

ANNUAL STATEMENT FOR THE YEAR **2011** OF THE **HEALTHCARE UNDERWRITERS GROUP MUTUAL OF OHIO**
Amended Explanation Page

This amendment is to:

- 1) Upload Note 30 electronically.
- 2) Upload Actuarial Opinion, exhibit A, #9 electronically.
- 3) Actuarial Opinion, Exhibit B – Fill in Statutory Surplus, Line 7.



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2011

Document Code: 201

ANNUAL STATEMENT
For the Year Ended December 31, 2011
OF THE CONDITION AND AFFAIRS OF THE

HEALTHCARE UNDERWRITERS GROUP MUTUAL OF OHIO

NAIC Group Code	0000 (Current Period)	0000 (Prior Period)	NAIC Company Code	12233	Employer's ID Number	74-3129288
Organized under the Laws of	Ohio		State of Domicile or Port of Entry		Ohio	
Country of Domicile	United States of America					
Incorporated/Organized	11/30/2004		Commenced Business	12/14/2004		
Statutory Home Office	450 Alkyre Run, Suite 360 (Street and Number)		Westerville, OH 43082-6914 (City or Town, State and Zip Code)			
Main Administrative Office	1250 South Pine Island Road, Suite 300 Plantation, FL 33324-4402 (Street and Number) (City or Town, State and Zip Code)		1250 South Pine Island Road, Suite 300 (Street and Number) (Area Code) (Telephone Number)			
Mail Address	1250 South Pine Island Road, Suite 300 (Street and Number or P.O. Box)		Plantation, FL 33324-4402 (Area Code) (Telephone Number)			
Primary Location of Books and Records	1250 South Pine Island Road, Suite 300 Plantation, FL 33324-4402 (Street and Number) (City or Town, State and Zip Code)		(866)484-5715 Plantation, FL 33324-4402 (City or Town, State and Zip Code)			
Internet Website Address	www.hugroupoh.com		(866)484-5715 (Area Code) (Telephone Number)			
Statutory Statement Contact	Thomas William Mueller (Name) tmueller@HUGroups.com (E-Mail Address)		(866)484-5716 (Area Code)(Telephone Number)(Extension) (877)895-0996 (Fax Number)			

OFFICERS

Name	Title
Howard Irwin Dickey-White MD	President
Gary Birnbaum MD, JD	Chairperson
John Michael Surso MD	Vice-Chairperson
Steven Lee Salman JD	Chief Executive Officer
Joseph Richard Hellmann MD	Secretary
Joseph James Zigray CPA	Treasurer
David Wayne Lester CPA	VP-CFO & Assistant Treasurer
Joshua Marc Salman	VP-Chief Operating Officer
Morton Caldwell Bell	VP-Chief Underwriting Officer
William Carl Ludwig JD	VP-Chief Claims Officer

OTHERS

Ronald Joseph Goff, VP-Chief Sales & Marketing Officer
Thomas William Mueller CPA, VP Finance & Controller

David Wayne McKenney, Regional VP-Claims
Susan Elaine Salman, Assistant Secretary #

DIRECTORS OR TRUSTEES

Gary Birnbaum MD, JD
Howard Irwin Dickey-White MD
Steven Lee Salman JD
John Michael Surso MD
Thayne Robert Alred MD #

Christopher Boshkos MD
Joseph Richard Hellmann MD
Darrel Joseph Scott JD
Joseph James Zigray CPA

State of Ohio
County of Franklin

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)
Howard Irwin Dickey-White, MD
(Printed Name)
1.
President
(Title)

(Signature)
Joseph Richard Hellmann, MD
(Printed Name)
2.
Secretary
(Title)

(Signature)
Joseph James Zigray, CPA
(Printed Name)
3.
Treasurer
(Title)

Subscribed and sworn to before me this
day of _____, 2012

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

Yes [] No [X]
1
04/03/2012
2

(Notary Public Signature)

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE **HEALTHCARE UNDERWRITERS GROUP MUTUAL OF OHIO**
Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Healthcare Underwriters Group Mutual of Ohio (the Company) are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

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

Premiums written directly, net of premiums ceded pursuant to reinsurance agreements, are earned ratably over the terms of the underlying policies. Premiums written, net of reinsurance ceded, relating to the unexpired portion of policies in-force at the balance sheet date are recorded as unearned premiums. Unearned premiums include a provision for death, disability and retirement reserves, which is accrued based on management's estimate of future earned free tail policies.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (3) The Company has no investments in common stocks.
- (4) The Company has no investments in preferred stocks.
- (5) The Company has no mortgage loans on real estate.
- (6) The Company has no loan-backed securities.
- (7) The Company has no investments in subsidiaries, controlled and affiliated companies.
- (8) The Company has no investments in joint ventures, partnerships and limited liability companies.
- (9) The Company has no derivatives.
- (10) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience and actuarial input, 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 liabilities are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company's capitalization policy has not changed from the prior period.
- (13) The Company has no pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors

There were no accounting changes and corrections of errors during 2011.

3. Business Combinations and Goodwill

There have been no business combinations.

4. Discontinued Operations

There are no discontinued operations.

5. Investments

- A. The Company has no mortgage loans.
- B. The Company has no restructured debt.
- C. The Company has no reverse mortgages.
- D. The Company has no loan-backed securities.
- E. The Company has no repurchase agreements.
- F. The Company has no investments in real estate.
- G. The Company has no investments in low-income housing.

6. Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in joint ventures, partnerships or limited liability companies.

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE **HEALTHCARE UNDERWRITERS GROUP MUTUAL OF OHIO**
Notes to Financial Statements

7. Investment Income

No investment income due and accrued was excluded from surplus.

8. Derivative Instruments

The Company has no derivative investments.

9. Income Taxes

A. The components of the net deferred tax asset at December 31 are as follows:

	12/31/2011			12/31/2010			Change		
	Ordinary	Capital	Total	Ordinary	Cap	Total	Ordinary	Cap	Total
1.									
A. Gross Deferred Tax Assets	\$ 880,604	---	\$880,604	\$818,146	---	\$818,146	\$ 62,458	---	\$ 62,458
B. Statutory Valuation Allowance Adjust.	---	---	---	---	---	---	---	---	---
C. Adjusted Gross Deferred Tax Assets	880,604	---	880,604	818,146	---	818,146	62,458	---	62,458
D. Deferred Tax Liabilities	(38,894)	---	(38,894)	(70,408)	---	(70,408)	31,514	---	31,514
E. Subtotal (Net Deferred Tax Assets)	841,710	---	841,710	747,738	---	747,738	93,972	---	93,972
F. Deferred Tax Assets Nonadmitted	(142,412)	---	(142,412)	(110,837)	---	(110,837)	(31,575)	---	(31,575)
G. Net Admitted Deferred Tax Assets (1E – 1F)	\$ 699,298	---	\$ 699,298	\$ 636,901	---	\$ 636,901	\$ 62,397	---	\$ 62,397
2. Not applicable.									
3. Not applicable.									
4. Admission Calculation Components	12/31/2011			12/31/2010			Change		
SSAP No. 10R, Par 10 a, 10 b and 10 c:	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
A. SSAP No. 10R, Paragraph 10 a	\$ 426,991	---	\$ 426,991	\$ 400,566	---	\$ 400,566	\$ 26,425	---	\$ 26,425
B. SSAP No. 10R, Paragraph 10 b	272,307	---	272,307	236,335	---	236,335	35,972	---	35,972
C. SSAP No. 10R, Paragraph 10 b i	272,307	---	272,307	236,335	---	236,335	35,972	---	35,972
D. SSAP No. 10R, Paragraph 10 b ii	1,209,667	---	1,209,667	1,204,390	---	1,204,390	5,277	---	5,277
E. SSAP No. 10R, Paragraph 10 c	38,894	---	38,894	70,408	---	70,408	(31,514)	---	(31,514)
F. Total (4A + 4B + 4E)	\$738,192	---	\$738,192	\$707,309	---	\$707,309	\$ 30,883	---	\$ 30,883
	12/31/2011			12/31/2010			Change		
5. SSAP No. 10R, Par 10 a, 10 b, and 10 c:	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
A. Admitted Deferred Tax Assets	\$ 699,298	---	\$ 699,298	\$ 636,901	---	\$ 636,901	\$ 62,397	---	\$ 62,397
B. Admitted Assets	26,107,635	---	26,107,635	25,763,131	---	25,763,131	344,504	---	344,504
C. Adjusted Statutory Surplus	13,051,728	---	13,051,728	12,043,901	---	12,043,901	1,007,827	---	1,007,827
D. Total Adjusted Capital from DTA's	13,051,728	---	13,051,728	12,043,901	---	12,043,901	1,007,827	---	1,007,827
Increases due to SSAP No. 10R, Par 10 e									
E. Admitted Deferred Tax Assets	---	---	---	---	---	---	---	---	---
F. Admitted Assets	---	---	---	---	---	---	---	---	---
G. Statutory Surplus	---	---	---	---	---	---	---	---	---
B. Not applicable									

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE **HEALTHCARE UNDERWRITERS GROUP MUTUAL OF OHIO**
Notes to Financial Statements

C. Current income taxes incurred consist of the following major components:

	12/31/2011	12/31/2010	Change
9C1. Current Income Tax			
9C1A. Federal	\$ 426,991	\$ (161,540)	\$ 588,531
9C1B. Foreign	---	---	---
9C1C. Subtotal	426,991	(161,540)	588,531
9C1D. Federal income tax on net capital gains	(21,156)	(50,139)	28,983
9C1E. Utilization of capital loss carry-forwards	---	---	---
9C1F. Other	---	---	---
9C1G. Federal income taxes incurred	405,835	(211,679)	617,514

2. Deferred Tax Assets:

A. Ordinary

1. Discounting of unpaid losses	259,017	292,330	(33,313)
2. Prepaid management fees	224,422	226,586	(2,164)
3. Unearned premium reserve	182,047	181,526	521
4. Advance premiums	57,025	69,163	(12,138)
5. Fixed assets	15,071	23,506	(8,435)
6. Other	143,022	25,035	117,987
99. Subtotal	880,604	818,146	62,458

B. Statutory valuation allowance adjustment

C. Nonadmitted

D. Admitted deferred tax assets (2A99 – 2B – 2C)

3. Deferred Tax Liabilities:

A. Ordinary

1. Deferred acquisition costs	(23,823)	(46,902)	23,079
2. Fixed assets	(15,071)	(23,506)	8,435
99. Deferred tax liabilities	(38,894)	(70,408)	31,514
4. Net deferred tax assets/liabilities (2D – 3A 99)	\$ 699,298	\$ 636,901	\$ 62,397

D. Not applicable.

E. Not applicable.

F. Not applicable.

10. Information Concerning Parent, Subsidiaries and Affiliates

The day-to-day operations of the Company are managed by a management company, Global Insurance Management Company of Ohio, L.L.C. (GIMC). Under a multiple year management agreement, GIMC is compensated for its services based on a percentage of the Company's gross written premium. During 2011, the Company paid \$1,425,090 in management fees to GIMC. Additionally, as an incentive to manage to a profitable loss ratio, GIMC is eligible to receive a bonus if a better than anticipated loss ratio and certain operating income levels are achieved. At December 31, 2011 and 2010, the Company had accrued \$557,425 and \$1,368,390 in incentive bonuses payable to GIMC, respectively. During 2011 and 2010, the Company paid \$1,368,390 and \$839,926 in incentive bonuses, respectively.

11. Debt

Not applicable.

12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans.

Not applicable.

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE **HEALTHCARE UNDERWRITERS GROUP MUTUAL OF OHIO**
Notes to Financial Statements

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

- (1) The Company is organized as a non-assessable mutual company and therefore, has no capital stock. The Company's policyholders are its owners. Each policyholder is required to make a one-time capital contribution equivalent to one (1) year's premium based upon a mature (fifth) year claims made rate. The policyholders form a Board of Directors that is responsible for supervising the mutual.
- (2) The Company has no preferred stock outstanding.
- (3), (4) & (5) Under Ohio insurance statutes, dividends can only be paid from net realized savings and net realized earnings which are in excess of the Company's minimum required surplus as determined on a statutory basis. No dividend may be paid without providing notice to the Ohio Department of Insurance (ODI) and giving the ODI 30 days to disapprove such dividend. An ordinary dividend in the amount of \$1,000,000 was declared and paid by the Company on November 8, 2011 after providing the ODI with appropriate notice. An ordinary dividend in the amount of \$1,000,000 was declared and paid by the Company on October 26, 2010 after providing the ODI with appropriate notice.
- (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (7) There were no advances to surplus not repaid.
- (8) The amount of stock withheld by the Company for special purposes - Not applicable.
- (9) The Company has no changes in the balances of any special surplus funds from the prior year.
- (10) Unassigned funds (surplus) is not represented or reduced by unrealized gains and losses, separate account business, asset valuation reserves or provision for reinsurance.
- (11) Surplus Notes - None.
- (12) & (13) Quasi-reorganizations - Not applicable.

14. Contingencies

- (A) Contingent Commitments - The Company had no material contingent liabilities during 2011.
- (B) Assessments - The Company had no assessments that could have a material financial effect during 2011.
- (C) Gain Contingencies - The Company had no gain contingencies during 2011.
- (D) Claims related extra contractual obligation and bad faith losses stemming from lawsuits. - The Company made no payments during 2011.
- (E) Product warranties – The Company has no product warranties.
- (F) All Other contingencies -The Company had no other contingencies during 2011.

15. Leases - The Company has no leases.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk - Not Applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - Not Applicable

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans - Not Applicable

19. Direct Premium Written/Produced by Managing General Agent/Third Party Administrators – None

20. Fair Value Measurements – Not Applicable

21. Other Items – None

22. Events Subsequent – None

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE **HEALTHCARE UNDERWRITERS GROUP MUTUAL OF OHIO**
Notes to Financial Statements

23. Reinsurance - Losses and a pro rata share of allocated loss adjustment expenses on such losses are reinsured under an excess of loss reinsurance contract. The Company reinsures all risks in excess of its initial \$250,000 retention up to \$1,000,000 through a primary excess of loss contract. The Company's recovery of losses from reinsurers is limited to 325% of the maximum reinsurance premiums paid or payable per reinsurance contract period. The ultimate reinsurance premiums paid by the Company on the primary excess of loss contract are based on 102.5% of cumulative losses and loss adjustment expenses paid and reserved under the contracts plus a percentage of written premiums, subject to certain minimum and maximum limitations. The Company expenses reinsurance premiums based on its estimate of ultimate reinsurance premiums to be paid. Estimates of ultimate reinsurance premiums to be paid are continually reviewed by management and updated, with any resulting adjustment reflected in current operating results. The Company is a 10% participant in the primary layer of the excess of loss reinsurance contract. Losses in excess of \$1,000,000 up to \$2,000,000 are reinsured under a fixed cost reinsurance contract.

(A) Unsecured Reinsurance Recoverables - None
(B) Reinsurance Recoverable in Dispute - None
(C) Reinsurance Assumed and Ceded - No return commission would be due reinsurers if the Company's reinsurance was canceled.
(D) Uncollectible Reinsurance - None
(E) Commutation of Ceded Reinsurance - None
(F) Retroactive Reinsurance - None
(G) Reinsurance Accounted for as a Deposit – None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination - Not Applicable

25. Change in Incurred Losses – Net reserves for losses and loss adjustment expenses as of December 31, 2011 related to insured events of prior years decreased \$1,625,000 as a result of re-estimation of unpaid claims for the loss years 2007 and 2010 because the Company has reduced its estimates of claims frequency and severity related to those years. Based on recent internal and industry claims data, management believes claims frequency and severity for those earlier years will be less than was actuarially projected and that claims severity (i.e. the average size of a claim) is increasing at a rate slower than was estimated when reserves for those years were established. No return premiums have been accrued as a result of the prior-year effects.

26. Intercompany Pooling Arrangements- Not Applicable

27. Structured Settlements - Not Applicable

28. Health Care Receivables - Not Applicable

29. Participating Policies - Not Applicable

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	\$ 0
2. Date of the most recent evaluation of this liability	12/31/2011
3. Was anticipated investment income utilized in the calculation?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

31. High Deductibles - Not Applicable

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses - Not Applicable

33. Asbestos/Environmental Reserves - Not Applicable

34. Subscriber Savings Account - Not Applicable

35. Multiple Peril Crop Insurance - Not Applicable

36. Financial Guaranty Insurance – Not Applicable