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**QUARTERLY STATEMENT**  
**AS OF September 30, 2011**  
**OF THE CONDITION AND AFFAIRS OF THE**  
**PARAMOUNT INSURANCE COMPANY**

NAIC Group Code	1212 (Current Period)	1212 (Prior Period)	NAIC Company Code	11518	Employer's ID Number	010580404
Organized under the Laws of _____			State of Domicile or Port of Entry _____ Ohio			
Country of Domicile _____ United States of America						
Licensed as business type:	Life, Accident & Health[X]	Property/Casualty[ ]	Hospital, Medical & Dental Service or Indemnity[ ]			
	Dental Service Corporation[ ]	Vision Service Corporation[ ]	Health Maintenance Organization[ ]			
	Other[ ]	Is HMO Federally Qualified? Yes[ ] No[X] N/A[ ]				
Incorporated/Organized	04/19/2002		Commenced Business	09/26/2002		
Statutory Home Office	1901 Indian Wood Circle (Street and Number)		Maumee, OH 43537 (City, or Town, State and Zip Code)			
Main Administrative Office	1901 Indian Wood Circle (Street and Number)		Maumee, OH 43537 (City or Town, State and Zip Code) (419)887-2500			
Primary Location of Books and Records	1901 Indian Wood Circle (Street and Number)		Maumee, OH 43537 (City, or Town, State and Zip Code) (419)887-2500			
Internet Web Site Address	www.paramounthealthcare.com		(Area Code) (Telephone Number)			
Statutory Statement Contact	Mary Kathereen Siefke, Mrs. (Name) mary.siefke@promedica.org (E-Mail Address)		(419)887-2909 (Area Code)(Telephone Number)(Extension) (419)887-2020 (Fax Number)			

**OFFICERS**

Name	Title
Harold Lee Dunn Mr.	Chairman
John Charles Randolph Mr.	President
Kathleen Sheline Hanley Ms.	Treasurer
Jeffrey Craig Kuhn Mr.	Secretary

**OTHERS**

Jeffrey William Martin Mr.  
John David Meier M.D.

Mark Henry Moser Mr.

**DIRECTORS OR TRUSTEES**

Garry Walter Roberts Mr.  
Richard Dean Heltzel Mr.  
John Charles Randolph Mr.  
Russell Leo Dempsey Mr.  
Timothy Ingraham Martindale Mr.

James Fredrick Weber Mr.  
Thomas Philip Cox M.D.  
Harold Lee Dunn Mr.  
Steven R. Zirkel Mr.  
Calvin Joseph Lawshe Mr.

State of \_\_\_\_\_ Ohio  
County of \_\_\_\_\_ Lucas 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)  
John Charles Randolph  
(Printed Name)  
1.  
President  
(Title)

(Signature)  
Jeffrey William Martin  
(Printed Name)  
2.  
VP, Operations & Finance  
(Title)

(Signature)  
Jeffrey Craig Kuhn  
(Printed Name)  
3.  
Secretary  
(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[ ]

\_\_\_\_\_  
\_\_\_\_\_

(Notary Public Signature)

**DIRECTORS OR TRUSTEES (continued)**

Richard Lawrence Munk M.D.  
Cathy Lynn Cantor M.D. #  
David Scott Hickman Mr. #  
Dale Joseph Seymour Mr. #

Deborah Anne Dickenson Peters Ms.  
Timothy Bublick Mr. #  
Mark Leslie Ferris Mr. #

**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 .....	350,293		350,293	350,000
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) .....				
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$.....12,008,730), cash equivalents (\$.....0) and short-term investments (\$.....5,454,146) .....	17,462,876		17,462,876	14,239,525
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) .....	17,813,169		17,813,169	14,589,525
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	223		223	
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	47,120	4,560	42,560	200,980
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 .....	861,416		861,416	80,397
18.1 Current federal and foreign income tax recoverable and interest thereon .....				1,330,910
18.2 Net deferred tax asset .....	486,655	486,655		
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....				
21. Furniture and equipment, including health care delivery assets (\$.....0) .....				
22. Net adjustments in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	1,191,250		1,191,250	3,340,255
24. Health care (\$.....84,185) and other amounts receivable .....	111,976	27,791	84,185	65,615
25. Aggregate write-ins for other than invested assets .....	12,000	12,000		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	20,523,809	531,006	19,992,803	19,607,682
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	20,523,809	531,006	19,992,803	19,607,682
<b>DETAILS OF WRITE-INS</b>				
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) .....				
2501. Prepaid .....	12,000	12,000		
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	12,000	12,000		

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	3,891,219		3,891,219	4,172,877
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	120,000		120,000	170,971
4. Aggregate health policy reserves	78,197		78,197	1,092,601
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance	669,528		669,528	584,758
9. General expenses due or accrued	972,009		972,009	1,585,590
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses))	536,603		536,603	
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	398,954		398,954	
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	26,682		26,682	
23. Aggregate write-ins for other liabilities (including \$.....0 current)				
24. Total liabilities (Lines 1 to 23)	6,693,192		6,693,192	7,606,797
25. Aggregate write-ins for special surplus funds	XXX	XXX		
26. Common capital stock	XXX	XXX	1,000,000	1,000,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	26,000,000	26,000,000
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX		
31. Unassigned funds (surplus)	XXX	XXX	(13,700,389)	(14,999,115)
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	13,299,611	12,000,885
34. Total Liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	19,992,803	19,607,682
<b>DETAILS OF WRITE-INS</b>				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				
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 .....	79,604	141,465	174,450
2. Net premium income (including \$.....0 non-health premium income) .....	XXX .....	17,244,590	30,602,246	37,287,327
3. Change in unearned premium reserves and reserves for rate credits .....	XXX .....			
4. Fee-for-service (net of \$.....0 medical expenses) .....	XXX .....			
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 .....	17,244,590	30,602,246	37,287,327
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....		11,621,117	23,993,874	30,085,267
10. Other professional services .....		24,524	59,740	84,893
11. Outside referrals .....				
12. Emergency room and out-of-area .....		244,437	2,020,487	2,319,092
13. Prescription drugs .....		2,435,853	4,325,513	5,642,021
14. Aggregate write-ins for other hospital and medical .....				
15. Incentive pool, withhold adjustments and bonus amounts .....				
16. Subtotal (Lines 9 to 15) .....		14,325,931	30,399,614	38,131,273
<b>Less:</b>				
17. Net reinsurance recoveries .....		38,897	272,420	359,941
18. Total hospital and medical (Lines 16 minus 17) .....		14,287,034	30,127,194	37,771,332
19. Non-health claims (net) .....				
20. Claims adjustment expenses, including \$.....65,391 cost containment expenses .....		93,944	161,050	260,719
21. General administrative expenses .....		2,054,312	4,071,659	5,014,231
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....		(1,092,601)	(1,372,528)	(2,705,137)
23. Total underwriting deductions (Lines 18 through 22) .....		15,342,689	32,987,375	40,341,145
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....		1,901,901	(2,385,129)	(3,053,818)
25. Net investment income earned .....		140	3,016	1,735
26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....				
27. Net investment gains or (losses) (Lines 25 plus 26) .....		140	3,016	1,735
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 .....				
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....		1,902,041	(2,382,113)	(3,052,083)
31. Federal and foreign income taxes incurred .....		664,877	(2,448,460)	(2,035,501)
32. Net income (loss) (Lines 30 minus 31) .....		1,237,164	66,347	(1,016,582)
<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. ....				
1402. ....				
1403. ....				
1498. Summary of remaining write-ins for Line 14 from overflow page .....				
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....				
2901. ....				
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) .....				

**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 .....	12,000,885	6,072,235	6,072,235
34. Net income or (loss) from Line 32 .....	1,237,164	66,347	(1,016,582)
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	(145)		
37. Change in net unrealized foreign exchange capital gain or (loss) .....			
38. Change in net deferred income tax .....	(1,968)	(276,696)	(970,726)
39. Change in nonadmitted assets .....	63,675	241,929	915,773
40. Change in unauthorized reinsurance .....			
41. Change in treasury stock .....			
42. Change in surplus notes .....			
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 .....		4,500,000	7,000,000
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 .....		185	185
48. Net change in capital and surplus (Lines 34 to 47) .....	1,298,726	4,531,765	5,928,650
49. Capital and surplus end of reporting period (Line 33 plus 48) .....	13,299,611	10,604,000	12,000,885
<b>DETAILS OF WRITE-INS</b>			
4701. Transfer .....		185	185
4702. .....			
4703. .....			
4798. Summary of remaining write-ins for Line 47 from overflow page .....			
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		185	185

STATEMENT AS OF **September 30, 2011** OF THE **PARAMOUNT INSURANCE COMPANY**  
**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 .....	16,544,514	29,491,436	34,180,389
2.	Net investment income .....	62	3,417	2,137
3.	Miscellaneous income .....			
4.	Total (Lines 1 to 3) .....	16,544,576	29,494,853	34,182,526
5.	Benefit and loss related payments .....	13,500,200	27,579,831	36,530,343
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	3,567,145	4,063,778	5,105,402
8.	Dividends paid to policyholders .....			
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	(1,202,491)		(3,760,910)
10.	Total (Lines 5 through 9) .....	15,864,854	31,643,609	37,874,835
11.	Net cash from operations (Line 4 minus Line 10) .....	679,722	(2,148,756)	(3,692,309)
<b>Cash from Investments</b>				
12.	Proceeds from investments sold, matured or repaid:			
12.1	Bonds .....	350,000		
12.2	Stocks .....		5,423,054	5,423,054
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 .....			
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	350,000	5,423,054	5,423,054
13.	Cost of investments acquired (long-term only):			
13.1	Bonds .....	350,438		
13.2	Stocks .....		5,423,054	5,423,054
13.3	Mortgage loans .....			
13.4	Real estate .....			
13.5	Other invested assets .....			
13.6	Miscellaneous applications .....			
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	350,438	5,423,054	5,423,054
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) .....	(438)		
<b>Cash from Financing and Miscellaneous Sources</b>				
16.	Cash provided (applied):			
16.1	Surplus notes, capital notes .....			
16.2	Capital and paid in surplus, less treasury stock .....		4,500,000	7,000,000
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) .....	2,544,067	713,708	(1,992,423)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6) .....	2,544,067	5,213,708	5,007,577
<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) .....	3,223,351	3,064,952	1,315,268
19.	Cash, cash equivalents and short-term investments:			
19.1	Beginning of year .....	14,239,525	12,924,257	12,924,257
19.2	End of period (Line 18 plus Line 19.1) .....	17,462,876	15,989,209	14,239,525

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

20.0001			
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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 .....	9,480	2	6,673	1,231						1,574
2. First Quarter .....	8,831	3	6,059	1,209						1,560
3. Second Quarter .....	8,991	2	6,212	1,237						1,540
4. Third Quarter .....	8,775	2	5,991	1,256						1,526
5. Current Year .....										
6. Current Year Member Months .....	79,604	22	54,613	11,067						13,902
Total Member Ambulatory Encounters for Period:										
7. Physician .....	2,418		1,085	1,333						
8. Non-Physician .....	4,932	1	3,108	1,823						
9. Total .....	7,350	1	4,193	3,156						
10. Hospital Patient Days Incurred .....	3,856		995	2,861						
11. Number of Inpatient Admissions .....	536		314	222						
12. Health Premiums Written (a) .....	17,879,926	19,154	15,199,823	1,925,550						735,399
13. Life Premiums Direct .....										
14. Property/Casualty Premiums Written .....										
15. Health Premiums Earned .....	17,879,926	19,154	15,199,823	1,925,550						735,399
16. Property/Casualty Premiums Earned .....										
17. Amount Paid for Provision of Health Care Services .....	14,631,698	8,876	12,769,388	1,639,591						213,843
18. Amount Incurred for Provision of Health Care Services .....	14,325,931	8,876	12,293,551	1,795,981						227,523

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....0.

**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
0199999 Individually Listed Claims Unpaid .....	.....	.....	.....	.....	.....	.....
0299999 Aggregate Accounts Not Individually Listed - Uncovered .....	.....	.....	.....	.....	.....	.....
0399999 Aggregate Accounts Not Individually Listed - Covered .....	446,359	79,864	9,835	7,742	63,969	607,769
0499999 Subtotals .....	446,359	79,864	9,835	7,742	63,969	607,769
0599999 Unreported claims and other claim reserves .....	.....	.....	.....	.....	.....	3,283,450
0699999 Total Amounts Withheld .....	.....	.....	.....	.....	.....	.....
0799999 Total Claims Unpaid .....	.....	.....	.....	.....	.....	3,891,219
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	6		
	1	2	3	4	Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year					
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec 31 of Prior Year	On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1+3)	Claims Incurred in Prior Years (Columns 1+3)				
1. Comprehensive (hospital & medical) .....	2,289,499	10,449,868	94,922	3,132,373	2,384,421	3,678,916				
2. Medicare Supplement .....	315,395	1,324,196	2,785	594,676	318,180	441,075				
3. Dental only .....										
4. Vision only .....										
5. Federal Employees Health Benefits Plan .....										
6. Title XVIII - Medicare .....										
7. Title XIX - Medicaid .....										
8. Other health .....	41,916	171,927	66,463	41,916	41,916	52,886				
9. Health subtotal (Lines 1 to 8) .....	2,646,810	11,945,991	97,707	3,793,512	2,744,517	4,172,877				
10. Healthcare receivables (a) .....		111,976						87,867		
11. Other non-health .....										
12. Medical incentive pools and bonus amounts .....										
13. Totals (Lines 9 - 10 + 11 + 12) .....	2,646,810	11,834,015	97,707	3,793,512	2,744,517	4,085,010				

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

## **Notes to Financial Statement**

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

The financial statements of Paramount Insurance Company (the “Company”) are presented on a basis of accounting practices prescribed by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners’ (NAIC) Accounting Practices and Procedures Manual, (NAIC SAP) has been adopted as a component of prescribed practices by the State of Ohio.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Ohio is shown below:

	State of Domicile	Sept. 30 2011	Dec. 31 2010
	Ohio		
<b>NET INCOME (LOSS)</b>			
Paramount Insurance Company state basis		1,237,164	(1,016,582)
State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
State Permitted Practices that increase/(decrease) NAIC SAP		-	-
NAIC SAP		1,237,164	(1,016,582)
<b>SURPLUS</b>			
Paramount Insurance Company state basis		13,299,611	12,000,885
State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
State Permitted Practices that increase/(decrease) NAIC SAP		-	-
NAIC SAP		13,299,611	12,000,885

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires 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

Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds are stated at amortized cost.
3. The Company has no common stock investments.
4. The Company has no preferred stock investments.
5. The Company does not invest in mortgage loans.
6. The Company has no investments in loan-backed securities.
7. The Company has no investments in subsidiaries.

**Notes to Financial Statement**

8. The Company has no investments in joint ventures.
9. The Company does not invest in derivatives.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54, Individual and Group Accident and Health Contracts.
11. The Company began operations on November 2, 2002. Unpaid losses and loss adjustment expenses include an amount from individual case estimates and loss reports and an amount, based on limited past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability is continually reviewed and any adjustments are reflected in the period determined.
12. The Company's capitalization policy is those qualifying expenses over \$2,500.
13. The Company estimates its pharmaceutical rebate receivables based on historical recoveries per script and the number of scripts written.

2. Accounting Changes and Corrections of Errors

**-NOT APPLICABLE**

3. Business Combinations and Goodwill

**-NOT APPLICABLE**

4. Discontinued Operations

**-NOT APPLICABLE**

5. Investments

No significant change.

6. Joint ventures, Partnerships and Limited Liability Companies

**-NOT APPLICABLE**

7. Investment Income

No significant change.

8. Derivative Instruments

**-NOT APPLICABLE**

9. Income Taxes

No significant change.

10. Information Concerning Parent, Subsidiaries and Affiliates

No significant changes.

11. Debt

**-NOT APPLICABLE**

12. Retirement Plans, Deferred Compensation, Postemployment Benefits

**-NOT APPLICABLE**

**Notes to Financial Statement**

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations  
No significant change.
14. Contingencies  
**-NOT APPLICABLE**
15. Leases  
**-NOT APPLICABLE**
16. Off-Balance Sheet Risk  
**-NOT APPLICABLE**
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities  
**-NOT APPLICABLE**
18. Gain or loss to the Reporting Entity from Uninsured A&H Plans and the uninsured Portion of partially Insured Plans  
No significant change.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators.  
**-NOT APPLICABLE**
20. Fair Value Measurement  
**-NOT APPLICABLE**
21. Other Items  
No significant change.
22. Subsequent Events  
**-NOT APPLICABLE**
23. Reinsurance  
No significant change.
24. Retrospectively Rated Contracts  
**-NOT APPLICABLE**
25. Change in Incurred Claims and Claim Adjustment Expenses  
Reserves as of December 31, 2010 were \$4,343,848. As of September 30, 2011 \$2,671,815 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$97,707 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Commercial and Medicare supplement lines of insurance. Therefore, there has been a \$1,574,326 favorable prior-year development since December 31, 2010 to September 30, 2011. The decrease is generally a result of ongoing analysis of recent development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

STATEMENT AS OF **September 30, 2011** OF THE **PARAMOUNT INSURANCE COMPANY**  
**Notes to Financial Statement**

26. Intercompany Pooling Arrangements

**-NOT APPLICABLE**

27. Structured Settlements

**-NOT APPLICABLE**

28. Health Care Receivables

No significant change.

29. Participating Policies

**-NOT APPLICABLE**

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserve	\$ -
2. Date of the most recent evaluation of this liability	8/31/2011
3. Was anticipated investment income utilized in the calculation?	yes

31. Anticipated Salvage and Subrogation

**-NOT APPLICABLE**

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

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[X] N/A[ ]  
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. 12/31/2010.....

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. 12/31/2010.....

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). 09/07/2011.....

6.4 By what department or departments?  
ODI

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. .....

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: \$..... 1,189,624

**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
The Bank of New York Mellon .....	Three Mellon Center, Suite 153-3925, Pittsburg, PA ..

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
.....	.....	.....

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	.....	83.000%
1.2 A&H cost containment percent	.....	0.000%
1.3 A&H expense percent excluding cost containment expenses	.....	12.000%

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>Accident and Health - Non-affiliates</b>						
93440 .....	06-1041332 .....	01/01/2011 .....	HM LIFE INS CO .....	PA .....	SSL/A/G .....	Yes[X] No[ ] .....
93440 .....	06-1041332 .....	01/01/2011 .....	HM LIFE INS CO .....	PA .....	OTH/A/G .....	Yes[X] No[ ] .....
93440 .....	06-1041332 .....	01/01/2011 .....	HM LIFE INS CO .....	PA .....	SSL/A/I .....	Yes[X] No[ ] .....

**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) .....	L .....	2,648,172							2,648,172
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 .....	15,231,754							15,231,754
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 .....	17,879,926							17,879,926
60. Reporting entity contributions for Employee Benefit Plans .....	XXX .....								
61. Total (Direct Business) .....	(a) 2	17,879,926							17,879,926

**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**

No significant changes noted.

## **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.

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

**RESPONSE**

Yes

Explanations:

Bar Codes:



STATEMENT AS OF **September 30, 2011** OF THE **PARAMOUNT INSURANCE COMPANY**  
**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 .....	.....	.....
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 .....	.....	.....
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 .....	.....	.....
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8) .....	.....	.....
10. Deduct total nonadmitted amounts .....	.....	.....
11. Statement value at end of current period (Line 9 minus Line 10) .....	.....	.....

**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 points .....	.....	.....
9. Total foreign exchange change in book value/recorded investment .....	.....	.....
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 .....	..... 350,000	..... 350,000
2. Cost of bonds and stocks acquired .....	..... 350,438	..... 5,423,054
3. Accrual of discount .....	.....	.....
4. Unrealized valuation increase (decrease) .....	.....	.....
5. Total gain (loss) on disposals .....	.....	.....
6. Deduct consideration for bonds and stocks disposed of .....	..... 350,000	..... 5,423,054
7. Deduct amortization of premium .....	..... 145	.....
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) .....	..... 350,293	..... 350,000
11. Deduct total nonadmitted amounts .....	.....	.....
12. Statement value at end of current period (Line 10 minus Line 11) .....	..... 350,293	..... 350,000

**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) .....	5,804,269	1,313	1,070	(73)	6,155,406	5,804,269	5,804,439	5,804,229
2. Class 2 (a) .....								
3. Class 3 (a) .....								
4. Class 4 (a) .....								
5. Class 5 (a) .....								
6. Class 6 (a) .....								
7. Total Bonds .....	5,804,269	1,313	1,070	(73)	6,155,406	5,804,269	5,804,439	5,804,229
<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 .....	5,804,269	1,313	1,070	(73)	6,155,406	5,804,269	5,804,439	5,804,229

(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 \$.....5,454,146; 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>	5,454,146	XXX	5,454,146	2,334	

**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 .....	5,454,229	5,452,094
2. Cost of short-term investments acquired .....	2,849	5,426,119
3. Accrual of discount .....		
4. Unrealized valuation increase (decrease) .....		
5. Total gain (loss) on disposals .....		
6. Deduct consideration received on disposals .....	2,932	5,423,984
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) .....	5,454,146	5,454,229
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....	5,454,146	5,454,229

**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**

**SI08 Schedule E - Verification (Cash Equivalents) .....** **NONE**

<b>E01</b>	<b>Schedule A Part 2</b>	<b>NONE</b>
<b>E01</b>	<b>Schedule A Part 3</b>	<b>NONE</b>
<b>E02</b>	<b>Schedule B Part 2</b>	<b>NONE</b>
<b>E02</b>	<b>Schedule B Part 3</b>	<b>NONE</b>
<b>E03</b>	<b>Schedule BA Part 2</b>	<b>NONE</b>
<b>E03</b>	<b>Schedule BA Part 3</b>	<b>NONE</b>
<b>E04</b>	<b>Schedule D Part 3</b>	<b>NONE</b>
<b>E05</b>	<b>Schedule D Part 4</b>	<b>NONE</b>
<b>E06</b>	<b>Schedule DB Part A Section 1</b>	<b>NONE</b>
<b>E07</b>	<b>Schedule DB Part B Section 1</b>	<b>NONE</b>
<b>E08</b>	<b>Schedule DB Part D</b>	<b>NONE</b>
<b>E09</b>	<b>Schedule DL - Part 1 - Securities Lending Collateral Assets</b>	<b>NONE</b>
<b>E10</b>	<b>Schedule DL - Part 2 - Securities Lending Collateral Assets</b>	<b>NONE</b>

**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>									
Huntington Bank .....	Maumee, OH .....					11,200,820	11,794,351	11,589,496	XXX
Huntington Bank .....	Maumee, OH .....					21,395	21,395	21,645	XXX
Huntington Bank .....	Maumee, OH .....					103,255	103,255	103,255	XXX
Huntington Bank .....	Maumee, OH .....					1,233,973	920,270	860,740	XXX
Huntington Bank .....	Maumee, OH .....					(656,756)	(1,100,019)	(566,406)	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 ..			11,902,687	11,739,252	12,008,730	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 ..			11,902,687	11,739,252	12,008,730	XXX
0499999 Cash in Company's Office .....		XXX	XXX ..	XXX ..	XXX ..				XXX
0599999 Total Cash .....		XXX	XXX ..			11,902,687	11,739,252	12,008,730	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**



## **MEDICARE PART D COVERAGE SUPPLEMENT**

### **Net of Reinsurance**

NAIC Group Code: 1212

NAIC Company Code: 11518

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected .....		XXX .....	228,168	XXX .....	228,168
2. Earned Premiums .....		XXX .....	228,168	XXX .....	XXX .....
3. Claims Paid .....		XXX .....		XXX .....	
4. Claims Incurred .....		XXX .....		XXX .....	XXX .....
5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a) .....	XXX .....		XXX .....		
6. Aggregate Policy Reserves - change .....		XXX .....		XXX .....	XXX .....
7. Expenses Paid .....		XXX .....	14,968	XXX .....	14,968
8. Expenses Incurred .....		XXX .....	14,968	XXX .....	XXX .....
9. Underwriting Gain or Loss .....		XXX .....	213,200	XXX .....	XXX .....
10. Cash Flow Results .....	XXX .....	XXX .....	XXX .....	XXX .....	213,200

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$.....73,485 due from CMS or \$.....0 due to CMS

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