



QUARTERLY STATEMENT
AS OF September 30, 2011
OF THE CONDITION AND AFFAIRS OF THE
McKinley Life Insurance Company

NAIC Group Code	0000 (Current Period)	0000 (Prior Period)	NAIC Company Code	77216	Employer's ID Number	341624818
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[X] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[X] No[] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[]	
Incorporated/Organized	08/15/1989		Commenced Business	11/01/1989		
Statutory Home Office	2600 Sixth Street SW (Street and Number)		Canton, OH 44710 (City, or Town, State and Zip Code)			
Main Administrative Office			2600 Sixth Street SW (Street and Number)			
	Canton, OH 44710 (City or Town, State and Zip Code)		(330)363-4057 (Area Code) (Telephone Number)			
Mail Address	2600 Sixth Street SW (Street and Number or P.O. Box)		Canton, OH 44710 (City, or Town, State and Zip Code)			
Primary Location of Books and Records			2600 Sixth Street SW (Street and Number)			
	Canton, OH 44710 (City, or Town, State and Zip Code)		(330)363-4057 (Area Code) (Telephone Number)			
Internet Web Site Address	www.aultcare.com					
Statutory Statement Contact	Jeffrey Alan Scheatzle (Name)		(330)363-4057 (Area Code)(Telephone Number)(Extension)			
	jscheatzle@aultman.com (E-Mail Address)		(330)363-5012 (Fax Number)			

OFFICERS

Name	Title
Rick L. Haines	President
William Wallace M.D.	Secretary
Mark D. Wright	Treasurer
Edward J. Roth III	Executive Vice President

OTHERS

DIRECTORS OR TRUSTEES

William Wallace M.D.	Gregory A. Haban M.D.
Christopher E. Remark	Edward J. Roth III
Rick L. Haines	Michael A. Rich M.D.
Mark D. Wright	Michael R. Gallina
John B. Humphrey Jr.,M.D.	Timothy L. Hagen D.O.
Darryl J. Dillenback	Allen Rovner M.D.

State of Ohio
County of Stark ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures 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) Rick L. Haines	(Signature) William Wallace	(Signature) Mark D. Wright
(Printed Name) 1. President	(Printed Name) 2. Secretary	(Printed Name) 3. Treasurer
(Title)	(Title)	(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)		

ASSETS

		Current Statement Date			4
		1	2	3	
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1.	Bonds	58,831,674		58,831,674	55,531,759
2.	Stocks:				
2.1	Preferred stocks				
2.2	Common stocks	14,699,036		14,699,036	15,537,644
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 (\$.....33,233,434), cash equivalents (\$.....0) and short-term investments (\$.....0)	33,233,434		33,233,434	21,616,226
6.	Contract loans (including \$.....0 premium notes)				
7.	Derivatives				
8.	Other invested assets	17,126,429		17,126,429	15,630,026
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)	123,890,573		123,890,573	108,315,654
13.	Title plants less \$.....0 charged off (for Title insurers only)				
14.	Investment income due and accrued	454,700		454,700	531,153
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection	3,047,990		3,047,990	2,236,506
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	219,906		219,906	20,058
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	526,578		526,578	187,478
18.2	Net deferred tax asset	3,501,869		3,501,869	3,501,869
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				
24.	Health care (\$.....0) and other amounts receivable	5,628,747	1,250,840	4,377,907	3,991,066
25.	Aggregate write-ins for other than invested assets				
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	137,270,361	1,250,840	136,019,521	118,783,783
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	Total (Lines 26 and 27)	137,270,361	1,250,840	136,019,521	118,783,783
DETAILS OF WRITE-INS					
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.	.....			
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)				

LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....1,352,000 reinsurance ceded)	40,066,021		40,066,021	34,766,056
2.	Accrued medical incentive pool and bonus amounts	1,659,964		1,659,964	2,783,155
3.	Unpaid claims adjustment expenses	733,900		733,900	1,200,700
4.	Aggregate health policy reserves	10,188,340		10,188,340	10,729,631
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserve				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	19,255,180		19,255,180	3,953,161
9.	General expenses due or accrued	3,791,377		3,791,377	4,209,137
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	1,508,695		1,508,695	1,166,890
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				
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	400,487		400,487	400,487
23.	Aggregate write-ins for other liabilities (including \$.....0 current)				
24.	Total liabilities (Lines 1 to 23)	77,603,965		77,603,965	59,209,217
25.	Aggregate write-ins for special surplus funds	X X X	X X X		
26.	Common capital stock	X X X	X X X	1,000,000	1,000,000
27.	Preferred capital stock	X X X	X X X		
28.	Gross paid in and contributed surplus	X X X	X X X	48,875,734	48,875,734
29.	Surplus notes	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
31.	Unassigned funds (surplus)	X X X	X X X	8,539,822	9,698,832
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33.	Total capital and surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	58,415,556	59,574,566
34.	Total Liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	136,019,521	118,783,783
DETAILS OF WRITE-INS					
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.	.....	X X X	X X X		
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

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	X X X	1,032,651	963,616	1,293,750
2.	Net premium income (including \$.....0 non-health premium income)	X X X	328,696,074	310,835,412	417,360,736
3.	Change in unearned premium reserves and reserves for rate credits	X X X			
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X			
5.	Risk revenue	X X X			
6.	Aggregate write-ins for other health care related revenues	X X X			
7.	Aggregate write-ins for other non-health revenues	X X X			
8.	Total revenues (Lines 2 to 7)	X X X	328,696,074	310,835,412	417,360,736
Hospital and Medical:					
9.	Hospital/medical benefits		211,138,519	192,424,281	259,716,271
10.	Other professional services				
11.	Outside referrals		30,349,259	24,618,068	32,811,603
12.	Emergency room and out-of-area		5,901,889	5,152,308	7,062,983
13.	Prescription drugs		42,957,905	46,346,557	61,805,949
14.	Aggregate write-ins for other hospital and medical		4,773,381	6,218,807	9,077,684
15.	Incentive pool, withhold adjustments and bonus amounts		3,507,750	3,375,000	4,500,000
16.	Subtotal (Lines 9 to 15)		298,628,703	278,135,021	374,974,491
Less:					
17.	Net reinsurance recoveries		3,121,178	1,529,267	3,428,362
18.	Total hospital and medical (Lines 16 minus 17)		295,507,525	276,605,754	371,546,129
19.	Non-health claims (net)				
20.	Claims adjustment expenses, including \$.....3,193,160 cost containment expenses		5,054,062	4,531,837	6,317,250
21.	General administrative expenses		28,276,354	25,231,509	35,872,539
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)				
23.	Total underwriting deductions (Lines 18 through 22)		328,837,941	306,369,100	413,735,918
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(141,867)	4,466,312	3,624,818
25.	Net investment income earned		1,754,373	1,699,113	2,369,220
26.	Net realized capital gains (losses) less capital gains tax of \$.....0		(1,043)	(321)	(2,032)
27.	Net investment gains or (losses) (Lines 25 plus 26)		1,753,330	1,698,792	2,367,187
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)	X X X	1,611,463	6,165,105	5,992,005
31.	Federal and foreign income taxes incurred	X X X	547,897	1,550,000	3,497,644
32.	Net income (loss) (Lines 30 minus 31)	X X X	1,063,566	4,615,105	2,494,361
DETAILS OF WRITE-INS					
0601.	.....	X X X			
0602.	.....	X X X			
0603.	.....	X X X			
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X			
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X			
0701.	.....	X X X			
0702.	.....	X X X			
0703.	.....	X X X			
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X			
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			
1401.	Reinsurance Claims		4,773,381	6,218,807	9,077,684
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)		4,773,381	6,218,807	9,077,684
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	2	3
		Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT				
33.	Capital and surplus prior reporting year	59,574,566	49,238,854	49,238,854
34.	Net income or (loss) from Line 32	1,063,566	4,615,105	2,494,361
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	(1,112,004)	379,062	1,051,658
37.	Change in net unrealized foreign exchange capital gain or (loss)			
38.	Change in net deferred income tax			1,727,193
39.	Change in nonadmitted assets	(1,110,572)	(377,565)	(77,501)
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			5,140,000
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			
48.	Net change in capital and surplus (Lines 34 to 47)	(1,159,010)	4,616,601	10,335,712
49.	Capital and surplus end of reporting period (Line 33 plus 48)	58,415,556	53,855,456	59,574,566
DETAILS OF WRITE-INS				
4701.	0			
4702.	0			
4703.	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page			
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)			

		1	2	3
		Current	Prior	Prior
		Year	Year	Year Ended
		To Date	To Date	December 31
Cash from Operations				
1.	Premiums collected net of reinsurance	342,987,124	324,050,112	427,434,710
2.	Net investment income	1,868,250	4,199,286	2,766,718
3.	Miscellaneous income			
4.	Total (Lines 1 to 3)	344,855,374	328,249,398	430,201,428
5.	Benefit and loss related payments	293,028,012	274,510,603	374,105,130
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7.	Commissions, expenses paid and aggregate write-ins for deductions	34,214,975	30,736,735	42,645,769
8.	Dividends paid to policyholders			
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	886,997	1,669,677	4,449,041
10.	Total (Lines 5 through 9)	328,129,985	306,917,015	421,199,940
11.	Net cash from operations (Line 4 minus Line 10)	16,725,389	21,332,383	9,001,488
Cash from Investments				
12.	Proceeds from investments sold, matured or repaid:			
12.1	Bonds	7,403,000	6,775,000	11,625,000
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			3,633,371
12.8	Total investment proceeds (Lines 12.1 to 12.7)	7,403,000	6,775,000	15,258,371
13.	Cost of investments acquired (long-term only):			
13.1	Bonds	10,741,382	4,033,150	7,479,150
13.2	Stocks	273,395	3,650,897	7,346,912
13.3	Mortgage loans			
13.4	Real estate			
13.5	Other invested assets	1,496,404	2,200,000	2,200,000
13.6	Miscellaneous applications	0		
13.7	Total investments acquired (Lines 13.1 to 13.6)	12,511,181	9,884,047	17,026,062
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)	(5,108,181)	(3,109,047)	(1,767,691)
Cash from Financing and Miscellaneous Sources				
16.	Cash provided (applied):			
16.1	Surplus notes, capital notes			
16.2	Capital and paid in surplus, less treasury stock			5,140,000
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)			
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)			5,140,000
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS				
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	11,617,208	18,223,335	12,373,796
19.	Cash, cash equivalents and short-term investments:			
19.1	Beginning of year	21,616,226	9,242,429	9,242,429
19.2	End of period (Line 18 plus Line 19.1)	33,233,434	27,465,765	21,616,226

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:				
20.0001	Cumulative effect of changes in accounting principles			

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	110,584	6,480	48,032			3,575	2,516	21,053		28,928
2. First Quarter	111,759	6,416	47,407	16		5,493	2,424	21,571		28,432
3. Second Quarter	114,990	6,410	48,092	26		7,200	2,376	21,675		29,211
4. Third Quarter	119,373	6,407	49,419	32		9,812	2,345	22,013		29,345
5. Current Year										
6. Current Year Member Months	1,032,651	57,934	431,985	204		64,174	21,662	195,238		261,454
Total Member Ambulatory Encounters for Period:										
7. Physician	300,054	17,296	146,899	25			10,363	125,471		
8. Non-Physician	926,959	42,497	372,385	97			26,837	485,143		
9. Total	1,227,013	59,793	519,284	122			37,200	610,614		
10. Hospital Patient Days Incurred	45,478	985	10,934	6			1,007	32,546		
11. Number of Inpatient Admissions	8,303	215	2,504	1			173	5,410		
12. Health Premiums Written (a)	337,307,507	12,737,467	125,890,294	35,706		1,463,623	11,186,882	179,306,765		6,686,768
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	337,307,507	12,737,467	125,890,294	35,706		1,463,623	11,186,882	179,306,765		6,686,768
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	293,447,865	9,623,914	107,620,178	32,482		1,044,031	11,168,933	159,484,777		4,473,549
18. Amount Incurred for Provision of Health Care Services	298,628,703	9,964,956	108,299,976	32,482		1,044,031	11,399,035	163,114,842		4,773,381

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....179,342,472.

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims						
1	2	3	4	5	6	7
Account	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 days	Over 120 Days	Total
0199999 Individually Listed Claims Unpaid						
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered						
0499999 Subtotals						
0599999 Unreported claims and other claim reserves						41,418,021
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						41,418,021
0899999 Accrued Medical Incentive Pool And Bonus Amounts						1,659,964

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	2	3	4		
		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		
1.	Comprehensive (hospital & medical)	11,839,118	100,371,815		14,347,676	11,839,118	13,654,467
2.	Medicare Supplement		32,482				
3.	Dental only		1,044,031				
4.	Vision only						
5.	Federal Employees Health Benefits Plan	1,157,114	9,977,542		623,267	1,157,114	564,085
6.	Title XVIII - Medicare	20,500,351	137,690,648		23,525,079	20,500,351	18,977,504
7.	Title XIX - Medicaid						
8.	Other health	1,538,600	2,934,949		1,570,000	1,538,600	1,570,000
9.	Health subtotal (Lines 1 to 8)	35,035,184	252,051,467		40,066,021	35,035,184	34,766,056
10.	Healthcare receivables (a)	1,607,767	300,000			1,607,767	1,520,926
11.	Other non-health						
12.	Medical incentive pools and bonus amounts	2,830,941	1,800,000	(47,786)	1,707,750	2,783,155	2,783,155
13.	Totals (Lines 9 - 10 + 11 + 12)	36,258,358	253,551,467	(47,786)	41,773,771	36,210,572	36,028,285

(a) Excludes \$.....3,020,980 loans or advances to providers not yet expensed.

Notes to Financial Statement

SECTION A

1. Summary of Significant Accounting Policies.

A. The accompanying financial statements of McKinley Life Insurance Company has been completed in accordance with the NAIC Accounting Practices and Procedures manual except to the extent that state law differs.

B. No Change.

C. Accounting Policy

(1) No Change.

(2) No Change.

(3) No Change.

(4) No Change.

(5) No Change.

(6) No Change.

(7) The Company has investments in subsidiaries and affiliates with a book adjusted carrying value totaling \$17,126,429. Of this amount, \$114,359 is invested in McKinley Life Agency, Ltd. \$6,913,886 is invested in AultCare Corporation. The remaining \$10,098,185 is invested in West Tuscarawas Property Management.

(8) No Change.

(9) No Change.

(10) No Change.

(11) No Change.

(12) No Change.

(13) No Change.
2. Accounting Changes and corrections of Errors

A. No Change.
3. Business Combinations and Goodwill

A. No Change.

B. No Change.

C. No Change.

D. No Change.
4. No Change.
5. Investments

A. No Change.

B. No Change.

C. No Change.

D. No Change.

E. No Change.

F. No Change.

G. No Change.
6. Joint Ventures, Partnerships and Limited Liability Companies.

A. No Change.

B. No Change.
7. No Change.
8. No Change.
9. Income Taxes

A. The components of the net deferred tax asset/(liability) at September 30 are as follows:

1. (reported in thousands)		9/30/2011			9/30/2010			Change		
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a)	Gross Deferred Tax Assets	\$3,502	\$ -	\$3,502	\$1,754	\$21	\$1,775	\$ 1,748	\$(21)	\$1,727
(b)	Statutory Valuation Allowance Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(c)	Adjusted Gross Deferred Tax Assets (1a-1b)	\$3,502	\$ -	\$3,502	\$1,754	\$21	\$1,775	\$ 1,748	\$(21)	\$1,727
(d)	Deferred Tax Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(e)	Subtotal (Net Deferred Tax Assets) (1c-1d)	\$3,502	\$ -	\$3,502	\$1,754	\$21	\$1,775	\$ 1,748	\$(21)	\$1,727
(f)	Deferred Tax Assets Nonadmitted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(g)	Net Admitted Deferred Tax Assets (1e-1f)	\$3,502	\$ -	\$3,502	\$1,754	\$21	\$1,775	\$ 1,748	\$(21)	\$1,727
2. The application of paragraph 10.e SSAP No. 10R, Income Taxes has no effect on the admitted portion of the DTA, in either period.										
4. (reported in thousands)		9/30/2011			9/30/2010			Change		
Admission Calculation Components		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

Notes to Financial Statement

SSAP No. 10R, Paragraphs 10.a., 10.b., and 10.c.				(Col 1+2) Total			(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
		Ordinary	Capital		Ordinary	Capital				
(a)	SSAP No. 10R, Paragraph 10.a.	\$3,502	\$ -	\$3,502	\$1,454	\$ -	\$1,454	\$2,048	\$ -	\$2,048
(b)	SSAP No. 10R, Paragraph 10.b. (the lessor of paragraph 10.b.i. and 10.b.ii. below)	\$ -	\$ -	\$ -	\$300	\$21	\$321	\$(300)	\$(21)	\$(321)
(c)	SSAP No. 10R, Paragraph 10.b.i.	\$ -	\$ -	\$ -	\$300	\$21	\$321	\$(300)	\$(21)	\$(321)
(d)	SSAP No. 10R, Paragraph 10.b.ii.	XXX	XXX	\$5,491	XXX	XXX	\$4,973	XXX	XXX	\$518
(e)	SSAP No. 10R, Paragraph 10.c.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(f)	Total (4a + 4b + 4e)	\$3,502	\$ -	\$3,502	\$1,754	\$21	\$1,775	\$1,748	\$(21)	\$1,727
5. (reported in thousands)		9/30/2011			9/30/2010			Change		
SSAP No. 10R, Paragraphs 10.a., 10.b., and 10.c.		(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a)	Admitted Deferred Tax Assets	\$3,502	\$ -	\$3,502	\$1,754	\$21	\$1,775	\$1,748	\$(21)	\$1,727
(b)	Admitted Assets	XXX	XXX	\$136,020	XXX	XXX	\$108,168	XXX	XXX	\$27,852
(c)	Adjusted Statutory Surplus	XXX	XXX	\$54,914	XXX	XXX	\$49,731	XXX	XXX	\$5,182
(d)	Total Adjusted Capital from DTAs	XXX	XXX	\$ -	XXX	XXX	\$ -	XXX	XXX	\$ -

B. N/A

C. Income Taxes Incurred and changes in DTA’s and DTL’s

		(1)	(2)	(3)
1. Current Income Tax		9/30/2011	9/30/2010	(Col 1-2) Change
(a)	Federal	\$547,897	\$500,000	\$ 47,897
(b)	Foreign	\$ -	\$ -	\$ -
2. Deferred Tax Assets				
(a)	Ordinary			
(1)	Uncollected Premiums	\$77,787	\$77,787	\$ -
(2)	Premiums Received in Advance	\$268,815	\$261,900	\$6,915
(3)	Claims Unpaid	\$227,875	\$258,164	\$ (30,289)
(4)	Reserve for Return of Premium	\$2,670,380	\$943,062	\$1,727,318
		(1)	(2)	(3)
2. Deferred Tax Assets		9/30/2011	9/30/2010	(Col 1-2) Change
(5)	Compensation Accrual	\$217,293	\$166,727	\$50,566
(6)	Other	\$39,719	\$46,423	\$(6,704)
(7)	Subtotal	\$3,501,869	\$1,754,063	\$1,747,806
(b)	Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(c)	Nonadmitted	\$ -	\$ -	\$ -
(d)	Admitted ordinary deferred tax assets (2a6 - 2b-2c)	\$3,501,869	\$1,754,063	\$1,747,806
(e)	Capital			
(1)	Other	\$ -	\$20,613	\$(20,613)
(2)	Subtotal	\$ -	\$20,613	\$(20,613)
(f)	Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(g)	Nonadmitted	\$ -	\$ -	\$ -
(h)	Admitted capital deferred tax assets (2e2 - 2f - 2g)	\$ -	\$20,613	\$(20,613)
(i)	Admitted deferred tax assets (2d + 2h)	\$3,501,869	\$1,774,676	\$1,727,193
3. Deferred Tax Liabilities				
(a)	Ordinary			
(1)	Other	\$ -	\$ -	\$ -
(2)	Subtotal	\$ -	\$ -	\$ -
(b)	Capital			
(1)	Other	\$ -	\$ -	\$ -
(2)	Subtotal	\$ -	\$ -	\$ -
(c)	Deferred tax liabilities (3a2 + 3b2)	\$ -	\$ -	\$ -
4. Net deferred tax assets/liabilities (2i - 3c)		\$3,501,869	\$1,774,676	\$1,727,193

D. Among the more significant book to tax adjustments were the following:

	9/30/2011	Effective Tax Rate
Provision computed at statutory rate	\$ 547,897	34%
Other - 2011 Deferred Tax Payments	\$ -	0%

Notes to Financial Statement

Total	\$ 547,897	34%
-------	------------	-----

- E. No Change.
- F. No Change.
- 10. Information Concerning Parent, Subsidiaries and Affiliates
 - A, B, C, The Company paid Aultman Hospital \$25,184,038 in capitated claims for its enrollees. The Company paid Aultman Hospital \$54,328,385 in Medicare claims for its enrollees. The Company paid \$420,007 to Aultman Health Foundation for management services. The Company paid \$504,328 to Aultman Health Foundation for rent.
 - D. At September 30, 2011, the Company reported \$0 due from the parent company, Aultman Health Foundation. The Company has an intercompany revolving credit facility in place with AultCare, an affiliate, that allows AultCare to borrow and repay operating funds. As of September 30, 2011, AultCare owes \$6,913,886 under the terms of the agreement. The Company also has capitation arrangement with the parent company for anticipation of future services. As of September 30, 2011, the Company paid \$2,450,000 to Aultman Health Foundation for these future services.
 - E. No Change.
 - F. No Change.
 - G. No Change.
 - H. The Company has an investment in West Tuscarawas Property Management with an admitted asset value of \$10,098,185. The Company also had an investment in a subsidiary, McKinley Life Agency, Ltd. of \$114,359. Also, the Company had an investment in affiliate AultCare Corp. of \$6,913,886.
 - I. No Change.
 - J. No Change.
 - K. No Change.
 - L. No Change.
- 11. No Change.
- 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
 - A. No Change
 - B. Contributions of 3% of each employee’s compensation are made each year. The Company’s contribution for the defined contribution plan was \$275,134 and \$330,146 for 2011 and 2010 respectively.
 - C – F No Change.
- 13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations.
 - (1) No Change.
 - (2) No Change.
 - (3) No Change.
 - (4) No Change.
 - (5) No Change.
 - (6) No Change.
 - (7) No Change.
 - (8) No Change.
 - (9) No Change.
 - (10) No Change.
 - (11) No Change.
 - (12) No Change.
 - (13) No Change.
- 14. Contingencies
 - A. No Change.
 - B. No Change.
 - C. No Change.
 - D. No Change.
 - E. During 2009, the Company underwent a Medicare Risk Adjustment Validation (“RADV”) audit by the Centers for Medicare and Medicaid Services on the Company’s 2007 Medicare Advantage data. Based on current available information obtained from the preliminary results of the Medicare RADV audit, the Company has established a reserve of \$10.1 million as of September 30, 2011, which represents Management’s best estimate of potential liability. Final audit results are expected in 2011.
- 15. Leases

Notes to Financial Statement

- A.

The Company leases office buildings from Aultman Health Foundation. The length of the lease is for five years which expires December 31, 2013. Through September 30, 2011, the company paid \$504,328 to Aultman Health Foundation for rent.
- B.

No Change.
16.

No Change.
17.

Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities.
- A.

No Change.
- B.

No Change.
- C.

No Change.
18.

No Change.
19.

No Change.
20.

Fair Value Measurements
- A.

The Company has assets that are measured at fair value on a recurring basis.
- (1)

Fair Value Measurements at Reporting Date				
(1) Description	(2) (Level 1)	(3) (Level 2)	(4) (Level 3)	(5) Total
a. Assets at fair value				
Common Stock	\$ 14,699,036	\$ -	\$ -	\$ -
Total assets at fair value	\$ 14,699,036	\$ -	\$ -	\$ -

- (2)

The Company had no assets with fair value measurements using significant unobservable inputs.
- (3)

The Company uses the valuation technique that is based on the quoted prices in the active markets.
21.

Other Items
- A.

The Company did not experience an extraordinary event or transaction that resulted in a gain or loss.
- B.

The Company had no troubled debt to restructure.
- C.

There are no other disclosures.
- D.

At September 30, 2011 the Company had admitted assets of \$3,047,990 in accounts receivable and amounts due from agents. The Company routinely assesses the collectibility of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition.
- E.

The Company did not have any Business Interruption Insurance Recoveries.
- F.

The Company did not have any State Transferable Tax Credits.
- G.

The Company had no Subprime Mortgage Related Risk Exposure.
- H.

On or about December 27, 2007, CSAHS/UHHS-Canton, Inc. d/b/a Mercy Medical Center (“Mercy”), a competitor of Aultman Hospital in Stark County, Ohio, filed an action in the Stark County Court of Common Pleas against Aultman Health Foundation, AultCare Corporation, Aultman Hospital, and McKinley Life Insurance Company (collectively, “Defendants”). Mercy alleged that the four Defendants had each, among other things, violated Ohio’s antitrust laws, tortiously interfered with Mercy’s business relationships, and engaged in unfair competition and a civil conspiracy. The action went to trial, and in June, 2010, the jury rendered judgment in favor of the Defendants on five of the six Mercy claims that were still at issue by that time. With respect to the sixth claim, for an alleged violation of Ohio’s Patten of Corrupt Activities Statute, the jury found “Aultman” liable to Mercy for \$6,148,000 in damages. Mercy had sought \$110,000,000 in damages. On October 19, 2010, the trial judge overruled the four Defendants’ motion for judgment notwithstanding the verdict and for a new trial, but denied Mercy’s claim for prejudgment interest. The trial judge also granted Mercy injunctive relief and attorneys fees of \$4,000,000. Neither the one verdict on which Mercy prevailed nor any of the Court’s October 19 orders allocated the jury’s award among the four Defendants. The four Defendants appealed the jury verdict and the judge’s orders on October 22, 2010 and intend to vigorously pursue the appeal.
22.

No Change.
23.

Reinsurance
- A.

No Change.
- B.

No Change.
- C.

No Change.

Notes to Financial Statement

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination
- A. The Company has one contract with Federal Employees Health Benefit Plan that is subject to redetermination upon audits performed by the Office of Personnel Management.

B. The Company records accrued retrospective premiums as an adjustment to earned premiums.

C. The Company has accrued \$0 of net premiums written as of September 30, 2011 for the group health plan. No other net premiums written by the Company are subject to retrospective rating features.
25. No Change.
26. No Change.
27. No Change.

28. A.

Quarter	Estimated Rx Rebates as Reported on Statement	Rx Rebates as Invoiced	Actual Rebates Received Within 90 days of Invoicing	Rebates Received Within 91 to 180 days of Invoicing	Rebates Received More Than 180 days of Invoicing
9/30/11	\$688,410	\$965,810			
6/30/11	\$510,343	\$843,877			
3/31/11	\$111,477	\$1,242,743	\$1,187,443	\$65,328	
12/31/10	\$450,792	\$903,428	\$583,468	\$249,856	
9/30/10	\$578,128	\$776,092	\$603,248	\$202,522	
6/30/10	\$607,772	\$746,448	\$557,521	\$216,316	
3/31/10	\$652,256	\$701,964	\$553,547	\$182,843	
12/31/09	\$439,392	\$814,828	\$635,822	\$249,359	
9/30/09	\$659,392	\$814,828	\$645,065	\$139,599	
6/30/09	\$798,568	\$795,652	\$814,316	\$5,484	
3/31/09	\$805,504	\$788,716	\$639,930	\$134,923	
12/31/08	\$719,061	\$878,159	\$823,377	\$89,013	

- B. No Change.
29. No Change.
30. No Change.
31. No Change.

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

Yes[] No[] N/A[X]
- 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?
If yes, complete the Schedule Y - Part 1 - organizational chart.

Yes[] No[X]
- 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	2	3
Name of Entity	NAIC Company Code	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?
If yes, attach an explanation.

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

12/31/2005
- 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).

10/31/2007
- 6.4 By what department or departments?
- 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[X] No[] N/A[]
- 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	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	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?
(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.

Yes[X] No[]
- 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[] No[X]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$..... 0

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:

\$..... 10,098,185
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[X] No[]
- 14.2 If yes, please complete the following:

GENERAL INTERROGATORIES (Continued)

		1	2
		Prior Year-End Book/Adjusted Carrying Value	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	15,630,026	17,142,529
14.27	Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	15,630,026	17,142,529
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?

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[X]
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?

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

Yes[X] No[]

1	2
Name of Custodian(s)	Custodian Address
FirstMerit Trust Company	4481 Munson St. NW #200, Canton, OH 44718
The Vanguard Group	P.O. Box 2600, Valley Forge, PA 19482

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	2	3
Name(s)	Location(s)	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?

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

Yes[] No[X]

1	2	3	4
Old Custodian	New Custodian	Date of Change	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	2	3
Central Registration Depository	Name(s)	Address
.....

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

17.2 If no, list exceptions:

Yes[X] No[]

GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages:	
1.1 A&H loss percent	..... 88.000%
1.2 A&H cost containment percent	..... 1.000%
1.3 A&H expense percent excluding cost containment expenses	..... 9.000%
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)
			<div>NONE</div>			

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

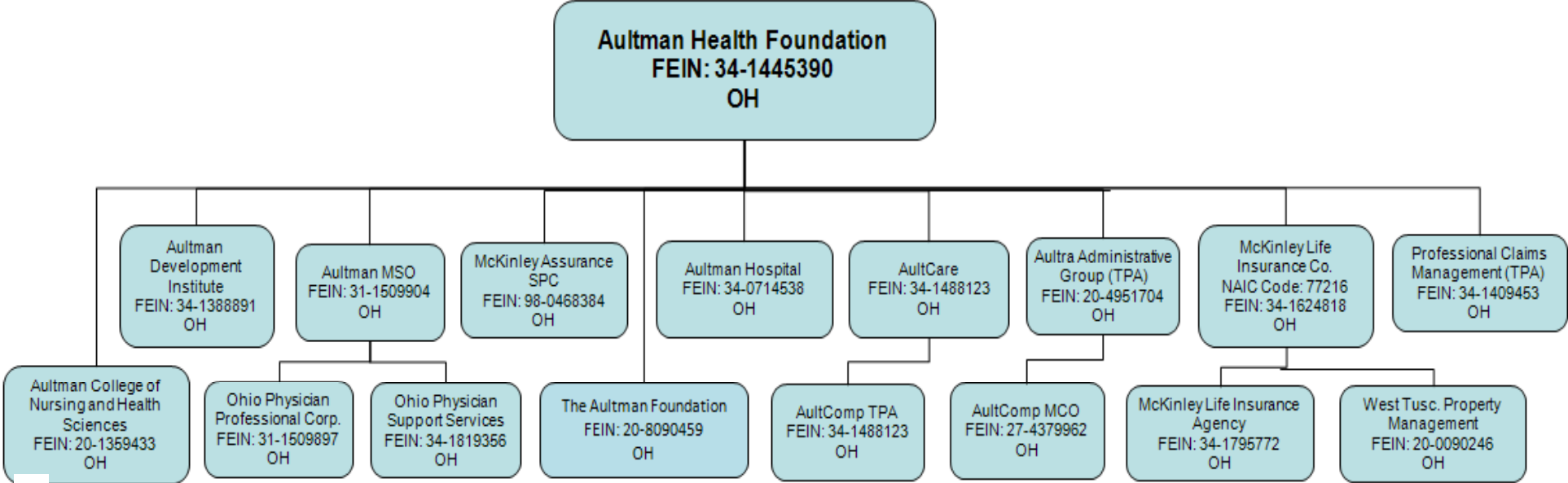
Current Year to Date - Allocated by States and Territories

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	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	146,813,859	179,306,765		11,186,882			337,307,507	
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)	X X X								
59.	Subtotal	X X X	146,813,859	179,306,765		11,186,882			337,307,507	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	Total (Direct Business)	(a)..... 1	146,813,859	179,306,765		11,186,882			337,307,507	
DETAILS OF WRITE-INS										
5801.	.....	X X X								
5802.	.....	X X X								
5803.	.....	X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(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



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
No

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



77216201136500003

2011

Document Code: 365

OVERFLOW PAGE FOR WRITE-INS

STATEMENT AS OF **September 30, 2011** OF THE **McKinley Life Insurance Company**

SCHEDULE A - VERIFICATION

Real Estate		
	1	2
	Year To Date	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	2
	Year To Date	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 paid		
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	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	15,630,026	17,268,504
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition	1,496,404	2,200,000
3. Capitalized deferred interest and other		
4. Accrual of discount		(205,107)
5. Unrealized valuation increase (decrease)		(3,633,371)
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)	17,126,429	15,630,026
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	17,126,429	15,630,026

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	71,069,403	66,945,075
2. Cost of bonds and stocks acquired	11,014,777	14,826,062
3. Accrual of discount	28,529	37,179
4. Unrealized valuation increase (decrease)	(1,112,004)	1,051,658
5. Total gain (loss) on disposals	(1,043)	(2,032)
6. Deduct consideration for bonds and stocks disposed of	7,403,000	11,625,000
7. Deduct amortization of premium	65,952	163,539
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)	73,530,709	71,069,403
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	73,530,709	71,069,403

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	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	57,999,825	4,013,172	3,171,000	(10,323)	55,687,632	57,999,825	58,831,674	55,531,759
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	57,999,825	4,013,172	3,171,000	(10,323)	55,687,632	57,999,825	58,831,674	55,531,759
PREFERRED STOCK								
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	57,999,825	4,013,172	3,171,000	(10,323)	55,687,632	57,999,825	58,831,674	55,531,759

(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 \$.....0; 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. Totals	X X X .....	.....	.....	.....

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 .....	.....	.....
2.	Cost of short-term investments acquired .....	.....	.....
3.	Accrual of discount .....	.....	.....
4.	Unrealized valuation increase (decrease) .....	.....	.....
5.	Total gain (loss) on disposals .....	.....	.....
6.	Deduct consideration received on disposals .....	.....	.....
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) .....	.....	.....

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	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year .....	.....	.....
2.	Cost of cash equivalents acquired .....	.....	.....
3.	Accrual of discount .....	.....	.....
4.	Unrealized valuation increase (decrease) .....	.....	.....
5.	Total gain (loss) on disposals .....	.....	.....
6.	Deduct consideration received on disposals .....	.....	.....
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

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

1	2	Location		5	6	7	8	9	10	11	12	13
CUSIP Identification	Name or Description	3	4	Name of Vendor or General Partner	NAIC Designation	Date Originally Acquired	Type and Strategy	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Amount of Encumbrances	Commitment for Additional Investment	Percentage of Ownership
		City	State									
Non-collateral Loans - Affiliated												
.....	AultCare - Affiliated	Canton	Ohio	McKinley Life Insurance Co.	77216	01/01/2009 .....	.....	..... 5,417,482	..... 1,496,404	.....	.....	.....
2699999 Subtotal - Non-collateral Loans - Affiliated .....								..... 5,417,482	..... 1,496,404	.....	.....	..... X X X
3999999 Total - Unaffiliated .....								.....	.....	.....	.....	..... X X X
4099999 Total - Affiliated .....								..... 5,417,482	..... 1,496,404	.....	.....	..... X X X
4199999 TOTALS .....								..... 5,417,482	..... 1,496,404	.....	.....	..... X X X

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1	2	Location		5	6	7	8	Change in Book/Adjusted Carrying Value						15	16	17	18	19	20
		3	4					9	10	11	12	13	14						
CUSIP Identification	Name or Description	City	State	Name of Purchaser or Nature of Disposal	Date Originally Acquired	Disposal Date	Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation) or (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in B./A.C.V. (9 + 10 - 11 + 12)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Consideration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Investment Income
3999999 Total - Unaffiliated																			
4099999 Total - Affiliated																			
4199999 TOTALS																			

SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
313374YA2	FHLB .....	.....	07/27/2011	FIRSTMERIT TRUST	X X X	1,000,000	1,000,000.00 .....	.....	1
31331KSC5	FFCB .....	.....	07/20/2011	FIRSTMERIT TRUST	X X X	1,004,500	1,000,000.00	69	1
313375EV5	FHLB .....	.....	08/22/2011	FIRSTMERIT TRUST	X X X	500,000	500,000.00 .....	.....	1
464287176	ISHARE BARCLAYS TIPS BOND FUND .....	.....	08/22/2011	FIRSTMERIT TRUST	X X X	501,875	493,290.80	345	1
912828RE2	U.S. TREASURY NOTES .....	.....	09/08/2011	FIRSTMERIT TRUST	X X X	502,344	500,000.00	165	1
912828RC6	U.S. TREASURY NOTES .....	.....	09/08/2011	FIRSTMERIT TRUST	X X X	504,453	500,000.00	693	1
0599999 Subtotal - Bonds - U.S. Governments					X X X	4,013,172	3,993,290.80	1,272	X X X
8399997 Subtotal - Bonds - Part 3					X X X	4,013,172	3,993,290.80	1,272	X X X
8399998 Summary Item from Part 5 for Bonds (N/A to Quarterly)					X X X	X X X	X X X	X X X	X X X
8399999 Subtotal - Bonds					X X X	4,013,172	3,993,290.80	1,272	X X X
8999998 Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)					X X X	X X X	X X X	X X X	X X X
9799998 Summary Item from Part 5 for Common Stocks (N/A to Quarterly)					X X X	X X X	X X X	X X X	X X X
9899999 Subtotal - Preferred and Common Stocks					X X X .....	.....	X X X .....	.....	X X X
9999999 Total - Bonds, Preferred and Common Stocks					X X X	4,013,172	X X X	1,272	X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

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

1	2	3 F o r e i g n	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description		Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments																					
3137EAAF6	FHLMC		07/18/2011	FIRSTMERIT	X X X	425,000	425,000.00	425,570	425,063		(57)		(57)		425,006		(6)	(6)	22,313	07/18/2011	1
9128277B2	U.S. TREASURY NOTES		08/15/2011	FIRSTMERIT	X X X	1,000,000	1,000,000.00	1,012,500	1,001,562		(1,458)		(1,458)		1,000,103		(103)	(103)	50,000	08/15/2011	1
31331GN96	FFCB		09/01/2011	FIRSTMERIT	X X X	1,000,000	1,000,000.00	1,003,000	1,001,003		(999)		(999)		1,000,004		(4)	(4)	13,000	09/01/2011	1
3136FPJP3	FNMA		09/28/2011	FIRSTMERIT	X X X	500,000	500,000.00	499,900	499,905		12		12		499,917		83	83	10,000	09/28/2011	1
300185AU9	EVERGREEN BK GRP CD		09/30/2011	FIRSTMERIT	X X X	246,000	246,000.00	246,000	246,138		(138)		(138)		246,000				261	09/30/2011	1
0599999	Subtotal - Bonds - U.S. Governments				X X X	3,171,000	3,171,000.00	3,186,970	3,173,670		(2,640)		(2,640)		3,171,030		(30)	(30)	95,574	X X X	X X X
8399997	Subtotal - Bonds - Part 4				X X X	3,171,000	3,171,000.00	3,186,970	3,173,670		(2,640)		(2,640)		3,171,030		(30)	(30)	95,574	X X X	X X X
8399998	Summary Item from Part 5 for Bonds (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
8399999	Subtotal - Bonds				X X X	3,171,000	3,171,000.00	3,186,970	3,173,670		(2,640)		(2,640)		3,171,030		(30)	(30)	95,574	X X X	X X X
8999998	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
9799998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
9899999	Subtotal - Preferred and Common Stocks				X X X		X X X													X X X	X X X
9999999	Total - Bonds, Preferred and Common Stocks				X X X	3,171,000	X X X	3,186,970	3,173,670		(2,640)		(2,640)		3,171,030		(30)	(30)	95,574	X X X	X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

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			2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
Depository			Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	6	7	8	*
							First Month	Second Month	Third Month	
open depositories										
FirstMerit Bank - Trust	Canton, Ohio			0.010	85		604,279	935,380	1,543,121	X X X
FirstMerit Bank - Brokered CDs	Canton, Ohio			0.010	3		31,334	38,449	289,214	X X X
Huntington National Bank	Canton, Ohio						4,903,073	6,938,431	19,814,217	X X X
FirstMerit Bank-ST CDs	Canton, Ohio									X X X
Huntington National Bank	Canton, Ohio						12,971,254	13,774,715	11,586,877	X X X
FirstMerit Bank - PIMCO	Canton, Ohio						5	5	5	X X X
0199998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository - open depositories			X X X	X X X						X X X
0199999 Totals - Open Depositories			X X X	X X X	88		18,509,945	21,686,979	33,233,434	X X X
0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository - suspended depositories			X X X	X X X						X X X
0299999 Totals - Suspended Depositories			X X X	X X X						X X X
0399999 Total Cash On Deposit			X X X	X X X	88		18,509,945	21,686,979	33,233,434	X X X
0499999 Cash in Company's Office			X X X	X X X	X X X	X X X				X X X
0599999 Total Cash			X X X	X X X	88		18,509,945	21,686,979	33,233,434	X X X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year
<div>NONE</div>							
8699999 Total - Cash Equivalents



MEDICARE PART D COVERAGE SUPPLEMENT
Net of Reinsurance

NAIC Group Code: 0000

NAIC Company Code: 77216

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

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

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