND) .....	N .....								
36. Ohio (OH) .....	L .....	89,403,001	36,891,851		11,315,702			137,610,554	
37. Oklahoma (OK) .....	N .....								
38. Oregon (OR) .....	N .....								
39. Pennsylvania (PA) .....	N .....								
40. Rhode Island (RI) .....	N .....								
41. South Carolina (SC) .....	N .....								
42. South Dakota (SD) .....	N .....								
43. Tennessee (TN) .....	N .....								
44. Texas (TX) .....	N .....								
45. Utah (UT) .....	N .....								
46. Vermont (VT) .....	N .....								
47. Virginia (VA) .....	N .....								
48. Washington (WA) .....	N .....								
49. West Virginia (WV) .....	N .....								
50. Wisconsin (WI) .....	N .....								
51. Wyoming (WY) .....	N .....								
52. American Samoa (AS) .....	N .....								
53. Guam (GU) .....	N .....								
54. Puerto Rico (PR) .....	N .....								
55. U.S. Virgin Islands (VI) .....	N .....								
56. Northern Mariana Islands (MP) .....	N .....								
57. Canada (CN) .....	N .....								
58. Aggregate other alien (OT) .....	XXX .....								
59. Subtotal .....	XXX .....	89,403,001	36,891,851		11,315,702			137,610,554	
60. Reporting entity contributions for Employee Benefit Plans .....	XXX .....								
61. Total (Direct Business) .....	(a) .....	1 .....	89,403,001	36,891,851		11,315,702			137,610,554

**DETAILS OF WRITE-INS**

5801. ....	XXX .....								
5802. ....	XXX .....								
5803. ....	XXX .....								
5898. Summary of remaining write-ins for Line 58 from overflow page .....	XXX .....								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above) .....	XXX .....								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

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

## **SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER**

### **MEMBERS OF A HOLDING COMPANY GROUP**

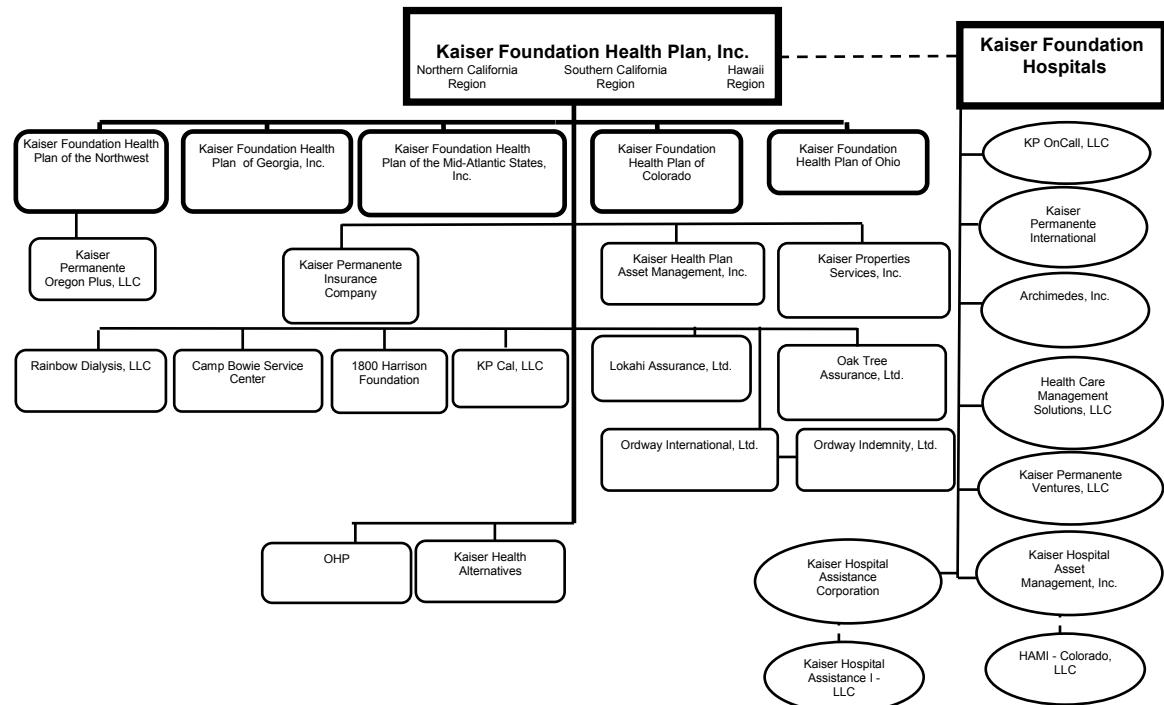
#### **PART 1 - ORGANIZATIONAL CHART**

#### **KAISER FOUNDATION HEALTH PLAN, INC. AND KAISER FOUNDATION HOSPITALS**

##### **SUBSIDIARIES AND AFFILIATED CORPORATIONS**

**MARCH 31, 2011**

**Q15**



## **SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

**RESPONSE**

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

No

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



2011

Document Code: 365

9520420113650001

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2304. Workers Comp .....	3,171,698		3,171,698	3,150,661
2305. Rent Payable .....	680,931		680,931	796,924
2306. Pension Liability .....	29,164,258		29,164,258	26,626,366
2307. Medicare Reserves / Payables .....	13,660,082		13,660,082	19,087,154
2308. ....				
2309. ....				
2397. Summary of remaining write-ins for Line 23 (Lines 2304 through 2396) .....	46,676,969		46,676,969	49,661,105

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year To Date		Prior Year	Prior Year Ended December 31
	1 Uncovered	2 Total	To Date	4 Total
0604. ....	X X X			
0605. ....	X X X			
0606. ....	X X X			
0607. ....	X X X			
0608. ....	X X X			
0609. ....	X X X			
0610. ....	X X X			
0611. ....	X X X			
0612. ....	X X X			
0613. ....	X X X			
0614. ....	X X X			
0697. Summary of remaining write-ins for Line 6 (Lines 0604 through 0696) .....	XXX			
1404. Medical Administration .....		15,051,064	16,376,339	68,354,780
1405. Other Benefits (Home Care, Hospice, Admn Excep, DME) excluding payroll .....		1,364,793	1,722,820	6,322,851
1406. Community Service .....		1,232,771	586,570	3,805,390
1407. ....				
1408. ....				
1409. ....				
1410. ....				
1411. ....				
1412. ....				
1413. ....				
1414. ....				
1497. Summary of remaining write-ins for Line 14 (Lines 1404 through 1496) .....		17,648,628	18,685,729	78,483,021

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

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
4704. ....			
4705. ....			
4706. ....			
4707. ....			
4797. Summary of remaining write-ins for Line 47 (Lines 4704 through 4796) .....			

STATEMENT AS OF **March 31, 2011** OF THE **KAISER FOUNDATION HEALTH PLAN OF OHIO**  
**SCHEDULE A - VERIFICATION**

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	56,028,773	53,981,041
2. Cost of acquired		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances	662,175	6,008,554
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation	1,078,633	3,960,822
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8 )	55,612,315	56,028,773
10. Deduct total nonadmitted amounts	29,438	34,561
11. Statement value at end of current period (Line 9 minus Line 10)	55,582,877	55,994,212

**SCHEDULE B - VERIFICATION**

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest point		
9. Total foreign exchange change in book value/recorded inve		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

**SCHEDULE BA - VERIFICATION**

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

**SCHEDULE D - VERIFICATION**

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	97,544,695	36,146,557
2. Cost of bonds and stocks acquired	17,177,318	109,004,991
3. Accrual of discount	18,352	71,856
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	170,031	173,379
6. Deduct consideration for bonds and stocks disposed of	12,799,604	46,496,167
7. Deduct amortization of premium	218,328	994,752
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized	98,191	361,169
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	101,794,273	97,544,695
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	101,794,273	97,544,695

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a)	143,009,897	28,229,817	39,468,326	(49,086)	131,722,302			143,009,897
2. Class 2 (a)	9,848,719	4,651,895	1,317,419	(248,634)	12,934,561			9,848,719
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	152,858,616	32,881,712	40,785,745	(297,720)	144,656,863			152,858,616
<b>PREFERRED STOCK</b>								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	152,858,616	32,881,712	40,785,745	(297,720)	144,656,863			152,858,616

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....999,118; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

**SCHEDULE DA - PART 1****Short - Term Investments**

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. <b>Totals</b>	42,862,589	XXX	42,862,142	12,139	

**SCHEDULE DA - Verification****Short-Term Investments**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	55,313,919	67,638,071
2. Cost of short-term investments acquired	15,704,394	80,035,534
3. Accrual of discount	447	
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		(1,547)
6. Deduct consideration received on disposals	28,156,171	92,336,003
7. Deduct amortization of premium		22,136
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	42,862,589	55,313,919
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	42,862,589	55,313,919

**SI04 Schedule DB - Part A Verification .....** **NONE**

**SI04 Schedule DB - Part B Verification .....** **NONE**

**SI05 Schedule DB Part C Section 1 .....** **NONE**

**SI06 Schedule DB Part C Section 2 .....** **NONE**

**SI07 Schedule DB - Verification .....** **NONE**

**SCHEDULE E - Verification**  
**(Cash Equivalents)**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		9,667,055
2. Cost of cash equivalents acquired .....		
3. Accrual of discount .....		945
4. Unrealized valuation increase (decrease) .....		
5. Total gain (loss) on disposals .....		
6. Deduct consideration received on disposals .....		9,668,000
7. Deduct amortization of premium .....		
8. Total foreign exchange change in book/adjusted carrying value .....		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....		
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....		

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

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

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

**E02 Schedule B Part 3 .....** **NONE**

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

**E03 Schedule BA Part 3 .....** **NONE**

**SCHEDULE D - PART 3**

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Governments</b>									
912828QJ2	US Treasury N/B		03/16/2011	Credit Suisse Securities	XXX	439,010	435,000.00	427	1
0599999 Subtotal - Bonds - U.S. Governments					XXX	439,010	435,000.00	427	XXX
<b>Bonds - U.S. States, Territories and Possessions</b>									
452152HP9	Illinois St		02/23/2011	Morgan Stanley Co	XXX	750,000	750,000.00		1FE
1799999 Subtotal - Bonds - U.S. States, Territories and Possessions					XXX	750,000	750,000.00		XXX
<b>Bonds - U.S. Special Revenue, Special Assessment</b>									
645918D26	New Jersey Econ Dev Auth		02/14/2011	Merrill Lynch Pierce Fenner	XXX	500,000	500,000.00		1FE
3199999 Subtotal - Bonds - U.S. Special Revenue, Special Assessment					XXX	500,000	500,000.00		XXX
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>									
126650BT6	Cvs Caremark Corp		01/24/2011	Various	XXX	418,626	410,000.00	2,554	2FE
14041NED9	Capital One Multi-Asset Execut 2008-A3		03/02/2011	Various	XXX	561,802	520,000.00	1,605	1FE
26138EAM1	Dr Pepper Snapple Group		01/26/2011	Various	XXX	725,385	725,000.00	685	2FE
26441CAE5	Duke Energy Corp		02/08/2011	MESIROW	XXX	385,664	380,000.00	4,597	2FE
26884TAC6	ERAC USA Finance Enterp 144A		03/03/2011	UBS Securities	XXX	324,685	325,000.00	1,158	2FE
41283LAA3	Harley-Davidson Finl Ser 144A		03/01/2011	Deutsche Bank Securities	XXX	499,700	500,000.00		2FE
46625HHX1	JP Morgan Chase & Co		02/17/2011	Chase Securities	XXX	1,272,374	1,275,000.00		1FE
494550BG0	Kinder Morgan Ener Part		02/23/2011	Morgan Stanley Co	XXX	199,964	200,000.00		2FE
52108HUM4	LB-UBS Commercial Mortgage 2003-C7 A4		03/10/2011	Various	XXX	461,904	435,000.00	199	1Z*
52108HXM1	LB-UBS Commercial Mortgage 2003-C8 A4		03/03/2011	Citadel Securities	XXX	335,524	315,000.00	1,211	1Z*
58155QAC7	Mckesson Corp		02/23/2011	Chase Securities	XXX	199,322	200,000.00		1FE
585055AU0	Medtronic Inc		03/10/2011	Oppenheimert Co Inc	XXX	622,181	625,000.00		1FE
61747WAD1	Morgan Stanley		01/20/2011	Morgan Stanley Co	XXX	693,992	695,000.00		1FE
68233JAB0	Oncor Electric Delivery		03/10/2011	BNY/Suntrust Capital	XXX	466,799	425,000.00	983	2FE
68268NAF0	Oneok Partners LP		01/21/2011	Citigroup Global Markets	XXX	299,820	300,000.00		2FE
74834LAR1	Quest Diagnostics Inc/De		03/21/2011	Morgan Stanley Co	XXX	419,609	420,000.00		2FE
80105NAE5	Sanofi-Aventis Sa		03/22/2011	Chase Securities	XXX	850,000	850,000.00		1FE
89233P4B9	Toyota Motor Credit Corp		01/06/2011	HSBC Securities	XXX	1,047,998	1,015,000.00	2,165	1FE
92343VAY0	Verizon Communications		03/23/2011	Citigroup Global Markets	XXX	1,492,200	1,500,000.00		1FE
03938LAT1	Arcelormittal	F	02/28/2011	Chase Securities	XXX	298,719	300,000.00		2FE
65557AAA5	Nordea Bank Sweden Ab 144A	F	02/04/2011	Deutsche Bank Securities	XXX	1,373,489	1,300,000.00	13,081	1FE
71645WAT8	Petrobras Intl Fin Co	F	01/20/2011	Chase Securities	XXX	413,601	415,000.00		2FE
87938WAJ2	Telefonica Emisiones Sau	F	02/07/2011	Various	XXX	266,653	255,000.00	876	1FE
88166CAA6	TEVA Pharma Fin II/III	F	03/28/2011	Morgan Stanley Co	XXX	858,296	850,000.00	7,508	1FE
928670AG3	Volkswagen Intl Fin Nv 144A	F	03/23/2011	RBS SECURITIES INC.	XXX	1,000,000	1,000,000.00		1FE
3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					XXX	15,488,307	15,235,000.00	36,622	XXX
8399997 Subtotal - Bonds - Part 3					XXX	17,177,317	16,920,000.00	37,049	XXX
8399998 Summary Item from Part 5 for Bonds (N/A to Quarterly)					XXX	XXX	XXX	XXX	XXX
8399999 Subtotal - Bonds					XXX	17,177,317	16,920,000.00	37,049	XXX
8999998 Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)					XXX	XXX	XXX	XXX	XXX
9799998 Summary Item from Part 5 for Common Stocks (N/A to Quarterly)					XXX	XXX	XXX	XXX	XXX
9899999 Subtotal - Preferred and Common Stocks					XXX		XXX		XXX

QE04

**SCHEDULE D - PART 3**

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
9999999 Total - Bonds, Preferred and Common Stocks .....	0.				XXX .....	17,177,317	XXX .....	37,049	XXX .....

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0.

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

1 CUSIP Identification	2 Description	3 F o r e i n g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value (Decrease)	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Designation or Market Indicator (a)	
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B./A.C.V.								
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>																						
001055AE2	Aflac Inc		03/16/2011	Credit Suisse Securities	XXX	506,540	500,000.00	499,630	499,644	18			18		499,663		6,877	6,877	10,638	08/15/2015	1FE	
002824AS9	Abbott Laboratories		02/14/2011	BNP Paribas	XXX	1,824,768	1,800,000.00	1,874,628	1,831,798	(10,445)			(10,445)		1,821,353		3,415	3,415	25,200	05/15/2011	1FE	
026874BV8	American Intl Group		03/02/2011	Jeffries & Co	XXX	317,772	310,000.00	309,904	309,899	(2)			(2)		309,897		7,874	7,874	2,954	01/15/2014	1FE	
03523TAL2	Anheuser-Busch Inbev Wor		01/05/2011	Deutsche Bank Securities	XXX	412,396	400,000.00	412,512	410,167	(140)			(140)		410,027		2,369	2,369	2,833	10/15/2012	2FE	
086516AJ0	Best Buy Co Inc		03/08/2011	Deutsche Bank Securities	XXX	916,177	833,000.00	927,251	913,256	(5,863)			(5,863)		907,392		8,785	8,785	36,652	07/15/2013	2FE	
92343VAY0	Verizon Communications		03/24/2011	Various	XXX	380,283	380,000.00	378,024	378,024	1			1		378,025		2,258	2,258	32	04/01/2016	1FE	
92344SANO	Cellco Part/Veri Wireless		03/24/2011	Barclays Capital Inc	XXX	1,038,000	1,000,000.00	1,060,630	1,031,830	(7,050)			(7,050)		1,024,781		13,219	13,219	34,563	02/01/2012	1FE	
931142BT9	Wal-Mart Stores Inc		01/03/2011	Jeffries & Co	XXX	2,159,700	2,000,000.00	2,164,000	2,118,284	(691)			(691)		2,117,593		42,107	42,107	16,431	05/01/2013	1FE	
2515AO4T5	Deutsche Bank Ag London		F 03/17/2011	Deutsche Bank Securities	XXX	1,527,150	1,500,000.00	1,498,530	1,498,999	89			89		1,499,079		28,071	28,071	24,839	01/11/2013	1FE	
25214GAA1	Dexia Credit Local Sa Ny 144A		F 03/02/2011	HSBC Securities	XXX	504,790	505,000.00	507,848	507,848	(139)			(139)		507,709		(2,919)	(2,919)	4,364	03/05/2013	1FE	
6325COA4Z	National Australia Bank 144A		F 02/23/2011	MESIROW	XXX	1,837,296	1,800,000.00	1,800,000	1,800,000						1,800,000		37,296	37,296	28,750	01/08/2013	1FE	
65557CAE3	Nordea Bank Ab 144A		F 02/04/2011	Barclays Capital Inc	XXX	1,374,732	1,350,000.00	1,356,386	1,354,299	(245)			(245)		1,354,055		20,677	20,677	8,063	11/13/2012	1FE	
3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					XXX	12,799,604	12,378,000.00	12,789,343	12,276,014	(24,467)			(24,467)		12,629,574		170,029	170,029	195,319	X XX .. XXX ..		
8399997 Subtotal - Bonds - Part 4					XXX	12,799,604	12,378,000.00	12,789,343	12,276,014	(24,467)			(24,467)		12,629,574		170,029	170,029	195,319	X XX .. XXX ..		
8399998 Summary Item from Part 5 for Bonds (N/A to Quarterly)					XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX .. XXX ..		
8399999 Subtotal - Bonds					XXX	12,799,604	12,378,000.00	12,789,343	12,276,014	(24,467)			(24,467)		12,629,574		170,029	170,029	195,319	X XX .. XXX ..		
8999998 Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)					XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX .. XXX ..			
9799998 Summary Item from Part 5 for Common Stocks (N/A to Quarterly)					XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX .. XXX ..			
9899999 Subtotal - Preferred and Common Stocks					XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX .. XXX ..			
9999999 Total - Bonds, Preferred and Common Stocks					XXX	12,799,604	XXX	12,789,343	12,276,014	(24,467)			(24,467)		12,629,574		170,029	170,029	195,319	X XX .. XXX ..		

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0.

QE05

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

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

**E08 Schedule DB Part D .....** **NONE**

**E09 Schedule DL - Part 1 - Securities Lending Collateral Assets .....** **NONE**

**E10 Schedule DL - Part 2 - Securities Lending Collateral Assets .....** **NONE**

**SCHEDULE E - PART 1 - CASH****Month End Depository Balances**

1 Depository		2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
						6 First Month	7 Second Month	8 Third Month	
<b>open depositories</b>									
Citibank general 1078 .....						... (5,775,238)	... (5,255,256)	... (6,526,205)	XXX
Key Bank Concentration 1000 .....						... 4,013,447	... 4,126,623	... 962,375	XXX
Misc Cash 1101 KeyBank .....						... 20,000,000	... 20,000,000	... 20,000,000	XXX
0199998 Deposits in .....0	depositories that do not exceed the allowable limit in any one depository - open depositories .....	XXX	XXX ..						XXX
0199999 Totals - Open Depositories .....		XXX	XXX ..			... 18,238,209	... 18,871,367	... 14,436,170	XXX
0299998 Deposits in .....0	depositories that do not exceed the allowable limit in any one depository - suspended depositories .....	XXX	XXX ..						XXX
0299999 Totals - Suspended Depositories .....		XXX	XXX ..						XXX
0399999 Total Cash On Deposit .....		XXX	XXX ..			... 18,238,209	... 18,871,367	... 14,436,170	XXX
0499999 Cash in Company's Office .....		XXX	XXX ..	XXX ..	XXX ..	... 27,896	... 27,896	... 27,896	XXX
0599999 Total Cash .....		XXX	XXX ..			... 18,266,105	... 18,899,263	... 14,464,066	XXX

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
8699999 Total - Cash Equivalents .....							

**N O N E**

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