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ANNUAL STATEMENT

For the Year Ended December 31, 2011

of the Condition and Affairs of the

Vision Service Plan

NAIC Group Code.....1189, 1189 (Current Period) (Prior Period) NAIC Company Code..... 54380 Employer's ID Number..... 31-0725743

Organized under the Laws of Ohio State of Domicile or Port of Entry Ohio Country of Domicile US

Licensed as Business Type.....Vision Service Corporation Is HMO Federally Qualified? Yes [ ] No [X]

Incorporated/Organized..... November 4, 1966 Commenced Business..... March 29, 1967

Statutory Home Office	3400 Morse Crossing….. Columbus ..... OH ..... 43215 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	3333 Quality Drive….. Rancho Cordova ..... CA ..... 95670 *(Street and Number) (City or Town, State and Zip Code)*	916-851-5000 *(Area Code) (Telephone Number)*
Mail Address	3333 Quality Drive….. Rancho Cordova ..... CA ..... 95670 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	3333 Quality Drive….. Rancho Cordova ..... CA ..... 95670 *(Street and Number) (City or Town, State and Zip Code)*	916-851-5000 *(Area Code) (Telephone Number)*
Internet Web Site Address	www.vsp.com	
Statutory Statement Contact	Laura Olson *(Name)*	916-851-5000 *(Area Code) (Telephone Number) (Extension)*
	laurol@vsp.com *(E-Mail Address)*	916-858-5388 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. James Robinson Lynch	President	2. James Michael McGrann #	Secretary
3. Lester Earl Passuello	Treasurer	4.	

OTHER

DIRECTORS OR TRUSTEES

James Robinson Lynch James Michael McGrann # Donald Joseph Ball, Jr.

State of..... California
County of..... Sacramento

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. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
James Robinson Lynch	James Michael McGrann	Lester Earl Passuello
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This _____ day of _____ 2012

By: James Robinson Lynch James Michael McGrann Lester Earl Passuello

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 (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	28,923,642		28,923,642	44,260,752
2. Stocks (Schedule D):				
2.1 Preferred stocks	14,896		14,896	33,484
2.2 Common stocks	8,150,469		8,150,469	8,204,807
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $.....0 encumbrances)	3,037,429		3,037,429	3,125,262
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....(539,881), Sch. E-Part 1), cash equivalents ($.....0, Sch. E-Part 2) and short-term investments ($.....10,682,728, Sch. DA)	10,142,847		10,142,847	10,555,079
6. Contract loans (including $.....0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)	12,095,084	12,095,084	0	
9. Receivables for securities			0	
10. Securities lending reinvested collateral assets (Schedule DL)			0	
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	62,364,367	12,095,084	50,269,283	66,179,384
13. Title plants less $.....0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	295,090		295,090	335,968
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection	2,190,146	736	2,189,410	2,065,402
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans	3,072,837	8,707	3,064,130	2,834,483
18.1 Current federal and foreign income tax recoverable and interest thereon			0	560,000
18.2 Net deferred tax asset	1,294,942		1,294,942	969,207
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software			0	
21. Furniture and equipment, including health care delivery assets ($.....0)	4,667,797	3,222,837	1,444,960	1,102,857
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates			0	
24. Health care ($.....0) and other amounts receivable			0	
25. Aggregate write-ins for other than invested assets	555,617	148,303	407,314	258,357
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	74,440,796	15,475,667	58,965,129	74,305,658
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTALS (Lines 26 and 27)	74,440,796	15,475,667	58,965,129	74,305,658
DETAILS OF WRITE-INS				
1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Prepaid Expenses	35,925	35,925	0	
2502. Other Receivables	519,692	112,378	407,314	258,357
2503.			0	
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	555,617	148,303	407,314	258,357

LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less $.....0 reinsurance ceded)	4,394,449		4,394,449	3,934,943
2.	Accrued medical incentive pool and bonus amounts			0	
3.	Unpaid claims adjustment expenses	46,761		46,761	36,149
4.	Aggregate health policy reserves, including the liability of $.....0 for medical loss ratio rebate per the Public Health Service Act	1,494,061		1,494,061	1,841,985
5.	Aggregate life policy reserves			0	
6.	Property/casualty unearned premium reserve			0	
7.	Aggregate health claim reserves			0	
8.	Premiums received in advance	237,109		237,109	179,425
9.	General expenses due or accrued	675,288		675,288	910,958
10.1	Current federal and foreign income tax payable and interest thereon (including $.....0 on realized capital gains (losses))	3,349,230		3,349,230	598,050
10.2	Net deferred tax liability			0	
11.	Ceded reinsurance premiums payable			0	
12.	Amounts withheld or retained for the account of others			0	
13.	Remittances and items not allocated	392,093		392,093	
14.	Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15.	Amounts due to parent, subsidiaries and affiliates	1,210,624		1,210,624	3,220,048
16.	Derivatives			0	
17.	Payable for securities	7,395		7,395	
18.	Payable for securities lending			0	
19.	Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
20.	Reinsurance in unauthorized companies			0	
21.	Net adjustments in assets and liabilities due to foreign exchange rates			0	
22.	Liability for amounts held under uninsured plans	732,333		732,333	779,771
23.	Aggregate write-ins for other liabilities (including $.....0 current)	827,147	0	827,147	795,141
24.	Total liabilities (Lines 1 to 23)	13,366,490	0	13,366,490	12,296,470
25.	Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26.	Common capital stock	XXX	XXX		
27.	Preferred capital stock	XXX	XXX		
28.	Gross paid in and contributed surplus	XXX	XXX		
29.	Surplus notes	XXX	XXX		
30.	Aggregate write-ins for other than special surplus funds	XXX	XXX	500,000	500,000
31.	Unassigned funds (surplus)	XXX	XXX	45,098,639	61,509,188
32.	Less treasury stock at cost:				
	32.1 .....0.000 shares common (value included in Line 26 $.....0)	XXX	XXX		
	32.2 .....0.000 shares preferred (value included in Line 27 $.....0)	XXX	XXX		
33.	Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	45,598,639	62,009,188
34.	Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	58,965,129	74,305,658

DETAILS OF WRITE-INS

2301.	Taxes, licenses and fees due or accrued	827,147		827,147	795,141
2302.				0	
2303.				0	
2398.	Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399.	Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	827,147	0	827,147	795,141
2501.		XXX	XXX		
2502.		XXX	XXX		
2503.		XXX	XXX		
2598.	Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599.	Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	Statutory Reserve	XXX	XXX	500,000	500,000
3002.		XXX	XXX		
3003.		XXX	XXX		
3098.	Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099.	Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	XXX	XXX	500,000	500,000

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member months	XXX	13,453,190	13,412,488
2.	Net premium income (including $.....0 non-health premium income)	XXX	81,906,039	77,597,895
3.	Change in unearned premium reserves and reserve for rate credits	XXX		
4.	Fee-for-service (net of $.....13,511,647 medical expenses)	XXX	1,855,467	1,803,588
5.	Risk revenue	XXX	236,066	245,300
6.	Aggregate write-ins for other health care related revenues	XXX	17,688,095	14,898,129
7.	Aggregate write-ins for other non-health revenues	XXX	0	0
8.	Total revenues (Lines 2 to 7)	XXX	101,685,667	94,544,912
Hospital and Medical:				
9.	Hospital/medical benefits			
10.	Other professional services		68,674,928	66,730,424
11.	Outside referrals			
12.	Emergency room and out-of-area			
13.	Prescription drugs			
14.	Aggregate write-ins for other hospital and medical	0	0	0
15.	Incentive pool, withhold adjustments and bonus amounts			
16.	Subtotal (Lines 9 to 15)	0	68,674,928	66,730,424
Less:				
17.	Net reinsurance recoveries			
18.	Total hospital and medical (Lines 16 minus 17)	0	68,674,928	66,730,424
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including $.....0 cost containment expenses		569,438	575,386
21.	General administrative expenses		7,258,539	7,257,832
22.	Increase in reserves for life and accident and health contracts including $.....0 increase in reserves for life only)		(347,924)	(340,219)
23.	Total underwriting deductions (Lines 18 through 22)	0	76,154,981	74,223,423
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	25,530,686	20,321,489
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,178,508	1,009,218
26.	Net realized capital gains or (losses) less capital gains tax of $.....234,322		435,168	114,976
27.	Net investment gains or (losses) (Lines 25 plus 26)	0	1,613,676	1,124,194
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....16,911)]		(16,911)	(12,356)
29.	Aggregate write-ins for other income or expenses	0	(18,488,081)	(14,980,692)
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	8,639,370	6,452,635
31.	Federal and foreign income taxes incurred	XXX	2,233,710	1,824,805
32.	Net income (loss) (Lines 30 minus 31)	XXX	6,405,660	4,627,830

DETAILS OF WRITE-INS

0601.	Lab revenue	XXX	17,688,095	14,898,129
0602.		XXX		
0603.		XXX		
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699.	Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	17,688,095	14,898,129
0701.		XXX		
0702.		XXX		
0703.		XXX		
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799.	Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.				
1402.				
1403.				
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499.	Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.	Lab expenses		(18,488,081)	(14,980,692)
2902.				
2903.				
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999.	Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	(18,488,081)	(14,980,692)

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	62,009,188	57,332,786
34. Net income or (loss) from Line 32	6,405,660	4,627,830
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains and (losses) less capital gains tax of $.....(310,709)	(577,032)	487,055
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	15,026	(100,380)
39. Change in nonadmitted assets	(13,671,208)	(338,103)
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders	(6,200,919)	
47. Aggregate write-ins for gains or (losses) in surplus	(2,382,076)	0
48. Net change in capital and surplus (Lines 34 to 47)	(16,410,549)	4,676,402
49. Capital and surplus end of reporting period (Line 33 plus 48)	45,598,639	62,009,188

DETAILS OF WRITE-INS

4701. Transfer of Michigan and West Virginia fund balance	(3,774,208)	
4702. Repayment of interest charged by parent in prior period	1,392,132	
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	(2,382,076)	0

CASH FLOW

		1 Current Year	2 Prior Year
	CASH FROM OPERATIONS		
1.	Premiums collected net of reinsurance	81,851,828	77,760,136
2.	Net investment income	1,783,080	1,512,173
3.	Miscellaneous income	19,779,628	16,947,017
4.	Total (Lines 1 through 3)	103,414,536	96,219,326
5.	Benefit and loss related payments	68,215,422	66,175,939
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	26,809,352	22,212,629
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	(843,148)	2,782,854
10.	Total (Lines 5 through 9)	94,181,626	91,171,422
11.	Net cash from operations (Line 4 minus Line 10)	9,232,910	5,047,904
	CASH FROM INVESTMENTS		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	22,632,423	28,577,388
	12.2 Stocks	6,569,127	2,100,435
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets	1,904,916	
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds	7,395	45,645
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	31,113,861	30,723,468
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	7,682,759	33,478,186
	13.2 Stocks	6,890,691	4,085,318
	13.3 Mortgage loans		
	13.4 Real estate		
	13.5 Other invested assets	14,000,000	
	13.6 Miscellaneous applications		
	13.7 Total investments acquired (Lines 13.1 to 13.6)	28,573,450	37,563,504
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	2,540,411	(6,840,036)
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders	6,200,919	
	16.6 Other cash provided (applied)	(5,984,634)	1,331,857
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(12,185,553)	1,331,857
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(412,232)	(460,275)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	10,555,079	11,015,354
	19.2 End of year (Line 18 plus Line 19.1)	10,142,847	10,555,079

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

20.0001		

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 Plans	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	81,906,039				81,906,039					
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of $.....0 medical expenses)	1,855,467				1,855,467					XXX
4. Risk revenue	236,066				236,066					XXX
5. Aggregate write-ins for other health care related revenues	17,688,095	0	0	0	17,688,095	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	101,685,667	0	0	0	101,685,667	0	0	0	0	0
8. Hospital/medical benefits	0									XXX
9. Other professional services	68,674,928				68,674,928					XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	0									XXX
12. Prescription drugs	0									XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0									XXX
15. Subtotal (Lines 8 to 14)	68,674,928	0	0	0	68,674,928	0	0	0	0	XXX
16. Net reinsurance recoveries	0									XXX
17. Total hospital and medical (Lines 15 minus 16)	68,674,928	0	0	0	68,674,928	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $.....0 cost containment expenses	569,438				602,855				(33,417)	
20. General administrative expenses	7,258,540				7,689,055				(430,515)	
21. Increase in reserves for accident and health contracts	(347,924)				(347,924)					XXX
22. Increase in reserve for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	76,154,982	0	0	0	76,618,914	0	0	0	(463,932)	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	25,530,685	0	0	0	25,066,753	0	0	0	463,932	0
DETAILS OF WRITE-INS										
0501. Lab Revenue	17,688,095				17,688,095					XXX
0502.	0									XXX
0503.	0									XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Total (Lines 0501 thru 0503 plus 0598) (Line 5 above)	17,688,095	0	0	0	17,688,095	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Total (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.	0									XXX
1302.	0									XXX
1303.	0									XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Total (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				0
2. Medicare supplement				0
3. Dental only				0
4. Vision only	81,906,039			81,906,039
5. Federal employees health benefits plan				0
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid				0
8. Other health				0
9. Health subtotal (Lines 1 through 8)	81,906,039	0	0	81,906,039
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	81,906,039	0	0	81,906,039

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	68,215,422				68,215,422					
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	68,215,422	0	0	0	68,215,422	0	0	0	0	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	4,394,449				4,394,449					
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	4,394,449	0	0	0	4,394,449	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0									
6. Net healthcare receivables (a)	0									
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	3,934,943				3,934,943					
8.2 Reinsurance assumed	0									
8.3 Reinsurance ceded	0									
8.4 Net	3,934,943	0	0	0	3,934,943	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0									
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0									
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred benefits:										
12.1 Direct	68,674,928	0	0	0	68,674,928	0	0	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	68,674,928	0	0	0	68,674,928	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Medical and Hospital)	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	1,196,824				1,196,824					
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	1,196,824	0	0	0	1,196,824	0	0	0	0	0
2. Incurred but unreported:										
2.1 Direct	3,197,625				3,197,625					
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	3,197,625	0	0	0	3,197,625	0	0	0	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct	0									
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct	4,394,449	0	0	0	4,394,449	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	4,394,449	0	0	0	4,394,449	0	0	0	0	0

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	6
	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	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)					0	
2. Medicare supplement					0	
3. Dental only					0	
4. Vision only	3,867,186	64,348,236		4,394,449	3,867,186	3,934,943
5. Federal employees health benefits plan					0	
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid					0	
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	3,867,186	64,348,236	0	4,394,449	3,867,186	3,934,943
10. Healthcare receivables (a)					0	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts					0	
13. Totals (Lines 9 - 10 + 11 + 12)	3,867,186	64,348,236	0	4,394,449	3,867,186	3,934,943

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED 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	50,626	50,626	50,626	50,626	50,626
2. 2007	55,237	58,208	58,208	58,208	58,208
3. 2008	XXX	60,797	63,956	63,956	63,956
4. 2009	XXX	XXX	63,255	66,604	66,604
5. 2010	XXX	XXX	XXX	62,826	66,694
6. 2011	XXX	XXX	XXX	XXX	64,348

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	50,626	50,626	50,626	50,626	50,626
2. 2007	58,804	58,208	58,208	58,208	58,208
3. 2008	XXX	64,235	63,956	63,956	63,956
4. 2009	XXX	XXX	66,635	66,604	66,604
5. 2010	XXX	XXX	XXX	66,761	66,694
6. 2011	XXX	XXX	XXX	XXX	68,743

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SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2007	68,536	58,208	500	0.9	58,708	85.7			58,708	85.7
2. 2008	74,176	63,956	590	0.9	64,546	87.0			64,546	87.0
3. 2009	76,629	66,604	783	1.2	67,387	87.9			67,387	87.9
4. 2010	77,598	66,694	120	0.2	66,814	86.1			66,814	86.1
5. 2011	81,906	64,348	750	1.2	65,098	79.5	4,394	47	69,539	84.9

U & I Ex.-Pt.2C-Sn A-Paid Claims-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Dental
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Dental
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Dental
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED 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	50,626	50,626	50,626	50,626	50,626
2. 2007	55,237	58,208	58,208	58,208	58,208
3. 2008	XXX	60,797	63,956	63,956	63,956
4. 2009	XXX	XXX	63,255	66,604	66,604
5. 2010	XXX	XXX	XXX	62,826	66,694
6. 2011	XXX	XXX	XXX	XXX	64,348

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	50,626	50,626	50,626	50,626	50,626
2. 2007	58,804	58,208	58,208	58,208	58,208
3. 2008	XXX	64,235	63,956	63,956	63,956
4. 2009	XXX	XXX	66,635	66,604	66,604
5. 2010	XXX	XXX	XXX	66,761	66,694
6. 2011	XXX	XXX	XXX	XXX	68,743

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SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - VISION ONLY

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2007	68,536	58,208	500	0.9	58,708	85.7			58,708	85.7
2. 2008	74,176	63,956	590	0.9	64,546	87.0			64,546	87.0
3. 2009	76,629	66,604	783	1.2	67,387	87.9			67,387	87.9
4. 2010	77,598	66,694	120	0.2	66,814	86.1			66,814	86.1
5. 2011	81,906	64,348	750	1.2	65,098	79.5	4,394	47	69,539	84.9

U & I Ex.-Pt.2C-Sn A-Paid Claims-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicaid
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicaid
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicaid
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Other
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Other
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Other
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
POLICY RESERVE									
1. Unearned premium reserves	0								
2. Additional policy reserves (a)	1,494,061				1,494,061				
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including $.....0) for investment income	0								
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	1,494,061	0	0	0	1,494,061	0	0	0	0
7. Reinsurance ceded	0								
8. Totals (net) (Page 3, Line 4)	1,494,061	0	0	0	1,494,061	0	0	0	0
CLAIM RESERVE									
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	0								
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0								
14. Totals (net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.	0								
0502.	0								
0503.	0								
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.	0								
1102.	0								
1103.	0								
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes $.....1,494,061 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent ($.....0 for occupancy of own building)		9,463	95,685		105,148
2.	Salaries, wages and other benefits		608,930	6,147,824	9,132	6,765,886
3.	Commissions (less $.....0 ceded plus $.....0 assumed)			1,505,613		1,505,613
4.	Legal fees and expenses					0
5.	Certifications and accreditation fees					0
6.	Auditing, actuarial and other consulting services		16,309	172,899		189,208
7.	Traveling expenses		14,801	149,651		164,452
8.	Marketing and advertising		40,445	408,947		449,392
9.	Postage, express and telephone		22,228	224,752		246,980
10.	Printing and office supplies		8,463	85,573		94,036
11.	Occupancy, depreciation and amortization		58,625	592,764		651,389
12.	Equipment		47,463	477,026	2,880	527,369
13.	Cost or depreciation of EDP equipment and software					0
14.	Outsourced services including EDP, claims, and other services		24,077	243,442		267,519
15.	Boards, bureaus and association fees		20,163	203,866		224,029
16.	Insurance, except on real estate		1,930	19,514		21,444
17.	Collection and bank service charges					0
18.	Group service and administration fees					0
19.	Reimbursements by uninsured plans					0
20.	Reimbursements from fiscal intermediaries		(318,004)	(4,060,265)		(4,378,269)
21.	Real estate expenses					0
22.	Real estate taxes					0
23.	Taxes, licenses and fees:					
	23.1 State and local insurance taxes					0
	23.2 State premium taxes			816,287		816,287
	23.3 Regulatory authority licenses and fees			23,744		23,744
	23.4 Payroll taxes					0
	23.5 Other (excluding federal income and real estate taxes)					0
24.	Investment expenses not included elsewhere					0
25.	Aggregate write-ins for expenses	0	14,545	151,217	0	165,762
26.	Total expenses incurred (Lines 1 to 25)	0	569,438	7,258,539	12,012	(a) 7,839,989
27.	Less expenses unpaid December 31, current year		46,761	675,288		722,049
28.	Add expenses unpaid December 31, prior year		36,149	910,958		947,107
29.	Amounts receivable relating to uninsured plans, prior year		2,836,952			2,836,952
30.	Amounts receivable relating to uninsured plans, current year		3,072,837			3,072,837
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	794,711	7,494,209	12,012	8,300,932

DETAILS OF WRITE-INS

2501.	Other expenses		14,545	151,217		165,762
2502.						0
2503.						0
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599.	TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above)	0	14,545	151,217	0	165,762

(a) Includes management fees of $.....9,860,467 to affiliates and $.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 39,266	43,475
1.1	Bonds exempt from U.S. tax	(a) 205,925	184,074
1.2	Other bonds (unaffiliated)	(a) 403,328	379,510
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 1,228	1,228
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	215,168	218,915
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) 11,484	8,318
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	444,105	444,105
10.	Total gross investment income	1,320,504	1,279,625
11.	Investment expenses		(g) 12,012
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		89,105
16.	Total deductions (Lines 11 through 15)		101,117
17.	Net investment income (Line 10 minus Line 16)		1,178,508

DETAILS OF WRITE-INS

0901.	Interest on intercompany loans	444,105	444,105
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	444,105	444,105
1501.	Equity Management Fee		89,105
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above)		89,105

(a) Includes $.....14,533 accrual of discount less $.....578,227 amortization of premium and less $.....45,241 paid for accrued interest on purchases.
(b) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued dividends on purchases.
(c) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(d) Includes $.....0 for company's occupancy of its own buildings; and excludes $.....0 interest on encumbrances.
(e) Includes $.....0 accrual of discount less $.....7,517 amortization of premium and less $.....0 paid for accrued interest on purchases.
(f) Includes $.....0 accrual of discount less $.....0 amortization of premium.
(g) Includes $.....0 investment expenses and $.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
(h) Includes $.....0 interest on surplus notes and $.....0 interest on capital notes.
(i) Includes $.....0 depreciation on real estate and $.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. government bonds	4		4		
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	176,241		176,241		
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)	1,403		1,403	(5,730)	
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)	539,989	(48,146)	491,843	(882,011)	
2.21	Common stocks of affiliates			0		
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0		
7.	Derivative instruments			0		
8.	Other invested assets			0		
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	717,637	(48,146)	669,491	(887,741)	0

DETAILS OF WRITE-INS

0901.				0		
0902.				0		
0903.				0		
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0	0

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)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)	12,095,084		(12,095,084)
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	12,095,084	0	(12,095,084)
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	736	12,849	12,113
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans	8,707	2,469	(6,238)
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset			0
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software			0
21. Furniture and equipment, including health care delivery assets	3,222,837	1,636,598	(1,586,239)
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivables from parent, subsidiaries and affiliates			0
24. Health care and other amounts receivable			0
25. Aggregate write-ins for other than invested assets	148,303	152,543	4,240
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	15,475,667	1,804,459	(13,671,208)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	15,475,667	1,804,459	(13,671,208)

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Expenses	35,925	17,745	(18,180)
2502. Other Receivables	112,378	134,798	22,420
2503.			0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	148,303	152,543	4,240

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health maintenance organizations						
2. Provider service organizations						
3. Preferred provider organizations						
4. Point of service						
5. Indemnity only						
6. Aggregate write-ins for other lines of business	1,113,245	1,132,677	1,125,129	1,115,328	1,095,665	13,453,190
7. Total	1,113,245	1,132,677	1,125,129	1,115,328	1,095,665	13,453,190

DETAILS OF WRITE-INS

0601. Vision only	1,113,245	1,132,677	1,125,129	1,115,328	1,095,665	13,453,190
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	1,113,245	1,132,677	1,125,129	1,115,328	1,095,665	13,453,190

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

   A. The accompanying financial statements of Vision Service Plan (Company) have been prepared on the statutory basis of accounting prescribed by the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual - version effective January 1, 2001, as amended.

   B. The preparation of financial statements in conformity with the Annual Statement Instructions and Accounting Practices and Procedures manual requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

   C. Accounting Policies that Materially Affect Assets, Liabilities, Capital and Surplus or Results of Operations

      Premiums are recognized over the period of coverage and are generally based on the number of eligible participants. Receivables and related premiums are estimated based on the most recent eligibility received from clients under the program. Net revenue relating to uninsured plans is recorded as an offset to claims adjustment expenses and general administrative expenses. In addition, the Company uses the following accounting policies:

      1. Investments: Short-term investments are stated at amortized cost.
      2. Bonds: Bonds are stated at amortized cost using the interest method.
      3. Stocks: Stocks are stated at market value.
      4. Preferred Stock: Preferred stocks are stated at market value.
      5. Mortgage Loans: The Company has no mortgaged loans.
      6. Loan-backed Securities: The Company has no loan-backed securities.
      7. Investments in Subsidiaries: The Company has no investments in subsidiaries.
      8. Investments in Joint Ventures, Partnerships and Limited Liability Companies: The Company has no investments in Joint Ventures, Partnerships and Limited Liability Companies.
      9. Derivatives: The Company has no derivatives.
      10. Premium Deficiency Calculation: The Company does not utilize anticipated investment income as a factor in the calculation of premium deficiency.
      11. Liabilities for Claims Unpaid and Related Expenses: Claims unpaid and related expenses represents the estimated liability for claims reported to the Company, claims incurred but not yet reported and unpaid claims adjustment expenses.
      12. The Company has not modified its capitalization policy from the prior period.
      13. The Company has no pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors
   There were no material changes in accounting principles and/or correction of errors.

3. Business Combinations and Goodwill - The Company has no business combinations or goodwill.

4. Discontinued Operations – The Company has no discontinued operations.

5. Investments
   A. Mortgage Loans: The Company has no mortgaged loans.
   B. Restructured Debt: The Company has no restructured debt.
   C. Reverse Mortgages: The Company has no reverse mortgages.
   D. Loan Backed Securities: The Company does not hold any loan-backed or structured securities.
   E. Repurchase Agreements: The Company has no repurchase agreements.
   F. Real Estate: The Company owns land and an optical laboratory constructed during 2003 to better serve the East Coast clients. Land purchased during 2002 by the Company cost $380,434. The optical laboratory is valued at $2,656,995.
   G. Investments in Low-Income Housing Tax Credits(LIHTC): The Company has no LIHTC.

6. Joint Ventures, Partnerships and Limited Liability Companies – The Company has no joint ventures, partnerships and limited liability companies.

7. Investment Income – The Company has not excluded any investment income.

8. Derivative Instruments – The Company has no derivative instruments.

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

The components of Deferred Tax Assets (DTAs) and Deferred Tax Liabilities (DTLs) at December 31 are as follows:

	2011			2010		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	$ 2,110,235	$ 155,994	$ 2,266,229	$ 1,614,513	$ 381,051	$ 1,995,564
Statutory valuation allowance	0	0	0	0	0	0
Adjusted gross deferred tax assets	$ 2,110,235	$ 155,994	$ 2,266,229	$ 1,614,513	$ 381,051	$ 1,995,564
Gross deferred tax liabilities	(924,736)	(46,551)	(971,287)	(669,098)	(357,259)	(1,026,357)
Net deferred tax asset/(liability) before admissability test	$ 1,185,499	$ 109,443	$ 1,294,942	$ 945,415	$ 23,792	$ 969,207
Admitted pursuant to paragraph 10.a.	$ 2,053,714	$ 155,994	$ 2,209,708	$ 1,433,727	$ 61,910	$ 1,495,637
Paragraph 10.b.i.	(17,332)	0	(17,332)	0	16,450	16,450
Paragraph 10.b.ii.	N/A	N/A	4,703,832	N/A	N/A	5,990,470
Admitted pursuant to paragraph 10.b. (lesser of i or ii)	(17,332)	0	(17,332)	0	16,450	16,450
Admitted pursuant to paragraph 10.c.	73,853	0	73,853	180,786	302,691	483,477
Admitted deferred tax asset	$ 2,110,235	$ 155,994	$ 2,266,229	$ 1,614,513	$ 381,051	$ 1,995,564
Deferred tax liability	(924,737)	(46,551)	(971,287)	(669,098)	(357,259)	(1,026,357)
Net admitted DTA or DTL	$ 1,185,499	$ 109,443	$ 1,294,942	$ 945,415	$ 23,792	$ 969,207
Nonadmitted DTA	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SSAP No. 10R, Para 10.a, 10.b & 10.c:						
Admitted deferred tax assets	$ 2,110,235	$ 155,994	$ 2,266,229	$ 1,614,513	$ 381,051	$ 1,995,564
Admitted assets	N/A	N/A	$ 58,965,129	$ N/A	$ N/A	$ 74,305,658
Adjusted statutory surplus	N/A	N/A	$ 47,038,321	$ N/A	$ N/A	$ 59,904,698
Total adjusted capital from DTAs	N/A	N/A	$ 1,294,942	$ N/A	$ N/A	$ 969,207

The Company has not elected to admit DTAs pursuant to paragraph 10.e.

There are no changes to adjusted gross and net admitted DTAs due to tax planning strategies.

There are no temporary differences for which a DTL has not been established.

Current income taxes incurred consist of the following major components:

	2011	2010
Current income tax expense	$ 3,103,251	$ 1,735,697
Tax on capital gains/(losses)	234,322	61,910
Prior year underaccrual (overaccrual)	(869,542)	89,108
Federal income taxes incurred	$ 2,468,031	$ 1,886,715

The primary temporary differences that result in deferred income taxes at December 31 are as follows:

DTAs Resulting From Book/Tax Differences In:	2011	2010	Change	Character
Reserve for outstanding claims	$ 229,723	$ 211,123	$ 18,600	Ordinary
Aggregate health policy reserves	522,921	644,695	(121,774)	Ordinary
Premiums received in advance	84,894	64,842	20,052	Ordinary
Investments	84,310	132,691	(48,381)	Capital
Non-admitted assets	1,183,204	631,561	551,643	Ordinary
Capital loss carryforward	71,684	248,360	(176,676)	Capital
Other	89,493	62,292	27,201	Ordinary
Gross DTAs	$ 2,266,229	$ 1,995,564	$ 270,665	
Deferred tax liabilities:				
Depreciation	(924,736)	(669,097)	(255,639)	Ordinary
Investments	(46,551)	(357,260)	310,709	Capital
Net deferred tax assets	$ 1,294,942	$ 969,207	$ 325,735	
Non-admitted deferred tax assets	0	0	0	
Net admitted deferred tax assets	$ 1,294,942	$ 969,207	$ 325,735	

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes (continued)

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of non-admitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	2011	2010	Change
Total deferred tax assets	$ 2,266,229	$ 1,995,564	$ 270,665
Total deferred tax liabilities	(971,287)	(1,026,357)	55,070
Net deferred tax asset	$ 1,294,942	$ 969,207	$ 325,735
Tax effect of unrealized gains			(310,709)
Change in net deferred income tax			$ 15,026

The provision for federal income taxes is different from that which would be computed ay applying federal income tax rates to income before taxes as follows:

	2011			2010		
	Amount	Tax Effect	Effective Tax Rate	Amount	Tax Effect	Effective Tax Rate
Income before federal income taxes	$ 8,873,692	$ 3,105,792	35.0%	$ 6,514,546	$ 2,280,091	$ 35.0%
Tax-exempt income	(191,226)	(66,927)	(0.3%)	(383,630)	(134,271)	(2.1%)
Dividends received deduction	(97,759)	(34,216)	(0.1%)	(109,594)	(38,358)	(0.6%)
Change in non-admitted assets	(1,576,124)	(551,643)	(6.2%)	(338,103)	(118,336)	(1.8%)
Other	0	0	(0.7%)	(5,803)	(2,031)	0.0%
Total	$ 7,008,583	$ 2,453,006	27.6%	$ 5,677,416	$ 1,987,095	30.5%

Federal income taxes incurred	$ 2,233,710	$ 1,824,805
Tax on capital gains/(losses)	234,322	61,910
Change in net deferred income taxes	(15,026)	100,380
Total statutory income taxes	$ 2,453,006	$ 1,987,095

At December 31, 2011, the company had no net operating loss or AMT credit carryforwards.
At December 31, 2011, the company had capital loss carryforwards expiring through the year 2014 of $204,810.

The following is income tax expense for 2010 and 2011 that is available for recoupment in the event of future net losses.

Year	Ordinary	Capital	Total
2010	$ 1,797,607	$ 0	$ 1,797,607
2011	3,103,251	234,322	3,337,573
Total	$ 4,900,858	$ 296,232	$ 5,135,180

There were no deposits admitted under IRC section 6603.

The Company's federal income tax return is filed on a consolidated basis and includes the following entities:

Vision Service Plan (CA), Altair Eyewear, Inc., Eyefinity, Inc., Vision Service Plan, Inc. (NV), Vision Services Plan, Inc., Eastern Vision Service Plan, Inc., Oklahoma, Vision Service Plan of Illinois, NFP, Massachusetts Vision Service Plan, Inc., Vision Service Plan (OH), Vision Service Plan Insurance Company, Eastern Vision Service Plan IPA, Inc., Vision Service Plan Insurance Company (MO), OSS Holdings, Inc., Officemate Software Solutions, Inc., VSP Holding Company, Inc., Marchon Eyewear, Inc., Rothandberg, Inc., Marchon Eyewear International Inc., Marchon International Ltd., Marchon BRL Ltd., NAEI Inc., RB Mexico, Alaska Vision Services, Inc., Indiana Vision Services, Inc., Mid-Atlantic Vision Service Plan, Inc. (VA), Southwest Vision Service Plan, Inc., Vision Service Plan (HI), Vision Service Plan (WA), Vision Service Plan of Idaho, Inc., Vision Service Plan of Wyoming, Wisconsin Vision Service Plan, Inc., Marchon Frasnce SAS, Marchon Hispana S.L., SX Holdings, LLC, VSP Optical Group, Inc., Plexus Optix, Inc., VSP Labs, Inc., VSP Ceres, Inc., Eyeconic, Inc. and VSP Global, Inc.

The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. The Company is a wholly owned subsidiary of Vision Service Plan (a California non-profit corporation).
B. No assets have been transferred to or from the Company to a related party.
C. The Company incurred expenses during 2011 and 2010 of $9,860,467 and $9,794,506, respectively for such services.
D. Amounts due to Vision Service Plan as of December 31, 2011 and 2010, respectively are $1,210,624 and $3,220,048.
E. There are no guarantees or undertakings in place between the Company and any related party.
F. Vision Service Plan provides the Company with data processing, employee related services and other administrative services for an agreed upon fee under the Administrative and Marketing Agreement.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries and Affiliates (Continued)

G. Not applicable.
H. Not applicable.
I. Not applicable.
J. Not applicable.
K. Not applicable.
L. Not applicable.

11. Debt

The Company entered into a promissory note on March 29, 2011 with parent, Vision Service Plan. The $14,000,000 note receivable maturing in March 2016 requires Vision Service Plan to pay the Company sixty equal monthly installments of principal and interest commencing in April 2011. The interest rate is 4.5%

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and other Postretirement Benefit Plans

The Company has no retirement plans, deferred compensation, postemployment benefits or compensated balances and postretirement benefit plans.

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

(1) Not applicable.
(2) Not applicable.
(3) The Company declared and paid an ordinary dividend in the amount of $6,200,919 on December 28, 2011 to it's parent company, Vision Service Plan (CA).
(4) Not applicable.
(5) Not applicable.
(6) Not applicable.
(7) Not applicable.
(8) Not applicable.
(9) Not applicable.
(10) The portion of unassigned funds (surplus) represented or reduced for cumulative unrealized gains and losses is $133,000.
(11) The Company has no surplus notes at December 31, 2011.
(12) Not applicable.
(13) Not applicable.

14. Contingencies

The Company has no contingencies to disclose.

15. Leases

The Company has no leases.

16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

The Company has no financial instruments.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities Including Wash Sales

The Company does not sell, transfer or service financial instruments or extinguishments of liabilities. The Company has no wash sales.

18. Gain or Loss to the Insurer from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

	2011	2010
Net reimbursement for administrative expenses, over (under) actual expenses	$ 4,378,269	$ 4,173,973
Other expense	(3,919,760)	(3,895,173)
Net gain from operations	$ 458,509	$ 278,800

*The Company has no partially insured plans.

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

The Company has no premiums written by managing general agents or third party administrators.

20. Fair Value Measurements

A summary of assets measured at fair value on a recurring basis at December 31, 2011 follows:

Description	Level 1	Level 2	Level 3	Total
Preferred stock				
Industrial and Miscellaneous (Unaffiliated)	$ 14,896	$ 0	$ 0	$ 14,896
Total preferred stock	$ 14,896	$ 0	$ 0	$ 14,896
Common stock				
Industrial and Miscellaneaous (Unaffiliated)	$ 8,150,469	$ 0	$ 0	$ 8,150,469
Total common stock	$ 8,150,469	$ 0	$ 0	$ 8,150,469
Total assets at fair value	$ 8,165,365	$ 0	$ 0	$ 8,165,365

There were no liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition.

NOTES TO FINANCIAL STATEMENTS

21. Other Items
A. The Company has had no extraordinary events.
B. The Company has no troubled debt restructuring.
C. The Company has no other unusual items.
D. Not applicable.
E. The Company has no business interruption insurance recoveries.
F. The Company has no state transferable or non-transferable tax credits.
G. The Company has no sub prime mortgage related risk exposure.
H. The Company has no retained asset accounts.

22. Events Subsequent
Regulatory requirements limit the amount of dividends that can be paid without prior approval. On December 8, 2011, the Company requested approval for the payment of an extraordinary dividend in the amount of $18.8 million The request was approved on January 12, 2012.

23. Reinsurance
The Company does not reinsure its business.

24. Retrospectively Rated Contracts
The Company has no retrospectively rated contracts

25. Change in Incurred Claims & Claim Adjustment Expenses
Reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years show a favorable development of ($103,906) for 2011. The change in the reserve related to prior years represents approximately 3% of the prior year's reserve and the conservative nature of the estimate intended to cover unexpected changes in utilization.

Activity in claims unpaid and related expenses is summarized as follows:

	2011	2010
BALANCE—January 1	$ 3,971,092	$ 3,417,771
Incurred related to:		
Current year	69,584,157	66,876,244
Prior years	(103,906)	(68,283)
Total incurred	69,480,251	66,807,961
Paid related to:		
Current year	(65,097,894)	(62,901,168)
Prior years	(3,912,239)	(3,353,471)
Total paid	(69,010,133)	(66,254,640)
BALANCE—December 31	$ 4,441,210	$ 3,971,092

26. Intercompany Pooling Arrangements
The Company has no intercompany pooling arrangements.

27. Structured Settlements
The Company has no structured settlements.

28. Health Care Receivables
The Company has no health care receivables.

29. Participating Policies
The Company has no participating policies.

30. Premium Deficiency Reserves
The Company recorded a premium deficiency reserve in 2011 and 2010 respectively of $1,494,061 and $1,841,985. The premium deficiency reserve was evaluated on January 19, 2012. The Company did not consider anticipated investment income when calculating its premium deficiency reserves.

31. Anticipated Salvage and Subrogation
Salvage and subrogation are not applicable to the Company.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]

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

1.3 State regulating? OHIO

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. 12/31/2006

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2006

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). 05/27/2008

3.4 By what department or departments? OHIO DEPARTMENT OF INSURANCE

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ ] No [ ] N/A [X]

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

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

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

4.12 renewals? Yes [ ] No [X]

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

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

4.22 renewals? Yes [ ] No [X]

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

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

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

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

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control .....%

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

1 Nationality	2 Type of Entity

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PRICEWATERHOUSE COOPERS,LLP 400 CAPITOL MALL, STE. 600, SACRAMENTO, CA 95814

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 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 the domiciliary state insurance laws? Yes [X] No [ ] N/A [ ]

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

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?
FREDERICK W. KILBOURNE (INDEPENDENT ACTUARY) 15677-G AVENIDA ALCACHOFA, SAN DIEGO, 92128

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.

GENERAL INTERROGATORIES

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 [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.

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

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).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes [ ] No [X]

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

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

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 [ ]

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

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

20.11 To directors or other officers $.....0

20.12 To stockholders not officers $.....0

20.13 Trustees, supreme or grand (Fraternal only) $.....0

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

20.21 To directors or other officers $.....0

20.22 To stockholders not officers $.....0

20.23 Trustees, supreme or grand (Fraternal only) $.....0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

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

21.21 Rented from others .....

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 [ ] No [X]

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

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 [ ] No [X]

24.2 If no, give full and complete information relating thereto.
Securities are held by banks pursuant to safekeeping custodial agreements.

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

24.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the 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. .....

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.7 Does your securities 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 [X] No [ ]

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

25.21	Subject to repurchase agreements	$.....0
25.22	Subject to reverse repurchase agreements	$.....0
25.23	Subject to dollar repurchase agreements	$.....0
25.24	Subject to reverse dollar repurchase agreements	$.....0
25.25	Pledged as collateral	$.....0
25.26	Placed under option agreements	$.....0
25.27	Letter stock or securities restricted as to sale	$.....0
25.28	On deposit with state or other regulatory body	$.....150,622
25.29	Other	$.....0

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? Yes [ ] No [ ] N/A [ ]
If no, attach a description with this statement.

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: .....

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 [ ] No [X]

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
Wells Fargo Advisors	620 Coolidge Drive, Suite 300, Folsom, CA 95630

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)
Robert W. Baird & Co.	1663 Eureka Road, Roseville, CA 95661	The Company is working with the bank to
		obtain agreements that comply with NAIC
		requirements.

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]

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

1 Central Registration Depository Number(s)	2 Name	3 Address
0547	Robert W. Baird & Co.	1663 Eureka Road, Roseville, CA 95661

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 #	2 Name of Mutual Fund	3 Book/Adj.Carrying Value
29.2999. TOTAL		0

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

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

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	39,606,370	39,645,948	39,578
30.2 Preferred stocks	14,896	14,896	0
30.3 Totals	39,621,266	39,660,844	39,578

30.4 Describe the sources or methods utilized in determining the fair values:
The fair values were obtained from Interactvie Data Corporation, a pricing service, or from the custodian bank.

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 [ ] No [X]

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 [ ] 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:

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $.....0

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid

34.1 Amount of payments for legal expenses, if any? $.....0

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? $.....0

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

NONE

GENERAL INTERROGATORIES (continued)

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 Current Year	2 Prior Year
2.1 Premium Numerator	81,906,039	77,597,895
2.2 Premium Denominator	81,906,039	77,597,895
2.3 Premium Ratio (2.1/2.2)	100.0	100.0
2.4 Reserve Numerator	5,888,510	5,776,928
2.5 Reserve Denominator	5,888,510	5,776,928
2.6 Reserve Ratio (2.4/2.5)	100.0	100.0

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, and if the earnings of the reporting entity permits? Yes [ ] No [X]

3.2 If yes, give particulars:

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

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

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

5.2 If no, explain:

The Company solely provides prepaid vision coverage. The largest net aggregate amount insured in any one risk is $200.

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive medical $.....0

5.32 Medical only $.....0

5.33 Medicare supplement $.....0

5.34 Dental and vision $.....200

5.35 Other limited benefit plan $.....0

5.36 Other $.....0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

The Company's agreements with its Member Doctors prohibits them from seeking payment (except for copayment, if any) from, or bringing any legal action against the Company's subscribers or their dependents for the Company's covered services. The Company maintains other arrangements of this type to the extent required by law.

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

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 1,254

8.2 Number of providers at end of reporting year 1,304

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 .....

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 .....

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

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. $.....500,000

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

11.6. If the amount is calculated, show the calculation:

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

1 Name of Service Area
Ohio

13.1. Do you act as a custodian for health savings account? 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. .....

FIVE-YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	58,965,130	74,305,658	68,335,739	63,885,958	60,364,955
2. Total liabilities (Page 3, Line 24)	13,366,490	12,296,470	11,002,953	10,061,412	8,340,577
3. Statutory surplus	500,000	500,000	500,000	500,000	500,000
4. Total capital and surplus (Page 3, Line 33)	45,598,640	62,009,187	57,332,786	53,824,546	52,024,378
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	101,685,667	94,544,912	94,702,410	91,570,564	84,192,697
6. Total medical and hospital expenses (Line 18)	68,674,928	66,730,424	66,355,975	63,639,193	58,896,263
7. Claims adjustment expenses (Line 20)	569,438	575,386	598,731	525,985	530,830
8. Total administrative expenses (Line 21)	7,258,541	7,257,831	6,768,625	6,644,172	6,569,957
9. Net underwriting gain (loss) (Line 24)	25,530,684	20,321,490	19,868,795	20,337,238	19,646,330
10. Net investment gain (loss) (Line 27)	1,613,676	1,124,194	663,246	(568,388)	2,442,052
11. Total other income (Lines 28 plus 29)	(18,504,992)	(14,993,048)	(16,602,469)	(16,315,149)	(15,020,004)
12. Net income or (loss) (Line 32)	6,405,659	4,627,831	2,968,014	1,766,998	5,658,636
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	9,232,911	5,047,904	5,827,160	5,693,999	2,668,377
Risk-Based Capital Analysis					
14. Total adjusted capital	45,598,640	62,009,187	57,332,786	53,824,546	52,024,378
15. Authorized control level risk-based capital	2,481,511	2,392,902	2,334,984	2,240,719	3,938,226
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	1,095,665	1,113,245	1,080,463	1,123,807	1,041,538
17. Total member months (Column 6, Line 7)	13,453,190	13,412,488	13,131,171	13,260,152	12,496,518
Operating Percentage (Page 4) **(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100 .0**					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	83.6	85.7	86.6	85.8	84.9
20. Cost containment expenses					
21. Other claims adjustment expenses	0.7	0.7	0.8	0.7	0.8
22. Total underwriting deductions (Line 23)	92.7	95.4	97.7	96.0	93.1
23. Total underwriting gain (loss) (Line 24)	31.1	26.1	25.9	27.4	28.3
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5)	3,867,186	3,349,488	3,159,169	2,970,993	2,701,832
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	3,934,943	3,380,458	3,438,411	3,567,244	3,173,334
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	0	0	0	0	0

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

State, Etc.	1 Active Status	Direct Business Only 2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums and Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama AL	N							0	
2. Alaska AK	N							0	
3. Arizona AZ	N							0	
4. Arkansas AR	N							0	
5. California CA	N							0	
6. Colorado CO	N							0	
7. Connecticut CT	N							0	
8. Delaware DE	N							0	
9. District of Columbia DC	N							0	
10. Florida FL	N							0	
11. Georgia GA	N							0	
12. Hawaii HI	N							0	
13. Idaho ID	N							0	
14. Illinois IL	N							0	
15. Indiana IN	N							0	
16. Iowa IA	N							0	
17. Kansas KS	N							0	
18. Kentucky KY	N							0	
19. Louisiana LA	N							0	
20. Maine ME	N							0	
21. Maryland MD	N							0	
22. Massachusetts MA	N							0	
23. Michigan MI	N							0	
24. Minnesota MN	N							0	
25. Mississippi MS	N							0	
26. Missouri MO	N							0	
27. Montana MT	N							0	
28. Nebraska NE	N							0	
29. Nevada NV	N							0	
30. New Hampshire NH	N							0	
31. New Jersey NJ	N							0	
32. New Mexico NM	N							0	
33. New York NY	N							0	
34. North Carolina NC	N							0	
35. North Dakota ND	N							0	
36. Ohio OH	L	81,906,039						81,906,039	
37. Oklahoma OK	N							0	
38. Oregon OR	N							0	
39. Pennsylvania PA	N							0	
40. Rhode Island RI	N							0	
41. South Carolina SC	N							0	
42. South Dakota SD	N							0	
43. Tennessee TN	N							0	
44. Texas TX	N							0	
45. Utah UT	N							0	
46. Vermont VT	N							0	
47. Virginia VA	N							0	
48. Washington WA	N							0	
49. West Virginia WV	N							0	
50. Wisconsin WI	N							0	
51. Wyoming WY	N							0	
52. American Samoa AS	N							0	
53. Guam GU	N							0	
54. Puerto Rico PR	N							0	
55. U.S. Virgin Islands VI	N							0	
56. Northern Mariana Islands MP	N							0	
57. Canada CN	N							0	
58. Aggregate Other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	81,906,039	0	0	0	0	0	81,906,039	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	81,906,039	0	0	0	0	0	81,906,039	0

DETAILS OF WRITE-INS

5801.								0	
5802.								0	
5803.								0	
5898. Summary of remaining write-ins for line 58	0	0	0	0	0	0	0	0	0
5899. Total (Lines 5801 thru 5803 + 5898) (Line 58 above	0	0	0	0	0	0	0	0	0

(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.

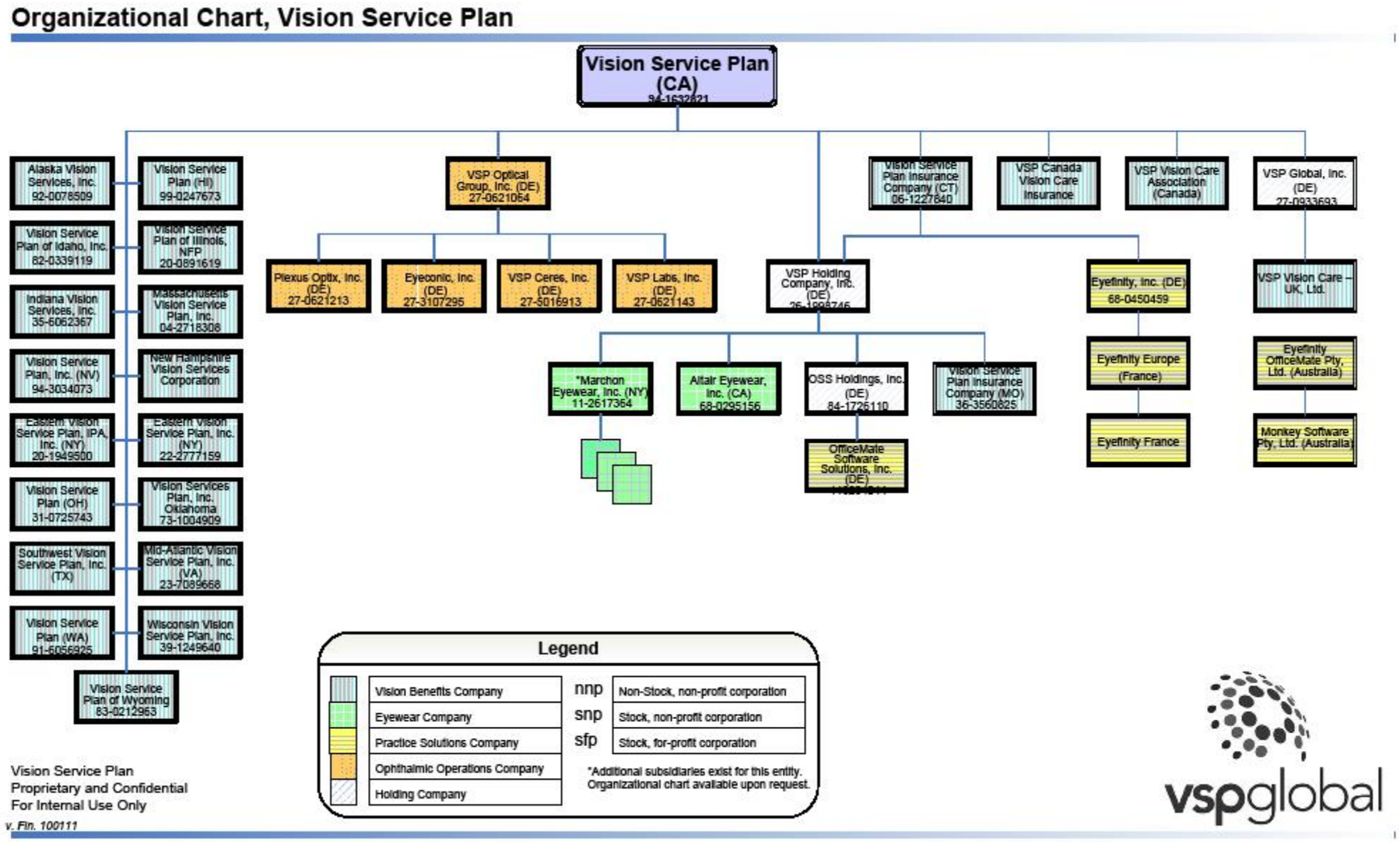
Explanation of basis of allocation by states, premiums by state, etc.

The company allocates based on the situs of the contract.

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

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



2011 ALPHABETICAL INDEX
HEALTH ANNUAL STATEMENT BLANK