



**ANNUAL STATEMENT**  
FOR THE YEAR ENDED DECEMBER 31, 2011  
OF THE CONDITION AND AFFAIRS OF THE  
**Mount Carmel Health Insurance Company**

NAIC Group Code 2838 , NAIC Company Code 13123 Employer's ID Number 251912781  
(Current Period) (Prior Period)

Organized under the Laws of Ohio , State of Domicile or Port of Entry Ohio

Country of Domicile US

Licensed as business type:

Life, Accident and Health  Property/Casualty  Hospital, Medical and Dental Service or Indemnity   
Dental Service Corporation  Vision Service Corporation  Other   
Health Maintenance Organization  Is HMO Federally Qualified? Yes (X) No ( )

Incorporated/Organized November 21, 2007 Commenced Business January 1, 2008

Statutory Home Office 6150 East Broad Street, EE320, Columbus, Ohio 43213  
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 6150 East Broad Street, EE320, columbus, Ohio 43213 6145463211  
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 6150 East Broad Street, EE320, Columbus, Ohio 43213  
(Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 6150 East Broad Street, EE320, Columbus, Ohio 43213  
(Street and Number, City or Town, State and Zip Code)  
6145463211  
(Area Code) (Telephone Number)

Internet Website Address www.medigold.com  
Statutory Statement Contact Veronica Leigh Szydłowski 6145463211  
(Name) (Area Code) (Telephone Number) (Extension)  
vszydłowski@mchs.com 6145463131  
(E-Mail Address) (Fax Number)

### OFFICERS

Jacqueline Primeau (Chairperson)  
Greg Wise (Interim President & CEO)  
Veronica Szydłowski (COO/CFO)

### OTHER OFFICERS

### DIRECTORS OR TRUSTEES

Sister Barbara Hahl, CSC  
Claus von Zychlin  
Daniel Wendorff, MD  
Paula Autry  
Barry Fagan, MD

State of Ohio }  
County of Franklin } SS

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of 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.

Jacqueline Primeau  
Chairperson

Greg Wise  
Interim President & CEO

Veronica Szydłowski  
COO/CFO

Subscribed and sworn to before me this  
day of

a. Is this an original filing? Yes (X) No ( )

b. If no: 1. State the amendment number \_\_\_\_\_

2. Date filed \_\_\_\_\_

3. Number of pages attached \_\_\_\_\_

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	2,614,631		2,614,631	101,280
2. Stocks (Schedule D):				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ....., encumbrances) .....				
4.2 Properties held for the production of income (less \$ ....., encumbrances) .....				
4.3 Properties held for sale (less \$ ....., encumbrances) .....				
5. Cash (\$ ..... (13,779 , Schedule E - Part 1) , cash equivalents (\$ ..... 3,907,442 , Schedule E - Part 2) and short-term investments (\$ ..... 30,355 , Schedule DA) .....	3,924,018		3,924,018	6,658,732
6. Contract loans (including \$ ..... premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....				
9. Receivables for securities .....				
10. Securities lending reinvested collateral assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Line 1 through Line 11) .....	6,538,649		6,538,649	6,760,012
13. Title plants less \$ ..... charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	10,837		10,837	672
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	77,412		77,412	203,636
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....				
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....	130,000		130,000	
18.1 Current federal and foreign income tax recoverable and interest thereon .....				
18.2 Net deferred tax asset .....				
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....				
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....				
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	22,871		22,871	48,881
24. Health care (\$ ..... 30,404 ) and other amounts receivable .....	130,344	99,940	30,404	31,377
25. Aggregate write-ins for other than invested assets .....				
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25) .....	6,910,113	99,940	6,810,173	7,044,578
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Line 26 and Line 27) .....	6,910,113	99,940	6,810,173	7,044,578
<b>DETAILS OF WRITE-INS</b>				
1101 .....				
1102 .....				
1103 .....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above) .....				
2501 .....				
2502 .....				
2503 .....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) .....				

## LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	832,980		832,980	826,942
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	6,296		6,296	6,247
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance	20,915		20,915	23,863
9. General expenses due or accrued	50,544		50,544	45,791
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
13. Remittances and items not allocated				
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)				
15. Amounts due to parent, subsidiaries and affiliates	48,327		48,327	74,936
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ 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 \$ current)				
24. Total liabilities (Line 1 to Line 23)	959,062		959,062	977,779
25. Aggregate write-ins for special surplus funds	XXX	XXX		
26. Common capital stock	XXX	XXX		
27. Preferred capital stock	XXX	XXX	1,000,000	1,000,000
28. Gross paid in and contributed surplus	XXX	XXX	7,500,000	7,500,000
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX		
31. Unassigned funds (surplus)	XXX	XXX	(2,648,889)	(2,433,201)
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$ )	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$ )	XXX	XXX		
33. Total capital and surplus (Line 25 to Line 31 minus Line 32)	XXX	XXX	5,851,111	6,066,799
34. Total liabilities, capital and surplus (Line 24 and Line 33)	XXX	XXX	6,810,173	7,044,578
<b>DETAILS OF WRITE-INS</b>				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Line 2301 through Line 2303 plus Line 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 (Line 2301 through Line 2503 plus Line 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 (Line 3001 through Line 3003 plus Line 3098) (Line 30 above)	XXX	XXX		

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1	2	3
	Uncovered	Total	Total
1. Member Months .....	XXX	8,345	8,654
2. Net premium income (including \$ .....non-health premium income) .....	XXX	8,734,943	9,483,865
3. Change in unearned premium reserves and reserve for rate credits .....	XXX	6,723	142,684
4. Fee-for-service (net of \$ .....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 (Line 2 to Line 7) .....	XXX	8,741,666	9,626,549
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		4,366,215	5,283,967
10. Other professional services .....		2,459,724	3,382,634
11. Outside referrals .....			
12. Emergency room and out-of-area .....			
13. Prescription drugs .....		1,395,418	1,418,633
14. Aggregate write-ins for other hospital and medical .....			
15. Incentive pool, withhold adjustments, and bonus amounts .....			
16. Subtotal (Line 9 to Line 15) .....		8,221,357	10,085,234
<b>Less:</b>			
17. Net reinsurance recoveries .....			
18. Total hospital and medical (Line 16 minus Line 17) .....		8,221,357	10,085,234
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$ ..... 50,998 cost containment expenses .....		154,570	166,350
21. General administrative expenses .....		594,268	621,673
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only) .....			
23. Total underwriting deductions (Line 18 through Line 22) .....		8,970,195	10,873,257
24. Net underwriting gain or (loss) (Line 8 minus Line 23) .....	XXX	(228,529)	(1,246,708)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		4,779	10,362
26. Net realized capital gains (losses) less capital gains tax of \$ .....		6	
27. Net investment gains (losses) (Line 25 plus Line 26) .....		4,785	10,362
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			
29. Aggregate write-ins for other income or expenses .....			10,429
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Line 24 plus Line 27 plus Line 28 plus Line 29) .....	XXX	(223,744)	(1,225,917)
31. Federal and foreign income taxes incurred .....	XXX		
32. Net income (loss) (Line 30 minus Line 31) .....	XXX	(223,744)	(1,225,917)
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX		
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX		
0699. Totals (Line 0601 through Line 0603 plus Line 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 Line 0703 plus Line 0798) (Line 7 above) .....	XXX		
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....			
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) .....			
2901. Other Income .....			10,429
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....			
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above) .....			10,429

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

CAPITAL AND SURPLUS ACCOUNT	1	2
	Current Year	Prior Year
33. Capital and surplus prior reporting year .....	6,066,799	5,893,373
34. Net income or (loss) from Line 32 .....	(223,744)	(1,225,917)
35. Change in valuation basis of aggregate policy and claims reserves .....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....	4,618	(488)
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....		
39. Change in nonadmitted assets .....	3,438	(100,169)
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 .....		1,500,000
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 Tranferred from capital .....		
46. Dividends to stockholders .....		
47. Aggregate write-ins for gains or (losses) in surplus .....		
48. Net change in capital and surplus (Line 34 to Line 47) .....	(215,688)	173,426
49. Capital and surplus end of reporting year (Line 33 plus Line 48) .....	5,851,111	6,066,799
<b>DETAILS OF WRITE-INS</b>		
4701. ....		
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....		
4799. Totals (Line 4701 through Line 4703 plus Line 4798) (Line 47 above) .....		

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	8,734,943	9,483,865
2. Net investment income .....	523	4,975
3. Miscellaneous income .....		10,429
4. Total (Line 1 through Line 3) .....	8,735,466	9,499,269
5. Benefit and loss related payments .....	8,214,297	10,192,458
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		819,021
7. Commissions, expenses paid and aggregate write-ins for deductions .....		744,487
8. Dividends paid to policyholders .....		
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses) .....		
10. Total (Line 5 through Line 9) .....	9,033,318	10,936,945
11. Net cash from operations (Line 4 minus Line 10) .....	(297,852)	(1,437,676)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	320,928	
12.2 Stocks .....		
12.3 Mortgage loans .....		
12.4 Real estate .....		
12.5 Other invested assets .....		
12.6 Net gains or (losses) on cash and short-term investments .....		
12.7 Miscellaneous proceeds .....		
12.8 Total investment proceeds (Line 12.1 through Line 12.7) .....	320,928	
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	2,835,078	
13.2 Stocks .....		
13.3 Mortgage loans .....		
13.4 Real estate .....		
13.5 Other invested assets .....		
13.6 Miscellaneous applications .....		
13.7 Total investments acquired (Line 13.1 through Line 13.6) .....	2,835,078	
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) .....	(2,514,150)	
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....		1,500,000
16.2 Capital and paid in surplus, less treasury stock .....		
16.3 Borrowed funds .....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5 Dividends to stockholders .....	77,288	93,935
16.6 Other cash provided (applied) .....		
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	77,288	1,593,935
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17) .....	(2,734,714)	156,259
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	6,658,732	6,502,473
19.2 End of year (Line 18 plus Line 19.1) .....	3,924,018	6,658,732

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001 .....		
20.0002 .....		
20.0003 .....		
20.0004 .....		
20.0005 .....		
20.0006 .....		
20.0007 .....		
20.0008 .....		
20.0009 .....		
20.0010 .....		

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Mount Carmel Health Insurance Company

## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7	8	9	10
1. Net premium income	8,734,943						8,734,943			
2. Change in unearned premium reserves and reserve for rate credit	6,723						6,723			
3. Fee-for-service (net of \$ 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	
7. Total revenues (Line 1 through Line 6)	8,741,666	XXX	XXX	XXX	XXX	XXX	8,741,666			
8. Hospital/medical benefits	4,366,215						4,366,215			
9. Other professional services	2,459,724						2,459,724			
10. Outside referrals									XXX	
11. Emergency room and out-of-area									XXX	
12. Prescription drugs	1,395,418						1,395,418			
13. Aggregate write-ins for other hospital and medical									XXX	
14. Incentive pool, withhold adjustments, and bonus amounts									XXX	
15. Subtotal (Line 8 through Line 14)	8,221,357						8,221,357			
16. Net reinsurance recoveries									XXX	
17. Total hospital and medical (Line 15 minus Line 16)	8,221,357	XXX	XXX	XXX	XXX	XXX	8,221,357			
18. Non-health claims (net)									XXX	
19. Claims adjustment expenses including \$ 50,998 cost containment expenses	154,570						154,570			
20. General administrative expenses	594,268						594,268			
21. Increase in reserves for accident and health contracts									XXX	
22. Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Line 17 through Line 22)	8,970,195						8,970,195			
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(228,529)						(228,529)			
<b>DETAILS OF WRITE-INS</b>										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page										XXX
0599. Total (Line 0501 through Line 0503 plus Line 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. Total (Line 0601 through Line 0603 plus Line 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. Total (Line 1301 through Line 1303 plus Line 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 (Column 1 plus Column 2 minus Column 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 .....	8,734,943			8,734,943
7. Title XIX - Medicaid .....				
8. Other health .....				
9. Health subtotal (Line 1 through Line 8) .....	8,734,943			8,734,943
10. Life .....				
11. Property/casualty .....				
12. Totals (Line 9 to Line 11) .....	8,734,943			8,734,943

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Mount Carmel Health Insurance Company

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2 - Claims Incurred During the Year

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	8,215,319						8,215,319			
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	8,215,319						8,215,319			
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	832,980						832,980			
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	832,980						832,980			
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year										
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	826,942						826,942			
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	826,942						826,942			
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	8,221,357						8,221,357			
12.2 Reinsurance assumed										
12.3 Reinsurance ceded										
12.4 Net	8,221,357						8,221,357			
13. Incurred medical incentive pools and bonuses										

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

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Mount Carmel Health Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - Claims Liability End of Current Year**

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct										
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net										
2. Incurred but Unreported:										
2.1 Direct	832,980						832,980			
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	832,980						832,980			
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS:							832,980			
4.1 Direct	832,980						832,980			
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	832,980						832,980			

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Mount Carmel Health Insurance Company

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Column 1 plus Column 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical).....						
2. Medicare Supplement .....						
3. Dental Only .....						
4. Vision Only .....						
5. Federal Employees Health Benefits Plan .....						
6. Title XVIII - Medicare .....	721,617		7,493,702		832,980	721,617
7. Title XIX - Medicaid .....						
8. Other health .....						
9. Health subtotal (Line 1 through Line 8).....	721,617		7,493,702		832,980	721,617
10. Healthcare receivables (a).....						
11. Other non-health.....						
12. Medical incentive pools and bonus amounts.....						
13. Totals (Line 9 minus Line 10 plus Line 11 plus Line 12).....	721,617		7,493,702		832,980	721,617
(a) Excludes \$ ..... loans or advances to providers not yet expensed.						

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Mount Carmel Health Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Comprehensive (Hospital and Medical)**

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	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

**Section B - Incurred Health Claims - Comprehensive (Hospital and Medical)**

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	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital and Medical)**

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

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Mount Carmel Health Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Medicare Supplement**

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	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

**Section B - Incurred Health Claims - Medicare Supplement**

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	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Medicare Supplement**

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

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Mount Carmel Health Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Dental Only**

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	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

**Section B - Incurred Health Claims - Dental Only**

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	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Dental Only**

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

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Mount Carmel Health Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Vision Only**

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	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

**Section B - Incurred Health Claims - Vision Only**

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	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Vision Only**

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

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Mount Carmel Health Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Federal Employees Health Benefit Plan**

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	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

**Section B - Incurred Health Claims - Federal Employees Health Benefit Plan**

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	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Federal Employees Health Benefit Plan**

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

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Mount Carmel Health Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Title XVIII Medicare**

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	XXX				
4. 2009	XXX	XXX		5,390,146	532,625
5. 2010	XXX	XXX	XXX		9,628,185
6. 2011	XXX	XXX	XXX		6,186,362

**Section B - Incurred Health Claims - Title XVIII Medicare**

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	XXX				
4. 2009	XXX	XXX		5,390,146	532,625
5. 2010	XXX	XXX	XXX		9,552,609
6. 2011	XXX	XXX	XXX		6,159,679

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII Medicare**

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2007										
2. 2008										
3. 2009	5,561,921	6,292,665			6,292,665	113.138			6,292,665	113.138
4. 2010	9,626,549	10,160,810			10,160,810	105.550			10,160,810	105.550
5. 2011	8,741,666	8,215,319	154,570	1.881	8,369,889	95.747	833	6	8,370,728	95.757

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Mount Carmel Health Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Title XIX Medicaid**

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	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

**Section B - Incurred Health Claims - Title XIX Medicaid**

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	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX Medicaid**

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

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Mount Carmel Health Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Other**

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	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

**Section B - Incurred Health Claims - Other**

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	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

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

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

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Mount Carmel Health Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Grand Total**

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	XXX				
4. 2009	XXX	XXX		5,390,146	532,625
5. 2010	XXX	XXX	XXX		9,628,185
6. 2011	XXX	XXX	XXX		6,186,362

**Section B - Incurred Health Claims - Grand Total**

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	XXX				
4. 2009	XXX	XXX		5,390,146	532,625
5. 2010	XXX	XXX	XXX		9,552,609
6. 2011	XXX	XXX	XXX		6,159,679

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total**

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2007										
2. 2008										
3. 2009	5,561,921	6,292,665			6,292,665	113.138			6,292,665	113.138
4. 2010	9,626,549	10,160,810			10,160,810	105.550			10,160,810	105.550
5. 2011	8,741,666	8,215,319	154,570	1.881	8,369,889	95.747	833	6	8,370,728	95.757

**Page 13**  
Underwriting and Investment Exhibit, Part 2D  
**NONE**

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 3 - ANALYSIS OF EXPENSES**

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ .....for occupancy of own building)					
2. Salaries, wages and other benefits					
3. Commissions (less \$..... ceded plus \$..... assumed)					
4. Legal fees and expenses					
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services			45,255		45,255
7. Traveling expenses					
8. Marketing and advertising					
9. Postage, express, and telephone					
10. Printing and office supplies					
11. Occupancy, depreciation and amortization			806		806
12. Equipment					
13. Cost or depreciation of EDP equipment and software					
14. Outsourced services including EDP, claims, and other services	50,998	103,572	542,021		696,591
15. Boards, bureaus and association fees					
16. Insurance, except on real estate			11		11
17. Collection and bank service charges					
18. Group service and administration fees			6,175		6,175
19. Reimbursements by uninsured accident and health plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes					
23.3 Regulator authority licenses and fees					
23.4 Payroll taxes					
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere				2,500	2,500
25. Aggregate write-ins for expenses					
26. Total expenses incurred (Line 1 to Line 25)	50,998	103,572	594,268	2,500	(a) 751,338
27. Less expenses unpaid December 31, current year			50,544		50,544
28. Add expenses unpaid December 31, prior year			45,791		45,791
29. Amounts receivable relating to uninsured accident and health plans, prior year					
30. Amounts receivable relating to uninsured accident and health plans, current year					
31. Total expenses paid (Line 26 minus Line 27 plus Line 28 minus Line 29 plus Line 30)	50,998	103,572	589,515	2,500	746,585
<b>DETAILS OF WRITE-INS</b>					
2501.					
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)					

(a) Includes management fees of \$ .....to affiliates and \$ .....to non-affiliates.

## EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1. U.S. Government bonds .....	(a) .....	(3,640)	7,175
1.1 Bonds exempt from U.S. tax .....	(a) .....		
1.2 Other bonds (unaffiliated) .....	(a) .....		
1.3 Bonds of affiliates .....	(a) .....		
2.1 Preferred stocks (unaffiliated) .....	(b) .....		
2.11 Preferred stocks of affiliates .....	(b) .....		
2.2 Common stocks (unaffiliated) .....			
2.21 Common stocks of affiliates .....			
3. Mortgage loans .....	(c) .....		
4. Real estate .....	(d) .....		
5. Contract loans .....			
6. Cash, cash equivalents and short-term investments .....	(e) .....	104	104
7. Derivative instruments .....	(f) .....		
8. Other invested assets .....			
9. Aggregate write-ins for investment income .....			
10. Total gross investment income .....		(3,536)	7,279
11. Investment expenses .....	(g) .....	2,500	
12. Investment taxes, licenses and fees, excluding federal income taxes .....	(g) .....		
13. Interest expense .....	(g) .....		
14. Depreciation on real estate and other invested assets .....	(h) .....		
15. Aggregate write-ins for deductions from investment income .....	(i) .....		
16. Total deductions (Line 11 through Line 15) .....			2,500
17. Net investment income (Line 10 minus Line 16) .....			4,779
<b>DETAILS OF WRITE-INS</b>			
0901 .....			
0902 .....			
0903 .....			
0998. Summary of remaining write-ins for Line 9 from overflow page .....			
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above) .....			
1501 .....			
1502 .....			
1503 .....			
1598. Summary of remaining write-ins for Line 15 from overflow page .....			
1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above) .....			
(a) Includes \$ .....	accrual of discount less \$ .....	amortization of premium and less \$ .....	amortization of premium.
(b) Includes \$ .....	accrual of discount less \$ .....	amortization of premium and less \$ .....	investment expenses and \$ .....
(c) Includes \$ .....	accrual of discount less \$ .....	amortization of premium and less \$ .....	investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(d) Includes \$ .....	for company's occupancy of its own buildings; and excludes \$ .....	paid for accrued interest on purchases.	interest on surplus notes and \$ .....
(e) Includes \$ .....	accrual of discount less \$ .....	amortization of premium and less \$ .....	interest on capital notes.
			(i) Includes \$ .....
			depreciation on real estate and \$ .....
			depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Cols. 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds .....	6		6	4,618	
1.1 Bonds exempt from U.S. tax .....					
1.2 Other bonds (unaffiliated) .....					
1.3 Bonds of affiliates .....					
2.1 Preferred stocks (unaffiliated) .....					
2.11 Preferred stocks of affiliates .....					
2.2 Common stocks (unaffiliated) .....					
2.21 Common stocks of affiliates .....					
3. Mortgage loans .....					
4. Real estate .....					
5. Contract loans .....					
6. Cash, cash equivalents and short-term investments .....					
7. Derivative instruments .....					
8. Other invested assets .....					
9. Aggregate write-ins for capital gains (losses) .....	6		6	4,618	
10. Total capital gains (losses) .....					
<b>DETAILS OF WRITE-INS</b>					
0901 .....					
0902 .....					
0903 .....					
0998. Summary of remaining write-ins for Line 9 from overflow page .....					
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above) .....					

## EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col.2 - Col.1)
1. Bonds (Schedule D) .....			
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			
2.2 Common stocks .....			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			
3.2 Other than first liens .....			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			
4.2 Properties held for the production of income .....			
4.3 Properties held for sale .....			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6. Contract loans .....			
7. Derivatives (Schedule DB) .....			
8. Other invested assets (Schedule BA) .....			
9. Receivable for securities .....			
10. Securities lending reinvested collateral assets (Schedule DL) .....			
11. Aggregate write-ins for invested assets .....			
12. Subtotals, cash and invested assets (Line 1 to Line 11) .....			
13. Title plants (for Title insurers only) .....			
14. Investment income due and accrued .....			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3 Accrued retrospective premiums .....			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....			
16.2 Funds held by or deposited with reinsured companies .....			
16.3 Other amounts receivable under reinsurance contracts .....			
17. Amounts receivable relating to uninsured plans .....			
18.1 Current federal and foreign income tax recoverable and interest thereon .....			
18.2 Net deferred tax asset .....			
19. Guaranty funds receivable or on deposit .....			
20. Electronic data processing equipment and software .....			
21. Furniture and equipment, including health care delivery assets .....			
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			
23. Receivable from parent, subsidiaries and affiliates .....			
24. Health care and other amounts receivable .....	99,940	103,378	3,438
25. Aggregate write-ins for other than invested assets .....			
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25) .....	99,940	103,378	3,438
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28. Total (Line 26 and Line 27)	99,940	103,378	3,438
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....			
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)			
2501. ....			
2502. ....			
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page .....			
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)			

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Mount Carmel Health Insurance Company

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations .....						
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....	745	690	695	701	706	8,345
4. Point of Service .....						
5. Indemnity Only .....						
6. Aggregate write-ins for other lines of business .....						
7. Total .....	745	690	695	701	706	8,345
<b>DETAILS OF WRITE-INS</b>						
0601.....						
0602.....						
0603.....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....						
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above) .....						

**NOTES TO FINANCIAL STATEMENTS****MOUNT CARMEL HEALTH INSURANCE COMPANY****NOTES TO FINANCIAL STATEMENTS — STATUTORY BASIS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Business** — Mount Carmel Health Insurance Company (the “Plan”) was incorporated on November 21, 2007, as a subsidiary of Mount Carmel Health System (the “Corporation”). The Plan was organized as a for-profit preferred provider organization (PPO) to provide healthcare services to enrolled subscribers (“enrollees”) for a fixed premium. The product being offered is MediGold, which is a Medicare Advantage contract with the Centers for Medicare & Medicaid Services (CMS). Enrollment in the Plan began on January 1, 2009. As of December 31, 2011, all enrollees to date have been participants in the MediGold program. The Plan has contracted with various health care providers, including hospitals, freestanding facilities, and physician practices owned and/or operated by the Corporation or its subsidiaries as well as independent physicians, hospitals, multi-specialty group practices, and ancillary providers. The Corporation owns and operates four acute care hospitals and a surgical hospital in Columbus, Ohio (Mount Carmel West, Mount Carmel East, St. Ann’s Hospital, and Mount Carmel New Albany Surgical Hospital). These Hospitals are major providers of service to subscribers of the Plan.

**Basis of Presentation** — The accompanying statutory basis financial statements have been prepared in conformity with the National Association of Insurance Commissioners (“NAIC”) *Annual Statement Instructions and Accounting Practices and Procedures Manual* and the permitted practices of the Ohio Department of Insurance (“ODI”), which vary in some respects from accounting principles generally accepted in the United States of America (“GAAP”). The significant departures from GAAP include the following:

- a. Investments in bonds are reported at amortized cost or market value based on their National Association of Insurance Commissioners (NAIC) rating; for GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading, or available-for-sale. Held-to-maturity fixed investments would be reported at amortized cost, and the remaining fixed maturity investments would be reported at fair value with unrealized holding gains and losses reported in operations for those designated as trading and as a separate component of member’s equity for those designated as available-for-sale.
- b. Certain assets designated as “nonadmitted,” are excluded from the accompanying Statement of Admitted Assets, Liabilities, Capital, and Surplus and are charged directly to retained surplus. At December 31, 2011, the Plan’s nonadmitted assets consisted of healthcare receivables aged in excess of 90 days.
- c. Outstanding checks in excess of cash balances are required to be presented as cash overdrafts in the statutory basis financial statements as opposed to being reflected as other liabilities under GAAP.
- d. The presentation in the statement of cash flows differs from GAAP.

## NOTES TO FINANCIAL STATEMENTS

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e. Under NAIC SAP, EDP equipment and operating systems are admitted but are limited to three percent of a company's adjusted capital and surplus. Furniture and fixtures not used in the direct delivery of care are considered nonadmitted assets under NAIC SAP.

### OTHER SIGNIFICANT ACCOUNTING PRACTICES

**Use of Estimates** — The preparation of financial statements in conformity with accounting practices prescribed or permitted by the ODI requires management to make estimates and assumptions that affect amounts reported in the financial statements — statutory basis and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known which could impact the amounts reported and disclosed herein.

**Cash and Cash Equivalents** — The Plan considers all highly liquid instruments with maturities of three months or less at date of purchase to be cash equivalents. Short-term investments are all investments with remaining maturities of one year or less at the time of acquisition.

**Bonds** — Investments are reported at cost adjusted for amortization of premiums or discounts. Amortization is calculated using the straight-line method. Realized gains and losses, determined on the specific identification basis, are included in investment income.

**Loan-backed Securities** — are reported at amortized cost. For loan-backed securities, if the Plan has the ability and intent to hold the security to maturity, but does not expect recovery of the carrying value, the credit portion of the decline is recognized as an impairment loss retrospectively. Interest related impairments are not recognized as an impairment loss.

**Common and Preferred Stocks** — Common Stock investments are reported at fair value. Fair values for publicly traded common stock are the values listed on New York stock Exchange, the American Stock Exchange, and NASDAQ of the National Market System. The Plan did not hold any Common or Preferred Stock at December 31, 2011.

**Furniture and Equipment** — None.

**CMS Payable** — Under the Medicare Part D program, there are six separate elements of payment received by the Plan during the plan year. These payment elements are as follows:

*CMS Premium* — CMS pays a fixed monthly premium per member to the Plan for the entire plan year.

*Member Premium* — Additionally, each member pays a fixed monthly premium to the Plan for the entire plan year.

*Low-Income Premium Subsidy* — For qualifying low-income members, CMS pays some portion or all of the member's monthly premiums to the Plan on the member's behalf.

*Catastrophic Reinsurance Subsidy* — CMS pays the Plan a cost reimbursement estimate monthly to fund the CMS obligation to pay approximately 80% of the costs incurred by individual members in excess of the individual annual out-of-pocket maximum of \$4,500. A settlement is made based on actual cost experience subsequent to the end of the plan year.

*Low-Income Member Cost Sharing Subsidy* — For qualifying low-income members, CMS pays on the member's behalf, some portion or all of a member's cost sharing amounts, such as deductibles and

## NOTES TO FINANCIAL STATEMENTS

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coinsurance. The cost sharing subsidy is funded by CMS through monthly payments to the Plan. The Plan administers and pays the subsidized portion of the claims on behalf of CMS, and a settlement payment is made between CMS and Plan based on actual claims experience, subsequent to the end of the plan year.

**CMS Risk Share** — If the ultimate per member per month benefit costs of any Medicare Part D regional plan varies more than 2.5 percentage points above or below the level estimated in the original bid submitted by the Plan and approved by CMS, there is a risk share settlement with CMS that is settled subsequent to the end of the plan year. The risk share adjustment, if any, is recorded as an adjustment to premium revenue and other receivables or other liabilities.

The CMS Premium, the Member Premium, and the Low-Income Premium Subsidy represent payments for the Plan's insurance risk coverage under the Medicare Part D program and therefore are recorded as net premium revenue in the Statement of Operations, Capital, and Surplus. Net premium revenue is recognized ratably over the period in which eligible individuals are entitled to receive prescription drug benefits. The Plan records premium payments received in advance of the applicable service period as unearned premium revenue.

The Catastrophic Reinsurance Subsidy and the Low-Income Member Cost Sharing Subsidies represent cost reimbursements under the Medicare Part D program. The Plan is fully reimbursed by CMS for costs incurred for these contract elements and, accordingly, there is no insurance risk to the Plan. Amounts received for these subsidies are considered liabilities until settlements are calculated, based on claim payments. At the time of settlement amounts are then recorded as net premium revenue and/or a portion may remain in liabilities when the claims incurred are less than expected. Payments received in advance are held as deposit liabilities recorded in liabilities for amounts held under uninsured accident and health plan in the Statement of Admitted Assets, Liabilities, Capital, and Surplus.

Pharmacy benefit costs and administrative costs under the contract are expensed as incurred and are recognized in health care benefit expenses and operating expenses, respectively, in the Statement of Operations, Capital, and Surplus. Pharmacy benefit costs are recognized net of rebates.

**Risk Adjustment Data Validation Audits (“RADV audits”)** — CMS adjusts capitation payments to Medicare Advantage and Medicare Part D plans according to the predicted health status of each beneficiary, as supported by data provided by health care providers. The Plan collects claim and encounter data from providers, who the Plan generally relies on to appropriately code their claim submissions and document their medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted by the Plan and member demographic information.

CMS performs RADV audits of selected Medicare Advantage health plans each year to validate the coding practices of and supporting documentation maintained by health care providers. These audits involve a review of medical records maintained by providers and may result in retrospective adjustments to payments made to health plans. To date, the Plan has not been selected for audit by CMS. Payment years open for audit include 2009 to 2011.

In December 2010, CMS published for public comment a new proposed RADV audit and payment adjustment methodology. The proposed methodology contains provisions allowing retroactive contract level payment adjustments for the year audited using an extrapolation of the “error rate” identified in audit samples. CMS also indicated that it anticipated the final methodology would be issued in the near

## NOTES TO FINANCIAL STATEMENTS

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future. Depending on the methodology utilized, potential payment adjustments could have a material adverse effect on the Plan's results of operations, financial position and cash flows.

**Minimum Security Requirements** — Under the laws of the State of Ohio, the Plan is required to provide a minimum security deposit of \$400,000. As additional insolvency protection against uncovered balances, CMS's Office of Managed Care has required that the Plan's restricted reserves held in trust total \$1,600,000. CMS has allowed the deposit to be held by the state in a similar manner to the statutory security deposit required by the State of Ohio. The Plan has satisfied both requirements by depositing \$2,647,535 and \$2,661,078 in a trustee account in 2011 and 2010, respectively.

**Minimum Net Worth** — Under the laws of the State of Ohio, the Plan is required at all times to maintain total admitted assets equal to at least one hundred and ten percent of its liabilities. The required minimum net worth is \$5,000,000. The Plan has satisfied the minimum net worth requirements for 2011.

**Income Taxes** — Income taxes are accounted for under the asset and liability method for GAAP purposes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. In accordance with SSAP No. 10, *Income Taxes*, admitted deferred tax assets are limited to 10% of statutory capital and surplus adjusted to exclude certain items such as net deferred tax assets, EDP equipment and operating system software and any net positive goodwill.

**Subscriber Premiums** — Subscriber premiums are included in income in the period earned. The unearned portion of premiums are recorded as unearned premiums and subsequently credited to income as earned during the coverage period.

**Member Premiums** — The Plan charges a monthly premium to the individual members enrolled under its Medicare Advantage contract. Member premiums are included in income in the period earned.

**Claims** — Claims are charged to income based upon the date services are rendered and represent the estimated remaining ultimate net cost of unpaid claims, both reported and unreported, during the year. The Plan does not discount claim reserves. The reserves for unpaid claims are estimated using an actuarially determined cost model. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for claims are adequate. The estimates are reviewed and adjusted, as necessary, as experience develops or new information becomes known; such adjustments are included in current operations.

**Risk Based Capital Requirements** — Health insurance companies are subject to certain Risk Based Capital (RBC) requirements as specified by the NAIC. Under these requirements, the amount of capital and surplus maintained by a health insurance company is to be determined based on the various risk factors. Beginning January 1, 2009, the Plan was required by the State of Ohio to comply with the RBC requirements and maintain at least two hundred percent of the authorized control level. At December 31, 2011 and 2010, the Plan was in compliance with the RBC requirements.

**NOTES TO FINANCIAL STATEMENTS**

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**New Accounting Standards** — In December 2010, the NAIC issued revisions to SSAP No. 100, *Fair Value Measurements* (SSAP No. 100). SSAP No. 100 established a framework for measuring fair value and establishes disclosure requirements about fair value. The original statement was early adopted for December 31, 2009, with interim and annual financial statement reporting thereafter. The 2010 revisions to SSAP No. 100 relate to the reporting and disclosure of investments measured and reported at fair value and are effective for December 31, 2010 annual financial statements. The Plan adopted the revisions to SSAP No. 100 as of December 31, 2010, and the related disclosure requirements are outlined in Note 5 — Cash Equivalents and Investments.

In October 2010, the NAIC issued SSAP No. 5R, *Liabilities, Contingencies and Impairments of Assets — Revised* (SSAP No. 5R), effective for all guarantees issued or outstanding as of December 31, 2011. The revised standard requires entities to recognize, at the inception of a guarantee, a liability for the obligations it has undertaken in issuing the guarantee, even if the likelihood of having to make payments under the guarantee is remote. The Plan has preliminarily assessed the impact of the pending adoption, the results of which are expected to be immaterial to the overall financial condition, results of operations and cash flows of the Plan.

In October 2010, the NAIC issued SSAP No. 35R, *Guaranty Fund and Other Assessments — Revised* (SSAP No. 35R) which contains substantive revisions to certain paragraphs of SSAP No. 35 and is initially effective for the reporting period beginning January 1, 2011. The result of applying this revised statement shall be considered a change in accounting principle in accordance with SSAP No. 3, *Accounting Changes and Corrections of Errors* (SSAP No. 3). The revised standard modifies the conditions required before recognizing liabilities for insurance-related assessments. Under SSAP No. 35R, the liability is not recognized until an assessment has been imposed or is probable and the event obligating an entity to pay an imposed or probable assessment has occurred and can be reasonably estimated. Additionally, under this revised standard an asset relating to future premium tax offsets or policy surcharges shall be recognized at the time the liability is recorded, considering expected future premiums on in-force policies for long-term contracts. The Plan has assessed the impact of the pending adoption and believes the related impact will be immaterial to the overall financial condition, results of operations and cash flows of the Plan.

**2. ACCOUNTING CHANGES AND CORRECTIONS OR ERRORS**

None

**3. BUSINESS COMBINATIONS AND GOODWILL**

None

**4. DISCONTINUED OPERATIONS**

None

## NOTES TO FINANCIAL STATEMENTS

### 5. CASH EQUIVALENTS AND INVESTMENTS

Bonds are stated at amortized cost and common stock investments are carried at fair market value. Total securities held by the Plan amounted to \$6,552,428 and \$6,812,016 at December 31, 2011 and 2010, respectively, and are shown below. All investments are considered to be available-for-sale investments. The amortized cost, unrealized holdings gains (losses), fair value and statutory statement value for these securities by major security type are as follows:

	<b>Amortized Cost</b>	<b>Gross</b>		<b>Fair Value</b>	<b>Statutory Statement Value</b>
		<b>Unrealized Gains</b>	<b>Unrealized Losses</b>		
U.S. Treasury and agency securities	\$ 2,614,631	\$ 19,290	\$ 21,293	\$ 2,612,628	\$ 2,614,631
Fixed income bonds					
Commercial Paper, repurchase agreements, and money market funds	<u>3,937,797</u>	<u>      </u>	<u>      </u>	<u>3,937,797</u>	<u>3,937,797</u>
Totals	<u>\$ 6,552,428</u>	<u>\$ 19,290</u>	<u>\$ 21,293</u>	<u>\$ 6,550,425</u>	<u>\$ 6,552,428</u>
<b>2010</b>	<b>Cost</b>	<b>Gains</b>	<b>Losses</b>	<b>Value</b>	<b>Value</b>
U.S. Treasury and agency securities	\$ 2,546,840	\$ -	\$ -	\$ 2,546,840	\$ 2,546,840
Fixed income bonds	101,280	12,286		113,566	101,280
Equity interests — cash	<u>4,163,896</u>	<u>      </u>	<u>      </u>	<u>4,163,896</u>	<u>4,163,896</u>
Totals	<u>\$ 6,812,016</u>	<u>\$ 12,286</u>	<u>\$      </u>	<u>\$ 6,824,302</u>	<u>\$ 6,812,016</u>

Fair values generally represent quoted market prices for securities traded in the public marketplace, or analytically determined values using bid or closing prices for securities not traded in the public marketplace. Cost represents quoted market prices at the date of purchase for securities traded in the public marketplace or analytically determined values using bid or closing prices for securities not traded in the public marketplace, adjusted for amortization of premiums or discounts.

A summary of the fair value and statutory statement value of the Plan's investments in U.S. Treasury and agency, mortgage-backed securities, and fixed income bonds at December 31, 2011, by contractual maturity, is as follows:

	<b>Fair Value</b>	<b>Statutory</b>	
		<b>Statement Value</b>	<b>Value</b>
Due one year or less	\$ 224,818	\$ 225,639	
Due after one year through five years	1,077,557	1,084,332	
Due after five years through ten years	1,310,253	1,304,660	
Due after ten years through twenty years			
Due after twenty years			
Total	<u>\$ 2,612,628</u>	<u>\$ 2,614,631</u>	

The expected maturities in the foregoing table may differ from the contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties. For the years ended December 31, 2011 and 2010, all of the Plan's investment income was comprised of interest and dividend income.

**NOTES TO FINANCIAL STATEMENTS**

The Plan performs periodic reviews of individual securities in its investment portfolio to determine whether a decline in the value of a security is other-than-temporary in accordance with EITF03-1, *The Meaning of Other-Than-Temporary Impairment and its Application To Certain Investments*. A review for other-than-temporary impairment requires companies to make certain forward-looking assumptions regarding the probability, extent and timing of a valuation recovery, the materiality of the decline and its effect on the financial statements, and the ability and intent of the company to hold the security. The scope of this review is broad and requires a forward-looking assessment of the fundamental characteristics of a security, as well as market-related prospects of the issuer and its industry.

For fixed income investments with unrealized losses due to market or industry-related declines, the declines are not deemed to qualify as other than temporary where the Plan has the intent and ability to hold the investment for the period of time necessary to recover a significant portion of the investment's original principal and interest obligation. The Plan's policy for equity securities with market-related declines is to recognize impairment losses on individual securities based on the severity and duration of the declines in relation to forecasted market recovery.

The Plan assesses valuation declines to determine the extent to which such changes are attributable to (i) fundamental factors specific to the issuer, such as financial conditions, business prospects or other factors or (ii) market-related factors, such as interest rates or equity market declines. This evaluation reflects the Plan's estimates of current conditions as well as predictions of uncertain future events that may have a material impact on the financial statements related to security valuation.

When persuasive evidence exists that causes the Plan to evaluate a decline in fair value to be other-than-temporary, the Plan reduces the book value of such security to its current fair value, recognizing the decline as a realized loss. All other unrealized gains or losses are reflected in capital and surplus.

The following table illustrates the fair value and gross unrealized losses, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of December 31, 2011 and 2010:

2011	< 1 year		> 1 year			
	Gross		Gross		Gross	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury and agency	\$ 2,612,628	\$ (21,293)			\$ 2,612,628	\$ (21,293)
Mortgage-backed securities						
Fixed income bonds						
Common stocks	_____	_____	_____	_____	_____	_____
Totals	<u>\$ 2,612,628</u>	<u>\$ (21,293)</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 2,612,628</u>	<u>\$ (21,293)</u>

**NOTES TO FINANCIAL STATEMENTS**

2010	< 1 year		> 1 year		Total	Gross Unrealized Holding Losses		
	Gross		Gross					
	Fair Value	Unrealized Holding Losses	Fair Value	Unrealized Holding Losses				
U.S. Treasury and agency					\$ -	\$ -		
Mortgage-backed securities								
Fixed income bonds	113,566				113,566			
Common stocks								
Totals	\$ 113,566	\$ -	\$ -	\$ -	\$ 113,566	\$ -		

The unrealized losses on investments in U.S. Treasury and agency obligations at December 31, 2011 and 2010 were mainly caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities. The contractual cash flows of the U.S. government and agency obligations are either guaranteed by the U.S. government or an agency of the U.S. government. It is expected that the securities would not be settled at a price less than the cost of the investment, and the Plan does not intend to sell the investment until the unrealized loss is fully recovered. Additionally, the Plan evaluated its intent and ability to retain mortgage-backed securities for a period of time sufficient to recover the amortized cost.

Loan-backed securities are stated at amortized cost. Premiums and discounts on loan-backed bonds and structured securities are amortized using the retrospective method based on anticipated prepayments at the date of purchase. Prepayment assumptions are obtained from broker dealer survey values or internal estimates. Changes in estimated cash flows from original purchase assumptions are accounted for using the prospective method.

The Plan recognized impairment of \$0 on securities within the scope of SSAP No. 43R, *Loan-Backed and Structured Securities*, for the years ended December 31, 2011 and 2010, respectively.

The following table illustrates the fair value, gross unrealized losses, and length of time that mortgage-backed securities have been in a continuous unrealized loss position at December 31, 2011:

	< 1 year		> 1 year		Total	Gross Unrealized Holding Losses		
	Gross		Gross					
	Fair Value	Unrealized Holding Losses	Fair Value	Unrealized Holding Losses				
Fixed income — mortgage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		

The Plan does not issue mortgages or reverse-mortgages. The plan does not invest in real estate, Low Income Housing Tax Credit Properties, or mezzanine real estate loans.

## 6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

None

## 7. INVESTMENT INCOME

## **NOTES TO FINANCIAL STATEMENTS**

Investment income is recorded as it becomes due and payable. Realized gains and losses, determined on the specific identification basis, are included in the investment income.

The components of net investment income earned at December 31, 2011 and 2010, are as follows:

	<b>2011</b>	<b>2010</b>
Interest	\$ 7,278	\$ 10,612
Realized gains	6	0
 Total investment income	 7,284	 10,612
 Investment management fees	 <u>2,500</u>	 <u>250</u>
 Net investment income	 <u>\$ 4,784</u>	 <u>\$ 10,362</u>

### **8. DERIVATIVE INSTRUMENTS**

None

### **9. INCOME TAXES**

The Plan was incorporated on November 21, 2007, to hold an indemnity license certificate of authority with the State of Ohio. The Plan's articles of incorporation were amended on January 17, 2007 to designate the Company as a non-profit corporation in Ohio under Ohio Revised Code Section 3907 and filed an application with the IRS on October 15, 2008. The Plan is still awaiting the outcome of the IRS decision. The Plan has requested an exemption from income taxation under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3) effective retroactively to November 21, 2007.

**Additional Information** — For Federal income tax purposes, the Plan has filed Forms 990, *Return of Organization Exempt From Income Tax*, for all tax years through the tax year ended December 31, 2010.

The Plan filed, with the Internal Revenue Service (IRS), a Form 1023, *Application for Recognition of Exemption Under Section 501(c)(3)*, on October 15, 2008, seeking tax-exempt status retroactive to its date of incorporation.

### **10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES**

The Plan leases the services of certain employees and its office space from the Affiliate Corporation. Additionally, the Affiliate Corporation also provides certain management, administrative, and marketing services to the Plan. Expenses related to services provided by the Affiliate Corporation were \$642,547 and \$700,312 in 2011 and 2010. Medical expenses incurred by the Plan provided by the Parent Corporation were \$1,298,224 and \$2,037,803 in 2011 and 2010. The Parent Corporation owed

**NOTES TO FINANCIAL STATEMENTS**

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the Plan \$22,871 and \$48,881 at December 31, 2011 and 2010. The Plan owed the Affiliate Corporation \$48,327 and \$74,936 at December 31, 2011 and 2010.

The Plan settles its obligations to the Parent and Affiliate Corporation by bank transfer on a monthly basis.

The Plan does not guarantee any obligation of the Parent Corporation, nor does it hold any investment in other subsidiaries, controlled and affiliated entities of the Parent Corporation.

**11. DEBT**

None

**12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATES ABSENCES AND OTHER POST RETIREMENT BENEFIT PLANS**

None

**13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTROCTIONS AND QUASI-RESORGANIZATONS**

None

**14. CONTINGENCIES**

None

**15. OPERATING LEASES**

In 2011, the plan has no operating leases. As such, no future minimum rental payments exist at December 31, 2011.

**16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATION OF CREDIT RISK AND DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS, FOR ACCOUNTING GUIDANCE**

None

**17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES**

None

**18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PATIALLY INSURED PLANS**

None

## NOTES TO FINANCIAL STATEMENTS

### **19. DIRECT PREMIUM WRITTE/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS**

None

### **20. FAIR VALUE MEASUREMENT**

The Plan adopted SSAP No. 100 as of December 31, 2010. SSAP No. 100 defines fair value for certain financial instruments and establishes a framework for measuring and reporting fair value according to hierarchy inputs assigned as Level 1, Level 2, and Level 3.

The Plan and its investment managers determine fair values by applying the following guidelines. If available, the Plan uses market prices in active markets for identical assets and classifies these assets as Level 1. When market prices for identical financial instruments in an active market are not available, the Plan estimates fair value based on quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets and/or inputs derived from observable market data and classifies these assets as Level 2. In situations where there is little or no market activity for the same or similar financial instruments, the Plan estimates fair value using its own assumptions about future cash flows and appropriate risk-adjusted discount rates and classifies these assets as Level 3. The Plan does not have any financial assets with a fair value hierarchy of Level 3.

The following table sets forth by level within the fair value hierarchy a summary of the Plan's investments measured at fair value on a recurring basis at December 31, 2011 and 2010:

		Fair Values Measured By			
		Quoted Prices			
		in Active Markets for Identical Assets	Significant Other	Significant Observable Inputs	Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)	
<b>2011</b>	<b>Total</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	
Common stocks	\$	\$	\$ -	\$ -	
Commercial paper, repurchase agreements and money market funds	<u>3,937,797</u>	<u>3,937,797</u>			
<b>Totals</b>	<b><u>3,937,797</u></b>	<b><u>3,937,797</u></b>	<b>\$ -</b>	<b>\$ -</b>	
<b>2010</b>					
Common stocks	\$ -	\$ -	\$ -	\$ -	
Commercial paper, repurchase agreements and money market funds	<u>4,163,896</u>	<u>4,163,896</u>			
<b>Totals</b>	<b><u>4,163,896</u></b>	<b><u>4,163,896</u></b>	<b>\$ -</b>	<b>\$ -</b>	

The Plan had no investments measured at fair value on a nonrecurring basis at December 31, 2011 and 2010.

### **21. OTHER ITEMS**

## **NOTES TO FINANCIAL STATEMENTS**

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### **A. Extraordinary Items**

None

### **B. Troubled Debt Restructuring**

None

### **C. Other Disclosures**

None

### **D. Uncollectible Assets**

None

### **E. Noncash Investing and Financing Activities**

None

### **F. Assets Pledged as Collateral, Segregated Funds Held for Others, or Forward Commitments**

None

### **G. Retrospectively Rated Contracts**

None

### **H. Transferrable State Tax Credits**

None

### **I. Direct Investment in Subprime Mortgage Loans, Hedge Funds, Credit Default Swaps, or Special Investment Vehicles.**

None

## **28. EVENTS SUBSEQUENT**

None

## **22. REINSURANCE**

None

## **23. RETROSPECTICEL RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION**

**NOTES TO FINANCIAL STATEMENTS**

None

**24. CHANGE IN INCURRED LOSSES**

The Plan provided for claims incurred but unreported and the cost of settling these claims based on the actuarially determined cost model. Estimates are adjusted as changes in these factors occur and such adjustments are reported in the period of determination. Activity in the estimated claim liability as of December 31, 2011 and 2010 is summarized as follows:

	<b>2011</b>	<b>2010</b>
Unpaid claims liabilities — beginning of a year	<u>\$ 826,942</u>	<u>\$ 902,518</u>
Claims incurred related to:		
Current year	7,555,097	9,552,609
Prior year	<u>666,260</u>	<u>532,625</u>
Total claims incurred during the current year	<u>8,221,357</u>	<u>10,085,234</u>
Paid claims related to:		
Current year	7,493,702	9,628,185
Prior years	<u>721,617</u>	<u>532,625</u>
Total claims paid during the current year	<u>8,215,319</u>	<u>10,160,810</u>
Unpaid claim liabilities — end of year	<u>\$ 832,980</u>	<u>\$ 826,942</u>

**26. INTERCOMPANY POOLING ARRANGEMENTS**

None

**27. STRUCTURED SETTLEMENTS**

None

**28. HEALTH CARE RECEIVEABLES****A. Pharmacy Rebates**

The Plan had admitted pharmacy rebate receivables of \$28,508 and \$28,992 as of December 31, 2011 and 2010.

**B. Risk Sharing Receivables**

None

**29. PARTICIPATING POLICIES**

**NOTES TO FINANCIAL STATEMENTS**

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None

**30. PREMIUM DEFICIENCY RESERVES**

None

**31. ANTICIPATED SALVAGE AND SUBROGATIONS**

None

## 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 ( ) No (X)

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 ( ) No ( ) N/A (X)

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. 12/31/2009

3.2 State the as of date of 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. 12/31/2009

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). 06/12/2009

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)

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

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 entity, the NAIC company code, and state of domicile 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 ( )

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 ( )

7.2 If yes, 7.21 State the percentage of foreign control; ..... %

7.22 State the nationality(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 ( )

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 ( )

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any 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
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## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

#### GENERAL

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

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 the 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 Model Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes ( ) No (X)

10.4 If the response to 10.3 is yes, provide information related to this exemption:  
.....

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

10.6 If the response to 10.5 is no or n/a, please explain:  
.....

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 D. Gustafson, FSA, MAAA, 111 South Wacker Drive, Chicago, IL 60606  
Consulting Actuary (Deloitte Consulting LLP)

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  
.....

12.12 Number of parcels involved  
.....

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?  
.....

13.2 Does this statement contain all business transacted for the reporting entity through its United States branch on risks wherever located? Yes ( ) No ( )

13.3 Have there been any changes made to any of the trust indentures during the year? Yes ( ) No ( )

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes ( ) No ( ) N/A (X)

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?  
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code. Yes (X) No ( )

14.11 If the response to 14.1 is No, please explain:  
.....

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).  
.....

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes ( ) No (X)

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

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

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 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
--	--------------------------------------	--	-------------

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

#### 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 (X) No ( )

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	\$ .....
20.12 To stockholders not officers	\$ .....
20.13 Trustees, supreme or grand (Fraternal only)	\$ .....

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	\$ .....
20.22 To stockholders not officers	\$ .....
20.23 Trustees, supreme or grand (Fraternal only)	\$ .....

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	\$ .....
21.22 Borrowed from others	\$ .....
21.23 Leased from others	\$ .....
21.24 Other	\$ .....

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	\$ .....
22.22 Amount paid as expenses	\$ .....
22.23 Other amounts paid	\$ .....

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: \$ ..... 22,871

## **GENERAL INTERROGATORIES**

### **PART 1 - COMMON INTERROGATORIES**

#### 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 the 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 16 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 Risk-Based Capital Instructions? Yes ( ) No ( ) N/A (X)

24.5 If answer to 24.4 is YES, report amount of collateral for conforming programs. \$ .....

24.6 If answer to 24.4 is NO, report amount of collateral for other programs. \$ .....

24.7 Does your security lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes ( ) No ( ) N/A (X)

24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes ( ) No ( ) N/A (X)

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)

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 ( ) No (X)

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

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

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

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?

Yes ( ) No (X)

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 ( ) 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?

Yes ( ) No (X)

27.2 If yes, state the amount thereof at December 31 of the current year.

\$ .....

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

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 1, 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
---------------------------	--------------------------

PNC Institutional Investments ..... Cleveland, OH .....

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?

Yes ( ) No ( )

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

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

28.05 Identify all investment advisors, 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
--	-----------	--------------

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

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)])?

Yes ( ) No (X)

29.2 If yes, complete the following schedule:

1 CUSIP Number	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value

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

1 Name of Mutual Fund (from question 29.2)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

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

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 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	\$ 2,614,631	\$ 2,612,628	\$ (2,003)
30.2 Preferred stocks .....	\$ .....	\$ .....	\$ .....
30.3 Totals .....	\$ 2,614,631	\$ 2,612,628	\$ (2,003)

30.4 Describe the sources or methods utilized in determining the fair values:  
SVO or Broker

.....

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 ( )

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:

.....

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

33.1 Amount of payments to Trade Associations, service organizations and statistical or Rating Bureaus, if any? \$ .....

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? \$ .....

34.2 List the name of the firm and the amount paid if any such payment 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 departments of government, if any? \$ .....

35.2 List the name of the 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 departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....
.....	\$ .....

## GENERAL INTERROGATORIES

## PART 2 - HEALTH INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes ( ) No (X)	
1.2	If yes, indicate premium earned on U.S. business only.	\$ .....	
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$ .....	
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	\$ .....	
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$ .....	
1.6	Individual policies:	.....	
	Most current three years:		
1.61	Total premium earned	\$ .....	
1.62	Total incurred claims	\$ .....	
1.63	Number of covered lives	.....	
	All years prior to most current three years:		
1.64	Total premium earned	\$ .....	
1.65	Total incurred claims	\$ .....	
1.66	Number of covered lives	.....	
1.7	Group policies:	.....	
	Most current three years:		
1.71	Total premium earned	\$ .....	
1.72	Total incurred claims	\$ .....	
1.73	Number of covered lives	.....	
	All years prior to most current three years:		
1.74	Total premium earned	\$ .....	
1.75	Total incurred claims	\$ .....	
1.76	Number of covered lives	.....	
2.	Health Test:	.....	
		1	2
		Current Year	Prior Year
2.1	Premium Numerator	\$ ..... 8,734,943	\$ ..... 9,626,549
2.2	Premium Denominator	\$ ..... 8,734,943	\$ ..... 9,626,549
2.3	Premium Ratio (2.1 / 2.2)	..... 1.000	..... 1.000
2.4	Reserve Numerator	\$ ..... 832,980	\$ ..... 826,942
2.5	Reserve Denominator	\$ ..... 832,980	\$ ..... 826,942
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 (X) No ( )	
5.1	Does the reporting entity have stop-loss reinsurance?	Yes ( ) No (X)	
5.2	If no, explain:	.....	
5.3	Maximum retained risk (see instructions)	.....	
	5.31	Comprehensive Medical	\$ .....
	5.32	Medical Only	\$ .....
	5.33	Medicare Supplement	\$ .....
	5.34	Dental & Vision	\$ .....
	5.35	Other Limited Benefit Plan	\$ .....
	5.36	Other	\$ .....
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:	.....	
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	..... 3,967
	8.2	Number of providers at end of reporting year	..... 4,096
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	.....
	9.22	Business with rate guarantees over 36 months	.....

**GENERAL INTERROGATORIES (Continued)****PART 2 - HEALTH INTERROGATORIES**

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	\$ .....
10.22	Amount actually paid for year bonuses	\$ .....
10.23	Maximum amount payable withholds	\$ .....
10.24	Amount actually paid for year withholds	\$ .....

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 ( ) No (X)

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes (X) No ( )

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

11.4 If yes, show the amount required. \$ ..... 5,000,000

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes ( ) No (X)

11.6 If the amount is calculated, show the calculation

.....

12.1 List service areas in which reporting entity is licensed to operate:

1	Name of Service Area
Central Ohio and surrounding Counties	
Greater Dayton, Ohio area	
.....	

13.1 Do you act as a custodian for health savings accounts? Yes ( ) No (X)

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? Yes ( ) No (X)

13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ .....

**GENERAL INTERROGATORIES - Line 12 (continued)**

1  
Name of Service Area

Name of Service Area  
Central Ohio and the surrounding Counties .....  
Greater Dayton, Ohio area .....  
12 - Name of Service Area

## FIVE - YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
<b>BALANCE SHEET (Page 2 and Page 3)</b>					
1. Total admitted assets (Page 2, Line 28)	6,810,173	7,044,578	6,894,955	2,652,368	
2. Total liabilities (Page 3, Line 24)	959,062	977,779	1,001,582		
3. Statutory surplus	5,000,000	5,000,000			
4. Total capital and surplus (Page 3, Line 33)	5,851,111	6,066,799	5,893,373	2,652,368	
<b>INCOME STATEMENT (Page 4)</b>					
5. Total revenues (Line 8)	8,741,666	9,626,549	5,561,921		
6. Total medical and hospital expenses (Line 18)	8,221,357	10,085,234	6,292,665		
7. Claims adjustment expenses (Line 20)	154,570	166,350	92,193		
8. Total administrative expenses (Line 21)	594,268	621,673	326,307		
9. Net underwriting gain (loss) (Line 24)	(228,529)	(1,246,708)	(1,149,244)		
10. Net investment gain (loss) (Line 27)	4,785	10,362	6,494	39,721	
11. Total other income (Line 28 plus Line 29)		10,429			
12. Net income or (loss) (Line 32)	(223,744)	(1,225,917)	(1,142,750)	39,721	
<b>CASH FLOW (Page 6)</b>					
13. Net cash from operations (Line 11)	(297,852)	(1,437,676)	(193,614)	30,539	
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. Total adjusted capital	5,851,111	6,066,799	5,893,373	2,652,368	
15. Authorized control level risk-based capital	750,551	851,242	845,199	3,791	
<b>ENROLLMENT (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7)	706	745	514		
17. Total members months (Column 6, Line 7)	8,345	8,654	5,449		
<b>OPERATING PERCENTAGE (Page 4)</b> (Item divided by Page 4, sum of Line 2, Line 3, and Line 5) X 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Line 3 plus Line 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	94.0	104.8	113.1		
20. Cost containment expenses	0.6	0.6	0.5		
21. Other claims adjustment expenses	1.2	1.1	1.1		
22. Total underwriting deductions (Line 23)	102.6	113.0	120.7		
23. Total underwriting gain (loss) (Line 24)	(2.6)	(13.0)	(20.7)		
<b>UNPAID CLAIMS ANALYSIS</b> (U and I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5)	721,617	532,625			
25. Estimated liability of unpaid claims of prior year (Line 13, Column 6)	826,942	902,518			
<b>INVESTMENTS IN PARENT, SUBSIDIARIES, AND AFFILIATES</b>					
26. Affiliated bonds (Schedule D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Schedule D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Schedule D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Line 26 to Line 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 ( )

If no, please explain:

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Allocated by States and Territories

States, Etc.	1 Active Status	Direct Business Only Year to Date						
		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/ Casualty Premiums	8 Total Column 2 Through Column 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		8,734,943					8,734,943
37. Oklahoma	OK N							
38. Oregon	OR N							
39. Pennsylvania	PA N							
40. Rhode Island	RI N							
41. South Carolina	SC N							
42. South Dakota	SD N							
43. Tennessee	TN N							
44. Texas	TX N							
45. Utah	UT N							
46. Vermont	VT N							
47. Virginia	VA N							
48. Washington	WA N							
49. West Virginia	WV N							
50. Wisconsin	WI N							
51. Wyoming	WY N							
52. American Samoa	AS N							
53. Guam	GU N							
54. Puerto Rico	PR N							
55. U.S. Virgin Islands	VI N							
56. Northern Mariana Islands	MP N							
57. Canada	CN N							
58. Aggregate Other Alien	OT XXX							
59. Subtotal		XXX		8,734,943				8,734,943
60. Reporting entity contributions for Employee Benefit Plans		XXX						
61. Total (Direct Business)	(a) 1		8,734,943					8,734,943

**DETAILS OF WRITE-INS**

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

(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.

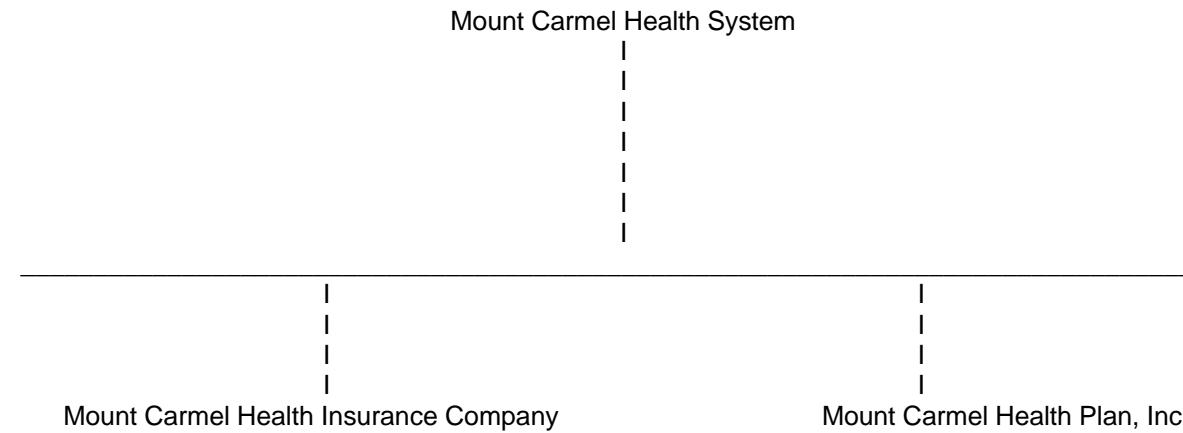
**Explanation of basis of allocation by states, premiums by state, etc.**

The Company only has business in the State of Ohio.

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

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Mount Carmel Health Insurance Company  
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

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# Health

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