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- Tax provision and Ohio Health Alliance reserve adjustment
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Adjustment Tax provision adjustment

Ohio Health Alliance reserve adjustment



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ANNUAL STATEMENT

For the Year Ending December 31, 2011

OF THE CONDITION AND AFFAIRS OF THE

Paramount Advantage

NAIC Group Code	1212 (Current Period)	1212 (Prior Period)	NAIC Company Code	12353	Employer's ID Number	20-3376102
Organized under the Laws of	Ohio		State of Domicile or Port of Entry		Ohio	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health <input type="checkbox"/>	Property/Casualty <input type="checkbox"/>	Hospital, Medical & Dental Service or Indemnity <input type="checkbox"/>			
	Dental Service Corporation <input type="checkbox"/>	Vision Service Corporation <input type="checkbox"/>	Health Maintenance Organization <input checked="" type="checkbox"/>			
	Other <input type="checkbox"/>	Is HMO Federally Qualified? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/>				
Incorporated/Organized	08/10/2005		Commenced Business	12/01/2005		
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)			
Mail Address	P.O. Box 928 (Street and Number or P.O. Box)		(419)887-2500 (Area Code) (Telephone Number)			
Primary Location of Books and Records	1901 Indian Wood Circle (Street and Number)		Toledo, OH 43697-0928 (City or Town, State and Zip Code)			
	Maumee, OH 43537 (City or Town, State and Zip Code)		(419)887-2500 (Area Code) (Telephone Number)			
Internet Website Address	www.paramounthealthcare.com					
Statutory Statement Contact	Mary Kathereen Siefke, Mrs. (Name)		(419)887-2909 (Area Code)(Telephone Number)(Extension)			
	mary.siefke@promedica.org (E-Mail Address)		(419)887-2020 (Fax Number)			

OFFICERS

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

OTHERS

Jeffrey William Martin Mr.
Mark Henry Moser Mr. John David Meier M.D.

DIRECTORS OR TRUSTEES

Russel Leo Dempsey Mr.
John Charles Randolph Mr.
Steven R. Zirkel Mr.
Timothy Ingraham Martindale Mr.
Deborah Anne Dickenson Peters Ms.
James Frederick Weber Mr.
Richard Dean Heltzel Mr.
Harold Lee Dunn Mr.
Calvin Joseph Lawshe Mr.
Garry Walter Roberts 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 _____, 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

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(Notary Public Signature)

DIRECTORS OR TRUSTEES (continued)

David Scott Hickman Mr. #
Timothy Bublick Mr. #
Thomas Phillip Cox M.D. #
Richard Lawrence Munk M.D. #

Dale Joseph Seymour Mr. #
Mark Leslie Ferris Mr. #
Cathy Lynn Cantor M.D. #

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	26,042,481		26,042,481	20,925,440
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	477,000		477,000	525,435
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	1,341,475		1,341,475	
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance				
9. General expenses due or accrued	4,213,751		4,213,751	3,382,989
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))	310,660		310,660	445,537
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	2,704,962		2,704,962	
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	157		157	2,924
16. Derivatives				
17. Payable for securities	599,677		599,677	
18. Payable for securities lending				
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
20. Reinsurance in unauthorized companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans				
23. Aggregate write-ins for other liabilities (including \$.....0 current)				
24. TOTAL Liabilities (Lines 1 to 23)	35,690,163		35,690,163	25,282,325
25. Aggregate write-ins for special surplus funds	XXX	XXX		
26. Common capital stock	XXX	XXX		
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	31,621,685	31,621,685
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX		
31. Unassigned funds (surplus)	XXX	XXX	16,796,142	10,479,102
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	48,417,827	42,100,787
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	XXX	XXX	84,107,990	67,383,112
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.	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		Prior Year
	1 Uncovered	2 Total	3 Total
	XXX	1,114,225	1,050,218
1. Member Months	XXX	1,114,225	1,050,218
2. Net premium income (including \$.....0 non-health premium income)	XXX	240,781,087	213,540,190
3. Change in unearned premium reserves and reserve 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	240,781,087	213,540,190
Hospital and Medical:			
9. Hospital/medical benefits		157,153,782	141,744,803
10. Other professional services		952,169	895,167
11. Outside referrals			
12. Emergency room and out-of-area		25,767,849	23,478,644
13. Prescription drugs		12,233,133	2,968,401
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)		196,106,933	169,087,015
Less:			
17. Net reinsurance recoveries		353,438	237,705
18. TOTAL Hospital and Medical (Lines 16 minus 17)		195,753,495	168,849,310
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....1,591,856 cost containment expenses		2,234,046	1,104,389
21. General administrative expenses		33,107,580	29,452,454
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)		231,095,121	199,406,153
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	9,685,966	14,134,037
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		55,908	68,197
26. Net realized capital gains (losses) less capital gains tax of \$.....0		10,599	2,008
27. Net investment gains (losses) (Lines 25 plus 26)		66,507	70,205
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)	XXX	9,752,473	14,204,242
31. Federal and foreign income taxes incurred	XXX	3,430,839	4,071,039
32. Net income (loss) (Lines 30 minus 31)	XXX	6,321,634	10,133,203
DETAILS OF WRITE-INS			
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 (Line 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 (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	42,100,787	31,886,078
34. Net income or (loss) from Line 32	6,321,634	10,133,203
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	(22,283)	(1,218)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	23,331	(1,432,059)
39. Change in nonadmitted assets	(5,642)	1,514,783
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		
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)	6,317,040	10,214,709
49. Capital and surplus end of reporting year (Line 33 plus 48)	48,417,827	42,100,787
DETAILS OF WRITE-INS		
4701.		
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)		

CASH FLOW

		1 Current Year	2 Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	239,421,836	194,578,059
2.	Net investment income	47,381	134,709
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	239,469,217	194,712,768
5.	Benefit and loss related payments	190,635,112	166,641,214
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	34,559,299	29,191,510
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	3,577,400	4,920,840
10.	Total (Lines 5 through 9)	228,771,811	200,753,564
11.	Net cash from operations (Line 4 minus Line 10)	10,697,406	(6,040,796)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	6,154,627	
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	599,677	
12.8	Total investment proceeds (Lines 12.1 to 12.7)	6,754,304	
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	8,191,666	1,000,003
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications	591	
13.7	Total investments acquired (Lines 13.1 to 13.6)	8,192,257	1,000,003
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(1,437,953)	(1,000,003)
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		
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)	(1,736,822)	1,386,542
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,736,822)	1,386,542
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)	7,522,632	(5,654,257)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	58,610,226	64,264,483
19.2	End of year (Line 18 plus Line 19.1)	66,132,858	58,610,226

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

20.0001	.....	.....	.....
20.0002	.....	.....	.....

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	240,781,087							240,781,087		
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$.....0 medical expenses)									XXX	
4. Risk revenue									XXX	
5. Aggregate write-ins for other health care related revenues									XXX	
6. Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7. TOTAL Revenues (Lines 1 to 6)	240,781,087							240,781,087		
8. Hospital/medical benefits	157,153,782							157,153,782		
9. Other professional services	952,169							952,169		
10. Outside referrals									XXX	
11. Emergency room and out-of-area	25,767,849							25,767,849		
12. Prescription drugs	12,233,133							12,233,133		
13. Aggregate write-ins for other hospital and medical									XXX	
14. Incentive pool, withhold adjustments and bonus amounts									XXX	
15. Subtotal (Lines 8 to 14)	196,106,933							196,106,933		
16. Net reinsurance recoveries	353,438							353,438		
17. TOTAL Hospital and Medical (Lines 15 minus 16)	195,753,495							195,753,495		
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$.....1,591,856 cost containment expenses	2,234,046							2,234,046		
20. General administrative expenses	33,107,580							33,107,580		
21. Increase in reserves for accident and health contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
22. Increase in reserves for life contracts										
23. TOTAL Underwriting Deductions (Lines 17 to 22)	231,095,121							231,095,121		
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	9,685,966							9,685,966		
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page										XXX
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page										XXX
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2. Medicare Supplement .....	.....	.....	.....	.....
3. Dental only .....	.....	.....	.....	.....
4. Vision only .....	.....	.....	.....	.....
5. Federal Employees Health Benefits Plan .....	.....	.....	.....	.....
6. Title XVIII - Medicare .....	.....	.....	.....	.....
7. Title XIX - Medicaid	242,285,974	.....	1,504,887	240,781,087
8. Other health .....	.....	.....	.....	.....
9. Health subtotal (Lines 1 through 8)	242,285,974	.....	1,504,887	240,781,087
10. Life .....	.....	.....	.....	.....
11. Property/casualty .....	.....	.....	.....	.....
12. TOTALS (Lines 9 to 11)	242,285,974	.....	1,504,887	240,781,087

UNDERWRITING AND INVESTMENT EXHIBIT

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

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	11,058	11,244	11,241	11,240	11,240
2. 2007	108,782	123,514	123,538	123,540	123,539
3. 2008	XXX	129,560	145,046	145,430	145,433
4. 2009	XXX	XXX	169,264	184,145	184,173
5. 2010	XXX	XXX	XXX	151,375	168,858
6. 2011	XXX	XXX	XXX	XXX	173,122

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	11,179	11,244	11,241	11,240	11,240
2. 2007	124,452	123,896	123,538	123,540	123,539
3. 2008	XXX	149,182	146,093	145,430	145,433
4. 2009	XXX	XXX	187,910	184,871	184,173
5. 2010	XXX	XXX	XXX	171,574	168,872
6. 2011	XXX	XXX	XXX	XXX	199,150

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2007	140,099	123,539	2,510	2.032	126,049	89.971			126,049	89.971
2. 2008	164,135	145,433	2,625	1.805	148,058	90.205			148,058	90.205
3. 2009	210,891	184,173	1,973	1.071	186,146	88.266			186,146	88.266
4. 2010	213,540	168,858	1,492	0.884	170,350	79.774	14		170,364	79.781
5. 2011	240,781	173,122	1,970	1.138	175,092	72.718	26,028	477	201,597	83.726

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare NONE

UNDERWRITING AND INVESTMENT EXHIBIT

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

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	11,058	11,244	11,241	11,240	11,240
2. 2007	108,782	123,514	123,538	123,540	123,539
3. 2008	XXX	129,560	145,046	145,430	145,433
4. 2009	XXX	XXX	169,264	184,145	184,173
5. 2010	XXX	XXX	XXX	151,375	168,858
6. 2011	XXX	XXX	XXX	XXX	173,122

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	11,179	11,244	11,241	11,240	11,240
2. 2007	124,452	123,896	123,538	123,540	123,539
3. 2008	XXX	149,182	146,093	145,430	145,433
4. 2009	XXX	XXX	187,910	184,871	184,173
5. 2010	XXX	XXX	XXX	171,574	168,872
6. 2011	XXX	XXX	XXX	XXX	199,150

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2007	140,099	123,539	2,510	2.032	126,049	89.971			126,049	89.971
2. 2008	164,135	145,433	2,625	1.805	148,058	90.205			148,058	90.205
3. 2009	210,891	184,173	1,973	1.071	186,146	88.266			186,146	88.266
4. 2010	213,540	168,858	1,492	0.884	170,350	79.774	14		170,364	79.781
5. 2011	240,781	173,122	1,970	1.138	175,092	72.718	26,028	477	201,597	83.726

UNDERWRITING AND INVESTMENT EXHIBIT

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

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior
2. 2007
3. 2008
4. 2009
5. 2010	XXX .....	.....
6. 2011	XXX	XXX	XXX	XXX	XXX

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior
2. 2007
3. 2008
4. 2009
5. 2010	XXX .....	.....
6. 2011	XXX	XXX	XXX	XXX	XXX

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2007
2. 2008
3. 2009
4. 2010
5. 2011

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Paramount Advantage (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	2011	2010
	Ohio		
NET INCOME			
Paramount Advantage state basis	6,321,634	10,133,203	
State Prescribed Practices that increase/(decrease) NAIC SAP	-	-	
State Permitted Practices that increase/(decrease) NAIC SAP	-	-	
NAIC SAP	6,321,634	10,133,203	
SURPLUS			
Paramount Advantage state basis	48,417,827	42,100,787	
State Prescribed Practices that increase/(decrease) NAIC SAP	-	-	
State Permitted Practices that increase/(decrease) NAIC SAP	-	-	
NAIC SAP	48,417,827	42,100,787	

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 connections 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.

Notes to Financial Statements

7. The Company has no investments in subsidiaries.
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. 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 modified its capitalization policy in the current year to those qualifying expenses over \$2,500.
13. The Company estimates its pharmaceutical rebate receivables based on historical cash payments.

2. Accounting Changes and Corrections of Errors

-NOT APPLICABLE

3. Business Combinations and Goodwill

-NOT APPLICABLE

4. Discontinued Operations

-NOT APPLICABLE

5. Investments

- A. The company does not have any Mortgage Loan investments.
- B. The company is not a creditor for any Restructured Debt.
- C. The company does not have any reverse mortgages.
- D. The company does not have any loan-backed securities.
- E. The company does not have any re-purchase agreements.
- F. The company does not have any real estate investments.

6. Joint ventures, Partnerships and Limited Liability Companies

-NOT APPLICABLE

7. Investment Income

The Company does not have any nonadmitted accrued investment income.

8. Derivative Instruments

-NOT APPLICABLE

9. Income Taxes

The application of SSAP No. 10R requires a company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance if necessary to reduce the

Notes to Financial Statements

deferred tax asset to an amount which is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the Company considers many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) the timing of reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry forwards; (5) the length of time that carryovers can be used; (6) unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Company would employ to avoid a tax benefit expiring unused. Although the realization is not assured, the Company believes it is more likely than not that the deferred tax assets, net of valuation allowances, will be realized. The Company has not recorded a valuation allowance as of December 31, 2011.

A. -Components of Deferred Tax Assets (“DTA’s”) and Deferred Tax Liabilities (“DTL’s”) as of December 31, 2011 and 2010 are as follows:

	12/31/2011			12/31/2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	\$ 161,604	\$ 5,982	\$ 167,586	\$ 144,255		\$ 144,255	\$ 17,349	\$ 5,982	\$ 23,331
Statutory valuation allowance	-	-	-	-	-	-	-	-	-
Adjusted gross deferred tax assets	161,604	5,982	167,586	144,255	-	144,255	17,349	5,982	23,331
Gross deferred tax liabilities	-	-	-	-	-	-	-	-	-
Net deferred tax asset	161,604	5,982	167,586	144,255	-	144,255	17,349	5,982	23,331
Total Deferred tax assets nonadmitted		5,982	5,982			-	-	5,982	5,982
Net admitted deferred tax assets	\$ 161,604	\$ -	\$ 161,604	\$ 144,255	\$ -	\$ 144,255	\$ 17,349	\$ -	\$ 17,349

The Company has not elected to admit DTA's pursuant to SSAP 10R, paragraph 10.e in 2011 or 2010.

The amount of admitted adjusted gross deferred tax assets admitted under each component of SSAP 10R:

	2011			2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP No. 10R, Paragraph 10.a.	\$ 161,604		161,604	\$ 144,255		144,255	\$ 17,349	\$ -	\$ 17,349
SSAP No. 10R, Paragraph 10.b.	-	-	-	-	-	-	-	-	-
(the lesser of paragraph 10.b.i and 10.b.ii. below)							-	-	-
SSAP No. 10R, Paragraph 10.b.i.	-	-	-	-	-	-	-	-	-
SSAP No. 10R, Paragraph 10.b.ii.	-	-	4,690,925	-	-	4,012,862	-	-	678,063
SSAP No. 10R, Paragraph 10.c.	-	-	-	-	-	-	-	-	-
Total	\$ 161,604	\$ -	\$ 161,604	\$ 144,255	\$ -	\$ 144,255	\$ 17,349	\$ -	\$ 17,349
SSAP No. 10R, Paragraph 10.e.i..			-			-	-	-	-
SSAP No. 10R, Paragraph 10.e.ii.	-	-	-	-	-	-	-	-	-
(the lesser of paragraph 10.e.ii.a and 10.e.ii.b below)							-	-	-
SSAP No. 10R, Paragraph 10.e.ii.a.	-	-	-	-	-	-	-	-	-
SSAP No. 10R, Paragraph 10.e.ii.b.	-	-	-	-	-	-	-	-	-
SSAP No. 10R, Paragraph 10.e.iii.	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Used in SSAP No. 10R, Paragraph 10.d.									
Total Adjusted Capital			\$ 48,417,827			\$ 42,100,787			\$ 6,317,040
Authorized Control Level			8,565,181			8,236,926			\$ 328,255

Notes to Financial Statements

	2011			2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP No.10R, Paragraphs 10.a., 10.b., and 10.c									
Admitted DTAs	\$ 161,604		\$ 161,604	\$ 144,255		\$ 144,255	\$ 17,349		\$ 17,349
Admitted Assets			84,107,990			67,383,112	0		16,724,878
Adjusted Statutory Surplus			48,417,827			42,100,787	0		6,317,040
Total Adjusted Capital from DTAs			48,417,827			42,100,787	0		6,317,040
Increase due to SSAP No.10R, Paragraph 10.e.									
Admitted DTAs	-	-	-	-	-	-	-	-	-
Admitted Assets	-	-	-	-	-	-	-	-	-
Statutory Surplus	-	-	-	-	-	-	-	-	-

	2011		
	Ordinary	Capital	Total

Impact of Tax Planning Strategies	-	-	-
Adjusted Gross DTAs	-	-	-
(% Total Adjusted Gross DTAs)			
Net Admitted Adjusted Gross DTAs	-	-	-
(% of Total Net Admitted Adjusted Gross DTAs)			

B. -There are no temporary differences for deferred tax liabilities that are not recognized at December 31, 2011 and 2010.

C. -Current income taxes incurred consisted of the following major components at December 31, 2011 and 2010 are as follows:

Notes to Financial Statements

	<u>12/31/2011</u>	<u>12/31/2010</u>	<u>Change</u>
Current Income Tax			
Federal	\$ 3,432,210	\$ 4,107,686	\$ (675,476)
Other	<u>(1,371)</u>	<u>(36,647)</u>	<u>35,276</u>
Federal income taxes incurred	<u>\$ 3,430,839</u>	<u>\$ 4,071,039</u>	<u>\$ (640,200)</u>
Deferred tax assets:			
Ordinary			
Unearned premiums			\$ -
Discounting on claims payable	156,529	139,061	17,468
Allowance for doubtful accounts	-	119	(119)
Other	<u>5,075</u>	<u>5,075</u>	<u>-</u>
Subtotal	<u>161,604</u>	<u>144,255</u>	<u>17,349</u>
Nonadmitted			-
Admitted ordinary deferred tax assets	<u>161,604</u>	<u>144,255</u>	<u>17,349</u>
Capital			
Other	<u>5,982</u>	<u>-</u>	<u>5,982</u>
Subtotal	<u>5,982</u>	<u>-</u>	<u>5,982</u>
Nonadmitted	<u>5,982</u>	<u>-</u>	<u>5,982</u>
Admitted capital deferred tax assets	<u>-</u>	<u>-</u>	<u>-</u>
Admitted deferred tax assets	<u>161,604</u>	<u>144,255</u>	<u>17,349</u>
Deferred tax liabilities:			
Ordinary			
Basis difference in fixed assets	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Capital			
Unrealized gain	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net deferred tax assets/liabilities	<u>\$ 161,604</u>	<u>\$ 144,255</u>	<u>\$ 17,349</u>

D.-Analysis of Actual Income Tax Expense

The Company's income tax expense differs from the amount obtained by applying the statutory rate of 35% to pretax net income for the following reasons at December 31:

	<u>2011</u>	<u>%</u>	<u>2010</u>	<u>%</u>
Provision computed at statutory rate	\$ 3,413,366	35 %	\$ 4,971,485	35 %
Prior years provision to return adjustment			(36,647)	
Other	<u>6</u>	<u>-</u>	<u>568,260</u>	<u>4</u>
Total	<u>\$ 3,413,372</u>	<u>35 %</u>	<u>\$ 5,503,098</u>	<u>39 %</u>
Federal income taxes incurred	\$ 3,430,839	35 %	\$ 4,071,039	29 %
Change in net deferred income taxes	(23,331)		1,432,059	10
Other	<u>5,864</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total statutory income taxes	<u>\$ 3,413,372</u>	<u>35 %</u>	<u>\$ 5,503,098</u>	<u>39 %</u>

E.-At December 31, 2011 and 2010, the Company had no operating loss carryforwards to utilize in future years.

Notes to Financial Statements

The following is income tax incurred for 2009, 2010 and 2011 that is available for recoupment in the event of future net losses:

<u>Year</u>	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
2009			
2010	\$ 4,105,612	702	\$ 4,106,314
2011	3,428,500	3,710	3,432,210

F.-The Company is a party to a tax sharing agreement with the parent company, PIC, and the affiliated entities as follows: Paramount Preferred Options (PPO), Paramount Care of Michigan, Inc. (PCM), Paramount Care, Inc. (PCI), Paramount Benefits Agency (PBA), Paramount Insurance Company (PICO) and Paramount Enhanced Care Management (PECM). Tax returns are completed on a consolidated basis. However, allocation is based upon separate return calculations with current credit for net losses. The method of allocation between the companies is subject to a written agreement approved by the Board of Directors. Intercompany tax balances are settled through the holding company, PIC.

G-Accounting for tax contingencies

For the years ended December 31, 2011 and 2010, the Company did not have tax contingencies under the principles of SSAP No. 5, *Liabilities, Contingencies and Impairment of Assets*.

The Company is primarily subject to U.S. federal and various U.S. state and local tax authorities. Tax years subsequent to 2007 remain open to examination by the Internal Revenue Service, and 2006 remains open to other state and local tax authorities. As of December 31, 2011, there are no U.S. federal or state returns under examination.

10. Information Concerning Parent, Subsidiaries and Affiliates

The Company is ultimately controlled by ProMedica Health System, Inc. (“ProMedica”), a nonprofit holding company exempt from federal taxation under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code. The Company’s affiliates include PCI, PCM, PPO, PICO, PBA and PECM. The Company also has many area hospitals as affiliates such as Toledo Hospital, Toledo Children’s Hospital, Flower Hospital, Bay Park Hospital, Emma L. Bixby Hospital, Defiance Hospital, Fostoria Hospital, Herrick Memorial Hospital and St. Luke’s Hospital. ProMedica Physician Group, a group of physicians owned by ProMedica, is also an affiliate of the Company.

The Company shares employees, services and assets pursuant to a Management Services Sharing Agreement with PCI. The shared services include member services, sales, accounting, information systems, medical direction and management, claims processing, provider relations and community relations. The cost of shared services is allocated between the Company and PCI based upon the percentage of subscribers at the end of each calendar month. For the years ended December 31, 2011 and 2010, the Company was allocated general administrative expenses of \$6,938,902 and \$6,568,384 respectively.

ProMedica allocates corporate overhead to all ProMedica entities pursuant to a Cost Allocation Agreement. The Company was allocated \$7,529,454 and \$5,650,246 of overhead expense in 2011 and 2010, respectively. The amount is to compensate ProMedica for the services provided to the Company for corporate staff primarily in management, legal services, information services and investment management.

Balances outstanding with affiliated entities at December 31, 2011 and 2010:

Notes to Financial Statements

	Due from	Due from	Due to	Due to
	2011	2010	2011	2010
Paramount Care, Inc.	\$ 2,265,363	\$ 826,346		
ProMedica Health System			\$ 157	
Flower Market				\$ 53
Paramount Insurance Company				2,871
ProMedica Insurance Corporation	3,000,000			

Claims paid to affiliated entities during fiscal year 2011 and 2010:

	2011	2010
	Paid	Paid
Bay Park Community Hospital	\$ 8,567,881	\$ 7,728,758
ProMedica North Region	22,083	23,573
Defiance Hospital	3,426,098	3,063,125
Flower Hospital	7,776,205	7,527,903
Fostoria Hospital	2,712,372	2,751,342
Lima Memorial Hospital	3,085,271	3,505,911
ProMedica Physicians Group	7,215,032	6,083,231
ProMedica Continuing Care Services	608,404	1,107,994
St. Lukes Hospital	4,124,305	1,447,810
The Toledo Hospital	44,338,690	40,276,405
	<u>\$ 81,876,341</u>	<u>\$ 73,516,052</u>

Tax payable/receivable amounts to affiliated entities as of 2011 and 2010:

	2011	2010
Paramount Health Care	\$ 1,423,232	\$ 365,316
Paramount Care of Michigan	88,957	(303,656)
Paramount Benefits Agency	(48)	(397)
Paramount Preferred Options	(4,868)	(109,029)
Paramount Advantage	(310,660)	(445,537)
Paramount Insurance Company	564,386	1,330,910
Health Management Solutions	2,203	71,253
Paramount Enhanced Care Management	-	1,047
ProMedica Insurance Corporation	(1,763,202)	(909,907)

11. Debt

-NOT APPLICABLE

12. Retirement Plans, Deferred Compensation, Postemployment Benefits

-NOT APPLICABLE

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

A. The Company is organized as a charitable trust in the State of Ohio and therefore, the Company does not issue any stock.

B. The Company has no preferred stock.

Notes to Financial Statements

- C. Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, to an amount less than 10% of admitted capital (including all dividends within the prior 12 month period). Additionally, the Company must obtain prior approval for dividends not paid from earned surplus.
- D. Within the limitations of [C] above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- E. There were no restrictions placed on the Company's surplus.
- F. The Company did not receive any capital contributions during 2011 and 2010 from ProMedica Insurance Corp.
- G. There is no stock being held by the Company.
- H. The Company has no special surplus funds.
- I. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is: (\$22,283).
- J. The Company has no surplus debentures or other outstanding obligations.
- K. The Company was not involved in a quasi-reorganization during the year.

14. Contingencies

As of the date of this filing, Management is not aware of any contingent commitments, assessments or other contingencies that would materially impact the company.

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

-NOT APPLICABLE

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

-NOT APPLICABLE

20. Fair Value Measurement

-NOT APPLICABLE

21. Other Items

Notes to Financial Statements

The Company has no extraordinary items, troubled debt restructuring or other unusual disclosures to make.

22. Subsequent Events

On January 11, 2012, the Ohio Department of Job and Family Services (“ODJFS”) announced substantial changes in the way the State’s Medicaid managed care program will operate. In conjunction with this announcement, the State issued a request for applications from qualified managed care organizations interested in providing service in 2013. Announced changes include consolidating the Aged, Blind and Disabled (“ABD”) and Covered Families and Children (“CFC”) managed care programs into a single program operated in three districts in the state. The Company currently operates as a managed care provider to the CFC population in one of eight districts in Ohio. On April 6, 2012, the ODJFS announced that the Company is one of five managed care organizations selected to serve all three districts beginning in 2013. These selections are preliminary and subject to protest, and the selected plans must still complete a readiness assessment prior to signing a contract with ODJFS. The results of this process could have a material affect on operations beginning in 2013.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1

1. None of the reinsurers listed in Schedule S as non-affiliated, are owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee or director of the company.
2. None of the polices issued by the company have been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business.

Section 2

1. The company does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit.
2. The company does not have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies.

Section 3

1. The aggregate reduction in surplus for termination of all reinsurance agreements, by either party, as of the date of this statement is \$0.
2. No new agreements have been executed or existing agreements amended since January 1, 2011 to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement.

B. The Company does not have any uncollectible reinsurance recorded on its books.

C. The company had no commutation of reinsurance.

24. Retrospectively Rated Contracts

-NOT APPLICABLE

Notes to Financial Statements

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2010 were \$21,450,875. As of December 31, 2011, \$17,825,304 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$13,907 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Medicaid lines of insurance. Therefore, there has been a \$3,611,664 favorable prior-year development since December 31, 2010 to December 31, 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.

26. Intercompany Pooling Arrangements

-NOT APPLICABLE

27. Structured Settlements

-NOT APPLICABLE

28. Health Care Receivables

The Company estimates its pharmaceutical rebate receivables based on historical cash payments.

Quarter	Estimated Pharmacy Rebates	Pharmacy Rebates as Billed	Actual Rebates Received within 90 days of billing	Actual Rebates Received within 91-180 days of billing	Actual Rebates Received More than 180 days after billing
12/31/2011					
9/30/2011					
6/30/2011	63	63			
3/31/2011	322	476		194	
12/31/2010	1,342	787	-	798	(10)
9/30/2010	1,234	806	-	735	71
6/30/2010	1,168	835	-	764	71
3/31/2010	486,252	312,037	-	307,198	4,839
12/31/2009	977,331	867,985	-	867,148	837
9/30/2009	861,806	798,536	-	798,106	431
6/30/2009	857,006	812,650	-	812,243	317
3/31/2009	828,392	709,573	-	708,951	622

29. Participating Policies

-NOT APPLICABLE

30. Premium Deficiency Reserves

Liability carried for premium deficiency reserve :	\$0
Date of most recent evaluation of this liability:	1/20/2012
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 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[X] No[]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[] N/A[]
Ohio.....

1.3 State Regulating?

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:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2010

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2010

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 09/07/2011

3.4 By what department or departments?

Ohio Department of Insurance

3.5 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]

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

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes[] No[X]

4.12 renewals? Yes[] No[X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes[] No[X]

4.22 renewals? Yes[] No[X]

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

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

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

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

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[] No[X]

7.2 If yes,

7.21 State the percentage of foreign control 0.000%

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity
.....

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 the names and location (city and state of the main office) of any affiliates regulated by a federal financial 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] .. Yes[] No[X] ..				

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit? Deloitte & Touche LLP, 600 Renaissance Center, Suite 900, Detroit, MI 48243-1895

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[] No[X]

10.2 If response to 10.1 is "yes," provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes[X] No[]

10.4 If response to 10.3 is "yes," provide information related to this exemption: Requirements waived as the Company does not meet premium threshold.

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[] N/A[]

10.6 If the answer to 10.5 is "NO" or "N/A" please explain:

GENERAL INTERROGATORIES (Continued)

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Timothy Gustafson FSA, MAAA, Deloitte & Touche LLP, 180 N. Stetson Avenue, Chicago, IL 60601

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[] No[X]

12.11 Name of real estate holding company

0

12.12 Number of parcels involved

\$ 0

12.13 Total book/adjusted carrying value

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

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

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

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

13.3 Have there been any changes made to any of the trust indentures during the year?

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

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

14.1 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.

14.11 If the response to 14.1 is no, please explain:

Yes[] No[X]

14.2 Has the code of ethics for senior managers been amended?

Yes[] No[X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

Yes[] No[X]

14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below?

Yes[] No[X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[] No[X]

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[] No[X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers \$ 0
20.12 To stockholders not officers \$ 0
20.13 Trustees, supreme or grand (Fraternal only) \$ 0

20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers \$ 0
20.22 To stockholders not officers \$ 0
20.23 Trustees, supreme or grand (Fraternal only) \$ 0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others \$ 0
21.22 Borrowed from others \$ 0
21.23 Leased from others \$ 0
21.24 Other \$ 0

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment \$ 0
22.22 Amount paid as expenses \$ 0
22.23 Other amounts paid \$ 0

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[X] No[]

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ 3,000,000

INVESTMENT

24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3)

Yes[X] No[]

24.2 If no, give full and complete information, relating thereto:

24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 17 where this information is also provided)

24.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs.

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

24.6 If answer to 24.4 is no, report amount of collateral for other programs.

\$ 0

\$ 0

GENERAL INTERROGATORIES (Continued)

24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?
 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
 24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending?

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

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3).

Yes[X] No[]

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements	\$	0
25.22 Subject to reverse repurchase agreements	\$	0
25.23 Subject to dollar repurchase agreements	\$	0
25.24 Subject to reverse dollar repurchase agreements	\$	0
25.25 Pledged as collateral	\$	0
25.26 Placed under option agreements	\$	0
25.27 Letter stock or securities restricted as to sale	\$	0
25.28 On deposit with state or other regulatory body	\$	0
25.29 Other	\$	3,408,071

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?
 26.2 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]

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?
 27.2 If yes, state the amount thereof at December 31 of the current year.

Yes[] No[X]
 \$ 0

28. 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 I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[]

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

1 Name of Custodian(s)	2 Custodian's Address
The Bank of New York Mellon	Three Mellon Center, Suite 153-3925, Pittsburg, PA

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?
 28.04 If yes, give full and complete information relating thereto:

Yes[] No[X]

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?
 29.2 If yes, complete the following schedule:

Yes[] No[X]

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 Total

29.3 For each mutual fund listed in the table above, complete the following schedule:

GENERAL INTERROGATORIES (Continued)

1	2	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund		
.....

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

1	2	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
Statement (Admitted) Value	Fair Value	
30.1 Bonds	62,144,497	62,139,535 (4,962)
30.2 Preferred stocks		
30.3 Totals	62,144,497	62,139,535 (4,962)

30.4 Describe the sources or methods utilized in determining the fair values
New York Stock Exchange, American Stock Exchange, NASDAQ, NAIC

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes[X] No[]
31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes[X] No[] N/A[]
31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[]
32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 0
33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....

34.1 Amount of payments for legal expenses, if any? \$ 119,348
34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ 0
35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes [] No [X]	0
1.2 If yes, indicate premium earned on U.S. business only:	\$	0
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$	0
1.31 Reason for excluding:		
1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$	0
1.5 Indicate total incurred claims on all Medicare Supplement insurance.	\$	0
1.6 Individual policies - Most current three years:		
1.61 Total premium earned	\$	0
1.62 Total incurred claims	\$	0
1.63 Number of covered lives	.....	0
All years prior to most current three years:		
1.64 Total premium earned	\$	0
1.65 Total incurred claims	\$	0
1.66 Number of covered lives	.....	0
1.7 Group policies - Most current three years:		
1.71 Total premium earned	\$	0
1.72 Total incurred claims	\$	0
1.73 Number of covered lives	.....	0
All years prior to most current three years:		
1.74 Total premium earned	\$	0
1.75 Total incurred claims	\$	0
1.76 Number of covered lives	.....	0

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator	240,781,087	213,540,190
2.2 Premium Denominator	240,781,087	213,540,190
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4 Reserve Numerator	27,383,956	20,925,440
2.5 Reserve Denominator	27,383,956	20,925,440
2.6 Reserve Ratio (2.4 / 2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes[X] No[]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes[] No[X] N/A[]

5.1 Does the reporting entity have stop-loss reinsurance? Yes[X] No[]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical	\$	390,000
5.32 Medical Only	\$	0
5.33 Medicare Supplement	\$	0
5.34 Dental & Vision	\$	0
5.35 Other Limited Benefit Plan	\$	0
5.36 Other	\$	0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements: The plan has hold harmless provision with network hospitals. Paramount's reinsurance contract provides for payment of certain benefits for 30 days following the event of solvency.

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes[X] No[]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year	.....	1,621
8.2 Number of providers at end of reporting year	.....	1,627

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes[] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months	.....	0
9.22 Business with rate guarantees over 36 months	.....	0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes[] No[X]

10.2 If yes:

10.21 Maximum amount payable bonuses	\$	0
10.22 Amount actually paid for year bonuses	\$	0
10.23 Maximum amount payable withhold	\$	0
10.24 Amount actually paid for year withhold	\$	0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,	Yes[] No[X]
11.13 An Individual Practice Association (IPA), or,	Yes[] No[X]
11.14 A Mixed Model (combination of above)?	Yes[X] No[]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

11.3 If yes, show the name of the state requiring such net worth.

Ohio

11.4 If yes, show the amount required.

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

11.6 If the amount is calculated, show the calculation.

12. List service areas in which the reporting entity is licensed to operate:

1 Name of Service Area
Allen
Auglaize
Defiance
Fulton
Hancock
Hardin
Henry
Lucas
Mercer

GENERAL INTERROGATORIES (Continued)

1	Name of Service Area
Ottawa	
Paulding	
Putnam	
Sandusky	
Seneca	
Van Wert	
Williams	
Wood	
Wyandot	

13.1 Do you act as a custodian for health savings accounts?
 13.2 If yes, please provide the amount of custodial funds held as of the reporting date:
 13.3 Do you act as an administrator for health savings accounts?
 13.4 If yes, please provide the balance of the funds administered as of the reporting date:

Yes[] No[X] \$..... 0
 Yes[] No[X] \$..... 0

FIVE-YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	84,107,990	67,383,112	74,200,501	54,529,042	51,322,669
2. TOTAL Liabilities (Page 3, Line 24)	35,690,163	25,282,325	42,314,423	27,922,157	30,290,550
3. Statutory surplus	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
4. TOTAL Capital and Surplus (Page 3, Line 33)	48,417,827	42,100,787	31,886,078	26,606,885	21,032,119
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	240,781,087	213,540,190	210,891,153	164,134,536	140,098,522
6. TOTAL Medical and Hospital Expenses (Line 18)	195,753,495	168,849,310	184,253,294	148,202,980	121,889,079
7. Claims adjustment expenses (Line 20)	2,234,046	1,104,389	2,110,641	2,765,626	2,462,302
8. TOTAL Administrative Expenses (Line 21)	33,107,580	29,452,454	23,625,912	18,092,616	14,834,537
9. Net underwriting gain (loss) (Line 24)	9,685,966	14,134,037	2,586,306	(4,911,686)	912,604
10. Net investment gain (loss) (Line 27)	66,507	70,205	178,723	1,173,450	2,340,543
11. TOTAL Other Income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	6,321,634	10,133,203	3,602,021	(6,291,921)	3,253,147
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	10,697,406	(6,040,796)	18,874,383	(10,209,865)	4,009,298
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	48,417,827	42,100,787	31,886,078	26,606,885	21,032,119
15. Authorized control level risk-based capital	8,565,181	8,236,926	8,974,642	7,351,696	6,167,707
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	94,188	90,799	83,306	71,922	54,994
17. TOTAL Members Months (Column 6, Line 7)	1,114,225	1,050,218	928,956	780,975	680,773
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	81.3	79.1	87.4	90.3	87.0
20. Cost containment expenses	0.7	0.4	0.7	0.9	1.0
21. Other claims adjustment expenses	0.3	0.2	0.3	0.8	0.8
22. TOTAL Underwriting Deductions (Line 23)	96.0	93.4	98.8	103.0	99.3
23. TOTAL Underwriting Gain (Loss) (Line 24)	4.0	6.6	1.2	(3.0)	0.7
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	17,527,089	15,992,984	16,554,177	15,299,998	11,178,665
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	20,924,098	18,716,002	19,233,831	15,509,182	13,460,426
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[] No[] N/A[X]

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS ALLOCATED BY STATES AND TERRITORIES

State, Etc.	1 Active Status	Direct Business Only								9 Deposit - Type Contracts
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7		
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			242,285,974					242,285,974	
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 Marianas Islands (MP)	N									
57. Canada (CN)	N									
58. Aggregate other alien (OT)	XXX									
59. Subtotal	XXX			242,285,974					242,285,974	
60. Reporting entity contributions for Employee Benefit Plans	XXX									
61. TOTAL (Direct Business)	(a) 1			242,285,974					242,285,974	

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.

Explanation of basis of allocation of premiums by states, etc.: All premiums are allocated to Ohio based on residency as all members must reside in the 18 counties in Ohio listed in the General Interrogatories to be eligible for Medicaid.