



ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011

OF THE CONDITION AND AFFAIRS OF THE

Medical Benefits Mutual Life Insurance Company

NAIC Group Code 0000, NAIC Company Code 74322 Employer's ID Number 31-4210910
 (Current Period) (Prior Period)

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

Country of Domicile US

Incorporated/Organized May 6, 1938 Commenced Business April 4, 1938

Statutory Home Office 1975 Tamarack Road, Newark, Ohio 43055
 (Street and Number, City or Town, State and Zip Code)

Main Administrative Office 1975 Tamarack Road, Newark, Ohio 43055 740-522-8425
 (Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1975 Tamarack Road, Newark, Ohio 43055
 (Street and Number or P. O. Box, City or Town, State and Zip Code)

Primary Location of Books and Records 1975 Tamarack Road, Newark, Ohio 43055
 (Street and Number, City or Town, State and Zip Code)
740-522-8425 740-522-7407
 (Area Code) (Telephone Number) (Area Code) (Telephone Number) (Extension)

Internet Website Address www.medben.com
 Statutory Statement Contact Cristin Saguishi 740-522-7526
csaguisi@medben.com (Fax Number)
 (Name) (E-Mail Address)

OFFICERS

Douglas James Freeman (President)
 Clark Arthur Morrow (Secretary)
 Kurt Jeffrey Harden (Treasurer)

OTHER OFFICERS

Caroline Fischer Rouse Fraker (Vice President & Chief Privacy Officer)
 Lori Kane (Vice President)
 Rose McEntire (Vice President & Chief Security Officer)
 Cara Delcher (Vice President)

DIRECTORS OR TRUSTEES

J. Scott Cantley
 Charles Daniel Delawder
 Nancy Shrider Dix
 Douglas James Freeman
 Kurt Jeffrey Harden
 Richard Merrill Main
 Clark Arthur Morrow

State of Ohio }
 County of Licking } 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. 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.

Douglas James Freeman
 President

Clark Arthur Morrow
 Secretary

Kurt Jeffrey Harden
 Treasurer

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 _____

Subscribed and sworn to before me this
 27 day of February, 2012

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)	4,676,645		4,676,645	5,226,027
2. Stocks (Schedule D):				
2.1 Preferred stocks	500		500	500
2.2 Common stocks	4,190,476	3,253	4,187,223	4,090,865
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 \$ 225,000 encumbrances)	1,717,750		1,717,750	2,031,596
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ 1,679,611 , Schedule E - Part 1), cash equivalents (\$, Schedule E - Part 2) and short-term investments (\$ 7,679,411 , Schedule DA)	9,359,023		9,359,023	7,676,368
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)	19,944,393	3,253	19,941,140	19,025,356
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	28,951		28,951	34,959
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	41,756		41,756	33,281
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	76,343		76,343	340,542
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	1,079,364		1,079,364	1,052,317
18.1 Current federal and foreign income tax recoverable and interest thereon	285,000	14,000	271,000	396,000
18.2 Net deferred tax asset	682,000	321,000	361,000	359,000
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	60,307	47,321	12,986	41,392
21. Furniture and equipment, including health care delivery assets (\$)	287,934	242,120	45,814	133,056
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	1,262,683		1,262,683	930,599
24. Health care (\$) and other amounts receivable	30,738		30,738	70,176
25. Aggregate write-ins for other than invested assets	759,216	219,844	539,372	481,550
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	24,538,685	847,538	23,691,147	22,898,228
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Line 26 and Line 27)	24,538,685	847,538	23,691,147	22,898,228
DETAILS OF WRITE-INS				
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. Cash Surrender Value of Officers Life Insurance	539,372		539,372	481,550
2502. Prepaid Expenses and Deposits	219,844	219,844		
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)	759,216	219,844	539,372	481,550

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$ (Exhibit 5, Line 9999999) less \$ included in Line 6.3 (including \$ Modco Reserve)		
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Column 1) (including \$ Modco Reserve)		
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Column 1) (including \$ Modco Reserve)		
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Column 1 less sum of Columns 9, 10 and 11)	75,000	77,685
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Columns 9, 10 and 11)	3,284,804	3,120,433
5. Policyholders' dividends \$ and coupons \$ due and unpaid (Exhibit 4, Line 10)		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$ Modco)		
6.2 Dividends not yet apportioned (including \$ Modco)		
6.3 Coupons and similar benefits (including \$ Modco)		
7. Amount provisionally held for deferred dividend policies not included in Line 6		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ discount; including \$ 597,837 accident and health premiums (Exhibit 1, Part 1, Column 1, sum of Line 4 and Line 14)	611,133	785,226
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on cancelled contracts		
9.2 Provision for experience rating refunds, including the liability of \$ accident and health experience rating refunds of which \$ is for medical loss ratio rebate per the Public health Service Act		
9.3 Other amounts payable on reinsurance, including \$ assumed and \$ ceded	953	(403)
9.4 Interest Maintenance Reserve (IMR, Line 6)		
10. Commissions to agents due or accrued-life and annuity contracts \$, accident and health \$ and deposit-type contract funds \$	94,991	81,339
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued (Exhibit 2, Line 12, Column 6)		
13. Transfers to Separate Accounts due or accrued (net) (including \$ accrued for expense allowances recognized in reserves, net of reinsured allowances)	2,778,062	2,006,372
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Column 5)	96,686	49,064
15.1 Current federal and foreign income taxes, including \$ on realized capital gains (losses)		
15.2 Net deferred tax liability		
16. Unearned investment income		
17. Amounts withheld or retained by company as agent or trustee	3,662	8,100
18. Amounts held for agents' account, including \$ agents' credit balances		
19. Remittances and items not allocated		
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above		
22. Borrowed money \$ and interest thereon \$		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve (AVR, Line 16, Column 7)	754,523	744,277
24.02 Reinsurance in unauthorized companies		
24.03 Funds held under reinsurance treaties with unauthorized reinsurers		
24.04 Payable to parent, subsidiaries and affiliates	63,079	934
24.05 Drafts outstanding		
24.06 Liability for amounts held under uninsured plans		
24.07 Funds held under coinsurance		
24.08 Derivatives		
24.09 Payable for securities		
24.10 Payable for securities lending		
24.11 Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	140,000	146,114
26. Total liabilities excluding Separate Accounts business (Line 1 to Line 25)	9,716,929	9,070,081
27. From Separate Accounts statement		
28. Total liabilities (Line 26 and Line 27)	9,716,929	9,070,081
29. Common capital stock		
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		
32. Surplus notes		
33. Gross paid in and contributed surplus (Page 3, Line 33, Column 2 plus Page 4, Line 51.1, Column 1)		
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	13,974,216	13,828,147
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$)		
36.2 shares preferred (value included in Line 30 \$)		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ in Separate Accounts Statement)	13,974,216	13,828,147
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55)	13,974,216	13,828,147
39. Totals of Lines 28 and 38 (Page 2, Line 28, Column 3)	23,691,145	22,898,228
DETAILS OF WRITE-INS		
2501. Claims Adjustment Liability	60,000	60,000
2502. Liability for Negative Equity in Subsidiary		
2503. Liability for Amounts Held for Employee Claims Reserve	80,000	86,114
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)	140,000	146,114
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Line 3101 through Line 3103 plus Line 3198) (Line 31 above)		
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page		
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)		

SUMMARY OF OPERATIONS

	1 Current Year	2 Prior Year
1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Column 1, less Column 11)	19,600,184	20,684,748
2. Considerations for supplementary contracts with life contingencies	168,651	130,977
3. Net investment income (Exhibit of Net Investment Income, Line 17)	157	33
4. Amortization of Interest Maintenance Reserve (IMR, Line 5)		
5. Separate Accounts net gain from operations excluding unrealized gains or losses	14,000	
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Column 1)		
7. Reserve adjustments on reinsurance ceded		
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		
8.2 Charges and fees for deposit-type contracts	2,723,532	2,783,312
8.3 Aggregate write-ins for miscellaneous income		
9. Totals (Line 1 to Line 8.3)	22,506,524	23,599,070
10. Death benefits	69,112	248,952
11. Matured endowments (excluding guaranteed annual pure endowments)		
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Column 4 plus Column 8)	16,293,300	18,276,428
13. Disability benefits and benefits under accident and health contracts		
14. Coupons, guaranteed annual pure endowments and similar benefits		
15. Surrender benefits and withdrawals for life contracts		
16. Group conversions		
17. Interest and adjustments on contract or deposit-type contract funds		
18. Payments on supplementary contracts with life contingencies		
19. Increase in aggregate reserves for life and accident and health contracts		
20. Totals (Line 10 to Line 19)	16,362,412	18,525,380
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Column 1)	1,550,476	1,813,780
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 28.2, Column 1)		
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4)	3,968,911	4,049,135
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Column 1 plus Column 2 plus Column 3)	523,536	553,583
25. Increase in loading on deferred and uncollected premiums		
26. Net transfers to or (from) Separate Accounts net of reinsurance		
27. Aggregate write-ins for deductions		4,993
28. Totals (Line 20 to Line 27)	22,405,335	24,946,871
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	101,189	(1,347,801)
30. Dividends to policyholders		
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	101,189	(1,347,801)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	190,198	(661,212)
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	(89,009)	(686,589)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (excluding taxes of \$ transferred to the IMR)	(9,280)	67,308
35. Net Income (Line 33 plus Line 34)	(98,289)	(619,281)
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Column 2)	13,828,147	13,997,023
37. Net income (Line 35)	(98,289)	(619,281)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	327,404	722,285
39. Change in net unrealized foreign exchange capital gain (loss)		
40. Change in net deferred income tax		
41. Change in nonadmitted assets	(72,799)	(108,954)
42. Change in liability for reinsurance in unauthorized companies		
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 999999, Column 4)		
44. Change in asset valuation reserve	(10,247)	(162,926)
45. Change in treasury stock (Page 3, Lines 36.1 and 36.2 Column 2 minus Column 1)		
46. Surplus (contributed to) withdrawn from Separate Accounts during period		
47. Other changes in surplus in Separate Accounts statement		
48. Change in surplus notes		
49. Cumulative effects of changes in accounting principles		
50. Capital changes:		
50.1 Paid in		
50.2 Transferred from surplus (Stock Dividend)		
50.3 Transferred to surplus		
51. Surplus adjustment:		
51.1 Paid in		
51.2 Transferred to capital (Stock Dividend)		
51.3 Transferred from capital		
51.4 Change in surplus as a result of reinsurance		
52. Dividends to stockholders		
53. Aggregate write-ins for gains and losses in surplus		
54. Net change in capital and surplus for the year (Line 37 through Line 53)	146,069	(168,876)
55. Capital and surplus, December 31, current year (Line 36 plus Line 54) (Page 3, Line 38)	13,974,216	13,828,147
DETAILS OF WRITE-INS		
08.301. Miscellaneous	2,623,080	2,676,920
08.302. Fee Income	100,452	106,392
08.303. Management Fee Income		
08.398. Summary of remaining write-ins for Line 8.3 from overflow page		
08.399. Totals (Line 08.301 through Line 08.303 plus Line 08.398) (Line 8.3 above)	2,723,532	2,783,312
2701. Penalties		4,993
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)		4,993
5301.		
5302.		
5303.		
5398. Summary of remaining write-ins for Line 53 from overflow page		
5399. Totals (Line 5301 through Line 5303 plus Line 5398) (Line 53 above)		

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	19,417,616	20,545,381
2. Net investment income	286,748	196,883
3. Miscellaneous income	2,737,532	2,783,312
4. Total (Line 1 through Line 3)	22,441,896	23,525,576
5. Benefit and loss related payments	15,936,527	17,952,837
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	5,473,910	5,726,961
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	237,198	(502,212)
10. Total (Line 5 through Line 9)	21,647,635	23,177,586
11. Net cash from operations (Line 4 minus Line 10)	794,261	347,990
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	2,991,432	3,480,028
12.2 Stocks	520,037	568,502
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	1,513	
12.7 Miscellaneous proceeds	7,403	94,732
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	3,520,385	4,143,262
13. Cost of investments acquired (long-term only):		
13.1 Bonds	2,465,597	2,803,312
13.2 Stocks	197,867	1,422,200
13.3 Mortgage loans		
13.4 Real estate	(211,325)	167,753
13.5 Other invested assets		
13.6 Miscellaneous applications	34,832	86,881
13.7 Total investments acquired (Line 13.1 through Line 13.6)	2,486,971	4,480,146
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	1,033,414	(336,884)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(145,021)	(280,972)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(145,021)	(280,972)
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)	1,682,654	(269,866)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	7,676,368	7,946,234
19.2 End of year (Line 18 plus Line 19.1)	9,359,022	7,676,368

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

20.001		
20.002		
20.003		
20.004		
20.005		
20.006		
20.007		
20.008		
20.009		
20.010		

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Medical Benefits Mutual Life Insurance Company

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health			12 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other	
1. Premiums and annuity considerations for life and accident and health contracts	19,600,184						432,030		19,168,154			
2. Considerations for supplementary contracts with life contingencies							3,538		165,113			
3. Net investment income	168,651								157			
4. Amortization of Interest Maintenance Reserve (IMR)	157											
5. Separate Accounts net gain from operations excluding unrealized gains or losses												
6. Commissions and expense allowances on reinsurance ceded	14,000								14,000			
7. Reserve adjustments on reinsurance ceded												
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts												
8.2 Charges and fees for deposit-type contracts							57,134		2,666,397			
8.3 Aggregate write-ins for miscellaneous income	2,723,531											
9. Totals (Line 1 to Line 8.3)	22,506,523						492,702		22,013,821			
10. Death benefits	69,112						69,112					
11. Matured endowments (excluding guaranteed annual pure endowments)												
12. Annuity benefits												
13. Disability benefits and benefits under accident and health contracts	16,293,300								16,293,300			
14. Coupons, guaranteed annual pure endowments and similar benefits												
15. Surrender benefits and withdrawals for life contracts												
16. Group conversions												
17. Interest and adjustments on contract or deposit-type contract funds												
18. Payments on supplementary contracts with life contingencies												
19. Increase in aggregate reserves for life and accident and health contracts												
20. Totals (Line 10 to Line 19)	16,362,412						69,112		16,293,300			
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	1,550,476						32,689		1,517,788			
22. Commissions and expense allowances on reinsurance assumed												
23. General insurance expenses	3,968,911						66,189		3,902,722			
24. Insurance taxes, licenses and fees, excluding federal income taxes	523,536						10,983		512,553			
25. Increase in loading on deferred and uncollected premiums												
26. Net transfers to or (from) Separate Accounts net of reinsurance												
27. Aggregate write-ins for deductions												
28. Totals (Line 20 to Line 27)	22,405,335						178,973		22,226,363			
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	101,188						313,730		(212,542)			
30. Dividends to policyholders												
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	101,188						313,730		(212,542)			
32. Federal income taxes incurred (excluding tax on capital gains)	190,198						3,990		186,208			
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	(89,010)						309,740		(398,750)			
DETAILS OF WRITE-INS												
08.301. Miscellaneous	2,623,080						55,027		2,568,053			
08.302. Fee Income	100,451						2,107		98,344			
08.303.												
08.398. Summary of remaining write-ins for Line 8.3 from overflow page												
08.399. Totals (Line 08.301 through Line 08.303 plus Line 08.398) (Line 8.3 above)	2,723,531						57,134		2,666,397			
2701. Penalties												
2702.												
2703.												
2798. Summary of remaining write-ins for Line 27 from overflow page												
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)												

(a) Includes the following amounts for FEGLI/SGLI: Line 1, Line 10, Line 16, Line 23, Line 24

Page 7
Analysis of Increase In Reserves During The Year
NONE

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1. U.S. Government bonds		(a) 5,425	860
1.1 Bonds exempt from U.S. tax		(a) 56,328	25,449
1.2 Other bonds (unaffiliated)		(a)	81,706
1.3 Bonds of affiliates		(a)	
2.1 Preferred stocks (unaffiliated)		(b)	
2.11 Preferred stocks of affiliates		76,589	76,589
2.2 Common stocks (unaffiliated)		(c)	
2.21 Common stocks of affiliates		(d)	130,080
3. Mortgage loans		(e)	
4. Real estate		(f)	121,439
5. Contract loans		(g)	
6. Cash, cash equivalents and short-term investments		(h)	
7. Derivative instruments		(i)	
8. Other invested assets		(25,060)	(25,060)
9. Aggregate write-ins for investment income		113,282	411,063
10. Total gross investment income			
11. Investment expenses		(g) 155,498	
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 57,714	
13. Interest expense		(h) 532	
14. Depreciation on real estate and other invested assets		(i) 28,668	
15. Aggregate write-ins for deductions from investment income			
16. Total deductions (Line 11 through Line 15)			242,412
17. Net investment income (Line 10 minus Line 16)			168,651
DETAILS OF WRITE-INS			
0901. Bond Amortization		(25,060)	(25,060)
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)		(25,060)	(25,060)
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 \$
			28,668
			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					
1.1 Bonds exempt from U.S. tax	(210)		(210)		
1.2 Other bonds (unaffiliated)	1,540		1,540		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)		(9,096)	(9,096)	327,404	
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)					
10. Total capital gains (losses)	(7,766)		(7,766)	327,404	
DETAILS OF WRITE-INS					
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 1 - PART 1 - PREMIUMS AND ANNUITY CONSIDERATIONS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
FIRST YEAR (other than single)											
1. Uncollected											
2. Deferred and accrued											
3. Deferred, accrued and uncollected:											
3.1 Direct											
3.2 Reinsurance assumed											
3.3 Reinsurance ceded											
3.4 Net (Line 1 plus Line 2)											
4. Advance											
5. Line 3.4 minus Line 4											
6. Collected during year:											
6.1 Direct											
6.2 Reinsurance assumed											
6.3 Reinsurance ceded											
6.4 Net											
7. Line 5 plus Line 6.4											
8. Prior year (uncollected plus deferred and accrued minus advance)											
9. First year premiums and considerations:											
9.1 Direct											
9.2 Reinsurance assumed											
9.3 Reinsurance ceded											
9.4 Net (Line 7 minus Line 8)											
SINGLE											
10. Single premiums and considerations:											
10.1 Direct											
10.2 Reinsurance assumed											
10.3 Reinsurance ceded											
10.4 Net											
RENEWAL											
11. Uncollected	41,756						708		41,048		
12. Deferred and accrued											
13. Deferred, accrued and uncollected:											
13.1 Direct	41,756						708		41,048		
13.2 Reinsurance assumed											
13.3 Reinsurance ceded											
13.4 Net (Line 11 plus Line 12)	41,756						708		41,048		
14. Advance											
15. Line 13.4 minus Line 14	611,133						13,296		597,837		
16. Collected during year:											
16.1 Direct	22,233,713						469,370		21,764,343		
16.2 Reinsurance assumed											
16.3 Reinsurance ceded											
16.4 Net	2,816,096						38,219		2,777,877		
17. Line 15 plus Line 16.4	19,417,617						431,151		18,986,466		
18. Prior year (uncollected plus deferred and accrued minus advance)	18,848,239						418,563		18,429,677		
19. Renewal premiums and considerations:											
19.1 Direct	(751,945)						(13,467)		(738,478)		
19.2 Reinsurance assumed											
19.3 Reinsurance ceded											
19.4 Net (Line 17 minus Line 18)	19,600,184						432,030		19,168,155		
TOTAL											
20. Total premiums and annuity considerations:											
20.1 Direct	22,416,280						470,249		21,946,032		
20.2 Reinsurance assumed											
20.3 Reinsurance ceded											
20.4 Net (Lines 9.4 plus 10.4 plus 19.4)	19,600,184						432,030		19,168,155		

**EXHIBIT 1 - PART 2 - DIVIDENDS AND COUPONS APPLIED, REINSURANCE COMMISSIONS
AND EXPENSE ALLOWANCES AND COMMISSIONS INCURRED (Direct Business Only)**

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
DIVIDENDS AND COUPONS APPLIED (included in Part 1)											
21. To pay renewal premiums.....											
22. All other.....											
REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED											
23. First year (other than single):											
23.1 Reinsurance ceded.....											
23.2 Reinsurance assumed.....											
23.3 Net ceded less assumed.....											
24. Single:											
24.1 Reinsurance ceded.....											
24.2 Reinsurance assumed.....											
24.3 Net ceded less assumed.....											
25. Renewal:											
25.1 Reinsurance ceded.....	14,000								14,000		
25.2 Reinsurance assumed.....											
25.3 Net ceded less assumed.....	14,000								14,000		
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6).....	14,000								14,000		
26.2 Reinsurance assumed (Page 6, Line 22).....											
26.3 Net ceded less assumed.....	14,000								14,000		
COMMISSIONS INCURRED (direct business only)											
27. First year (other than single):											
28. Single.....											
29. Renewal.....	1,550,477					32,689		1,517,788			
30. Deposit-type contract funds.....											
31. Totals (to agree with Page 6, Line 21).....	1,550,477					32,689		1,517,788			

EXHIBIT 2 - GENERAL EXPENSES

	Insurance				5	6		
	1	Accident and Health		4				
		2 Cost Containment	3 All Other					
	Life			All Other Lines of Business	Investment	Total		
1. Rent	2,762		128,905			131,667		
2. Salaries and wages	38,160		1,780,906			1,819,067		
3.11 Contributions for benefit plans for employees	4,471		208,662			213,133		
3.12 Contributions for benefit plans for agents								
3.21 Payments to employees under non-funded benefit plans	4,353		203,161			207,514		
3.22 Payments to agents under non-funded benefit plans								
3.31 Other employee welfare								
3.32 Other agent welfare								
4.1 Legal fees and expenses	904		42,169			43,073		
4.2 Medical examination fees								
4.3 Inspection report fees								
4.4 Fees of public accountants and consulting actuaries	2,837		132,389			135,226		
4.5 Expense of investigation and settlement of policy claims								
5.1 Traveling expenses	747		34,881			35,628		
5.2 Advertising	131		6,132			6,263		
5.3 Postage, express, telegraph and telephone	2,735		127,640			130,375		
5.4 Printing and stationery	1,128		52,619			53,747		
5.5 Cost or depreciation of furniture and equipment	590		27,531			28,121		
5.6 Rental of equipment	2,106		98,282			100,388		
5.7 Cost or depreciation of EDP equipment and software	901		42,058			42,959		
6.1 Books and periodicals	214		10,005			10,219		
6.2 Bureau and association fees	161		7,512			7,673		
6.3 Insurance, except on real estate	389		18,140			18,529		
6.4 Miscellaneous losses								
6.5 Collection and bank service charges	244		11,366			11,610		
6.6 Sundry general expenses	2,708		126,369			129,077		
6.7 Group service and administration fees						813,759		
6.8 Reimbursements by uninsured plans								
7.1 Agency expense allowance								
7.2 Agents' balances charged off (less \$ recovered)								
7.3 Agency conferences other than local meetings								
9.1 Real estate expenses								
9.2 Investment expenses not included elsewhere	648		30,236			155,498		
9.3 Aggregate write-ins for expenses						155,498		
9.3 Aggregate write-ins for expenses						30,884		
10. General expenses incurred	66,189		813,759			155,498		
11. General expenses unpaid December 31, prior year	43,787					4,124,410		
12. General expenses unpaid December 31, current year	58,278					2,006,372		
13. Amounts receivable relating to uninsured plans, prior year						2,778,062		
14. Amounts receivable relating to uninsured plans, current year								
15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14)	51,698		813,759			155,498		
						3,352,720		
DETAILS OF WRITE-INS								
09.301. Other Professional Services Equipment and Repairs	4,590		214,223			218,813		
09.302. Misc Depreciation	(3,942)		(183,987)			(187,929)		
09.303.								
09.398. Summary of remaining write-ins for Line 9.3 from overflow page								
09.399. Totals (Line 09.301 through Line 09.303 plus Line 09.398) (Line 9.3 above)	648		30,236			30,884		

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

EXHIBIT 3 - TAXES, LICENSES AND FEES
(EXCLUDING FEDERAL INCOME TAXES)

	Insurance			4	5
	1	2	3		
	Life	Accident and Health	All Other Lines of Business	Investment	Total
1. Real estate taxes					
2. State insurance department licenses and fees	1,896	88,481		57,714	57,714
3. State taxes on premiums	6,009	280,448			90,377
4. Other state taxes, including \$ for employee benefits					286,457
5. U.S. Social Security taxes	2,972	138,680			
6. All other taxes	106	4,944			141,652
6. All other taxes					5,050
7. Taxes, licenses and fees incurred	10,983	512,553		57,714	581,250
8. Taxes, licenses and fees unpaid December 31, prior year	1,071	47,993			49,064
9. Taxes, licenses and fees unpaid December 31, current year	2,028	94,658			96,686
10. Taxes, licenses and fees paid during year (Line 7 plus Line 8 minus Line 9)	10,026	465,888		57,714	533,628

EXHIBIT 4 - DIVIDENDS OR REFUNDS

	1	2
	Life	Accident and Health
1. Applied to pay renewal premiums		
2. Applied to shorten the endowment or premium-paying period		
3. Applied to provide paid-up additions		
4. Applied to provide paid-up annuities		
5. Total Line 1 through Line 4		
6. Paid-in cash		
7. Left on deposit		
8. Aggregate write-ins for dividend or refund options		
9. Total Line 5 through Line 8		
10. Amount due and unpaid		
11. Provision for dividends or refunds payable in the following calendar year		
12. Terminal dividends		
13. Provision for deferred dividend contracts		
14. Amount provisionally held for deferred dividend policies not included in the above		
15. Total Line 10 through Line 14		
16. Total from prior year		
17. Total dividends or refunds (Line 9 plus Line 15 minus Line 16)		
DETAILS OF WRITE-INS		
0801.		
0802.		
0803.		
0898. Summary of remaining write-ins for Line 8 from overflow page		
0899. Totals (Line 0801 through Line 0803 plus Line 0898) (Line 8 above)		

NONE

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Exhibit 5, Aggregate Reserve for Life Contracts
NONE

EXHIBIT 5 - INTERROGATORIES

1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes () No (X)

1.2 If not, state which kind is issued.

.....

2.1 Does the reporting entity at present issue both participating and non-participating contracts? Yes () No (X)

2.2 If not, state which kind is issued.

.....

3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions. Yes () No (X)

4. Has the reporting entity any assessment or stipulated premium contracts in force? If so, state: Yes () No (X)

4.1 Amount of insurance? \$

4.2 Amount of reserve? \$

4.3 Basis of reserve:

4.4 Basis of regular assessments:

4.5 Basis of special assessments:

4.6 Assessments collected during the year: \$

5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.

.....

6. Does the reporting entity hold reserves for any annuity contracts that are less than the reserves that would be held on a standard basis? Yes () No (X)

6.1 If so, state the amount of reserve on such contracts on the basis actually held: \$

6.2 That would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits: \$

Attach statement of methods employed in their valuation.

7. Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year? Yes () No (X)

7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements: \$

7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount.

.....

7.3 State the amount of reserves established for this business: \$

7.4 Identify where the reserves are reported in the blank.

.....

EXHIBIT 5A - CHANGES IN BASES OF VALUATION DURING THE YEAR

1 Description of Valuation Class	Valuation Basis		4 Increase in Actuarial Reserve Due to Change
	2 Changed From	3 Changed To	

NONE

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Exh. 6, Aggregate Reserve for Accident and Health Contracts
NONE

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Exhibit 7, Deposit Type Contracts
NONE

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 - Liability End of Current Year

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Due and unpaid:											
1.1 Direct											
1.2 Reinsurance assumed											
1.3 Reinsurance ceded											
1.4 Net											
2. In course of settlement:											
2.1 Resisted											
2.11 Direct											
2.12 Reinsurance assumed											
2.13 Reinsurance ceded											
2.14 Net				(b)							
2.2 Other											
2.21 Direct											
2.22 Reinsurance assumed											
2.23 Reinsurance ceded											
2.24 Net				(b)							
3. Incurred but unreported:											
3.1 Direct	3,359,804										
3.2 Reinsurance assumed											
3.3 Reinsurance ceded											
3.4 Net	3,359,804			(b)							
4. TOTALS	3,359,804			(b)							
4.1 Direct											
4.2 Reinsurance assumed											
4.3 Reinsurance ceded											
4.4 Net	3,359,804	(a)	(a)								

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$ in Column 2, \$ in Column 3 and \$ in Column 7.

(b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserves (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for

Ordinary Life Insurance \$, Individual Annuities \$, Credit Life (Group and Individual) \$, and Group Life \$

are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$, Credit (Group and Individual) Accident and Health \$ and Other Accident and

Health \$ are included in Page 3, Line 2, (See Exhibit 6, Claim Reserve).

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS
PART 2 - Incurred During the Year

	1 Total	2 Industrial Life (a)	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance (b)	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (c)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Settlements during the year:											
1.1 Direct	18,744,083						71,797			18,672,286	
1.2 Reinsurance assumed											
1.3 Reinsurance ceded	2,807,556									2,807,556	
1.4 Net	(d) 15,936,528						71,797			15,864,730	
2. Liability December 31, current year from Part 1:											
2.1 Direct	3,359,804						75,000			3,284,804	
2.2 Reinsurance assumed											
2.3 Reinsurance ceded											
2.4 Net	3,359,804						75,000			3,284,804	
3. Amounts recoverable from reinsurers December 31, current year	76,343									76,343	
4. Liability December 31, prior year:											
4.1 Direct	3,298,118						77,685			3,220,433	
4.2 Reinsurance assumed											
4.3 Reinsurance ceded	100,000									100,000	
4.4 Net	3,198,118						77,685			3,120,433	
5. Amounts recoverable from reinsurers December 31, prior year	340,542									340,542	
6. Incurred Benefits:											
6.1 Direct	18,805,769						69,112			18,736,657	
6.2 Reinsurance assumed											
6.3 Reinsurance ceded	2,443,357									2,443,357	
6.4 Net	16,362,412						69,112			16,293,300	

(a) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ in Line 1.1, \$ in Line 1.4, \$ in Line 6.1 and \$ in Line 6.4.

(b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ in Line 1.1, \$ in Line 1.4, \$ in Line 6.1 and \$ in Line 6.4.

(c) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ in Line 1.1, \$ in Line 1.4, \$ in Line 6.1 and \$ in Line 6.4.

(d) Includes \$ premiums waived under total and permanent disability benefits.

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	3,253	62,248	58,995
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	3,253	62,248	58,995
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	14,000		(14,000)
18.2 Net deferred tax asset	321,000	165,000	(156,000)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	47,321	79,308	31,987
21. Furniture and equipment, including health care delivery assets	242,120	208,456	(33,664)
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			
25. Aggregate write-ins for other than invested assets	219,844	259,727	39,883
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	847,538	774,739	(72,799)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	847,538	774,739	(72,799)
DETAILS OF WRITE-INS			
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. Prepaid Expenses	219,844	259,727	39,883
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	219,844	259,727	39,883
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	219,844	259,727	39,883

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Medical Benefits Mutual Life Insurance Co. is owned by its policyholders and provides health, life, dental, vision, and other insurance products for its policyholders and customers throughout Ohio, Indiana, Kentucky, Michigan, Pennsylvania, West Virginia, and several other states.

Medical Benefits Mutual Life Insurance Co., the parent organization, provides health, life, and other insurance products to its policyholders. Medical Benefits Administrators, Inc. (MBA), a wholly owned subsidiary of the Company, is a third party administrator for health and health related employee benefit plans. VisionPlus of America, Inc. (VPA), a wholly owned subsidiary of the Company, is a third party administrator for vision benefit claims. MedBen Marketing Services, Inc. (MMS), a wholly owned subsidiary of the Company, is an insurance agency that markets various life, medical, and other insurance products.

Basis of Presentation

The financial statements of Medical Benefits Mutual Life Insurance Co. are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (the "NAIC") Accounting Practices and Procedures Manual ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the state of Ohio. The State has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. However, the Company has elected not to adopt any of these permitted practices.

Insurance Revenue and Expense Recognition

Life premiums are recognized as income over the premium paying period of the related policies. Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

Revenue Concentrations

Medical Benefits Mutual Life Insurance Co. has the following revenue concentrations for the years ended December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Major health and medical benefits	82%	82%
Life insurance	2%	2%
Dental insurance	7%	7%
Vision insurance	8%	8%
All other products	<u>1%</u>	<u>1%</u>
	100%	100%

Investment Income

Investment income is recognized on an as earned basis. Amounts earned but not yet received are recorded as a receivable on the balance sheet. Investment income earned and uncollected that is more than 90 days old is classified as non-admitted. As of December 31, 2011 and 2010, investment income earned and not yet collected was \$28,951 and \$34,959, respectively. There were no amounts older than 90 days for both years.

Health Care Receivables

The Company does not maintain an estimate of pharmacy rebates receivable and accounts for these items on a cash basis. The Company does not have any risk sharing contracts with providers in force that would require estimation of risk sharing receivables.

NOTES TO FINANCIAL STATEMENTS**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Premiums Receivable**

Premiums receivable are stated at the amount that management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts and are over 90 days old are charged to surplus as a non-admitted asset.

Policyholder Dividends

The amount of dividends to be paid to policyholders is determined annually by the Company's Board of Directors. The aggregate amount of policyholders' dividends is related to actual interest, mortality, morbidity, and expense experience for the year and judgment as to the appropriate level of statutory surplus to be retained by the Company. There were no policyholder dividends for 2011 or 2010.

Marketable Securities and Short-Term Investments

Bonds are stated at cost adjusted for amortization of premiums and accretion of discounts. Common stocks and mutual funds are stated at their fair value.

Impairment of Marketable Debt Securities

Management does not believe any individual unrealized loss as of December 31, 2011 and 2010 represents an other-than-temporary impairment. The unrealized losses on debt securities are primarily the result of interest rate changes, general financial market uncertainty, and market volatility. These conditions will not prohibit the Company from receiving its contractual principal and interest payments on its debt securities. The fair value of these debt securities is expected to recover as payments are received and they approach maturity.

Should the impairment of any of these securities become other-than-temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, accounts receivable, and accounts payable is approximated as fair values as of December 31, 2011 and 2010 because of the relatively short maturity of these instruments. The carrying value of notes payable is approximated as the fair value as of December 31, 2011.

Non-Insurance Subsidiaries

The Company reports its three wholly owned subsidiaries, MBA, VPA, and MMS at statutory surplus. Two of these companies, VPA and MMS, both non-insurance companies, are reported at audited GAAP (Generally Accepted Accounting Principles) equity and are adjusted, where applicable, in accordance with statutory invested asset valuation rules. The third company, MBA, is reported at GAAP equity, with no adjustments for statutory investment valuation rules.

Buildings, Building Improvements, Electronic Data Equipment, and Certain Operating Software

Major improvements and additions to buildings, building improvements, electronic data equipment, and certain operating software are charged to their respective accounts, while replacements, maintenance and repairs that do not improve or extend the life of assets are expensed currently.

Upon sale or retirement of property and equipment, the costs and related accumulated depreciation are eliminated from the respective accounts.

NOTES TO FINANCIAL STATEMENTS**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Non-Admitted Property and Equipment**

Furniture and fixtures, vehicles, and certain application software items are recorded as non-admitted assets as directed under Statutory Accounting Principles. The net undepreciated value is charged against surplus as a decrease in non-admitted assets.

Long-Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When required, impairment losses are recognized based on the excess of the asset's carrying amount over the fair value of the asset. A review of such assets of the Company has not indicated any material effect on the Company's financial position or results of operations.

Depreciation

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. Computer software is amortized over three to five years. Costs of acquiring trademarks are amortized over forty years. Buildings and improvements are depreciated over 10 to 40 years, depending on the asset's useful life.

Marketing Costs

The Company's policy is to expense advertising costs as incurred. Advertising expenses were \$6,264 and \$8,453 for the years ended December 31, 2011 and 2010, respectively.

Income Taxes

The Company files consolidated income tax returns with its wholly-owned subsidiaries.

For federal income tax purposes, depreciation is provided using rates established by the Internal Revenue Code.

Deferred tax assets are limited to certain amounts, as required under Statutory Accounting Principles.

The Company used a liability approach to statutory accounting and reporting for income taxes. The difference between the financial statements and tax bases of assets and liabilities is determined annually. Deferred income tax assets and liabilities are computed for those differences that have future tax consequences using the currently enacted tax laws and rates that apply to the periods in which they are expected to affect taxable income. Valuation allowances are established, if necessary, to reduce the deferred income tax asset to the amount that will more likely than not be realized. Income tax expense is the current tax payable or refundable for the period plus or minus the net change in the deferred income tax assets and liabilities.

Estimates

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. Such estimates and assumptions could change in the near future as more information becomes known and could have a material impact on the amounts reported.

NOTE 2 – ACCOUNTING CHANGES AND CORRECTION OF ERRORS

None

NOTES TO FINANCIAL STATEMENTS**NOTE 3 – BUSINESS COMBINATIONS AND GOODWILL**

None

NOTE 4 – DISCONTINUED OPERATIONS

None

NOTE 5 – INVESTMENTS

Cash and cash equivalents consist of demand deposits and money market accounts. The Company maintains its cash balances in several financial institutions located in central Ohio. The cash and cash equivalents may, at times, exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. The Company's uninsured cash balances were \$69,218 and \$87,173 at December 31, 2011 and 2010, respectively.

The Company considers all highly liquid investments, except certificates of deposit, to be cash and short-term investments.

Repurchase agreements are included in cash and short-term investments. The year-end balances are \$3,682,938 and \$3,137,131 as of December 31, 2011 and 2010, respectively. The underlying securities of the repurchase agreements are \$3,682,938 and \$3,137,131 at December 31, 2011 and 2010, respectively. The repurchase agreements are fully collateralized by their underlying securities.

Common and preferred stocks of unaffiliated companies are carried at fair market value. Affiliated common and preferred stocks owned by the company are not traded on any stock exchange, and thus no fair market value is readily available. Under Statutory Accounting Principles, the carrying value for these non-insurance affiliates not publicly traded is their equity basis under generally accepted accounting principles (GAAP) in the United States of America, with adjustments in accordance with statutory investment valuation rules.

NOTE 6 – JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

None

NOTE 7 - INVESTMENT INCOME

Investment income is recognized on an as earned basis. Amounts earned but not yet received are recorded as a receivable on the balance sheet. Investment income earned and uncollected that is more than 90 days old is classified as non-admitted. As of December 31, 2011 and 2010, investment income earned and not yet collected was \$28,951 and \$34,959, respectively. There were no amounts older than 90 days for both years.

NOTE 8 – DERIVATIVE INSTRUMENTS

None

NOTE 9 – INCOME TAXES

The Company files a consolidated federal income tax return with the following entities:

Medical Benefits Administrators, Inc.
VisionPlus of America, Inc.
MedBen Marketing Services, Inc.

Depreciation is provided using rates established by the Internal Revenue Code.

A written tax sharing consolidation agreement is approved by management. Allocation is based upon separate return calculations and the consolidated tax return calculation.

NOTES TO FINANCIAL STATEMENTS**NOTE 9 – INCOME TAXES (continued)**

Deferred tax assets and liabilities consist of the following components as of December 31:

	<u>2011</u>	<u>2010</u>
Deferred tax assets		
Admitted	\$ 361,000	\$ 538,000
Non-admitted	<u>621,000</u>	<u>677,000</u>
	<u><u>\$1,147,000</u></u>	<u><u>\$1,215,000</u></u>
Deferred tax liabilities		
Depreciation	\$ 45,000	\$ 48,000
Other	14,000	17,000
Marketable securities	<u>106,000</u>	<u>114,000</u>
	<u><u>\$165,000</u></u>	<u><u>\$179,000</u></u>

Deferred tax liabilities were netted against deferred tax assets for the year ended December 31, 2011.

Components of total income tax expense for the years ended December 31 are as follows:

	<u>2011</u>	<u>2010</u>
Currently payable (refundable)	—	
Federal	\$128,198	\$(298,213)
Deferred tax charge	<u>62,000</u>	<u>(363,000)</u>
Total income tax expense - current and deferred	<u><u>\$190,198</u></u>	<u><u>\$(661,000)</u></u>

Reconciliation between the standard federal income tax rate and the effective tax rate for the years ended December 31 is as follows:

	<u>2011</u>	<u>2010</u>
Standard federal income tax rate	34.0%	34.0%
Permanent differences		
Dividend received deduction and tax exempt interest	(27.0)%	(2.0)%
Other permanent differences	2.4%	0.2%
Temporary differences		
Other differences	<u>75.7%</u>	<u>1.5%</u>
Effective tax rate	<u><u>85.1%</u></u>	<u><u>33.7%</u></u>

The Company does not have any tax credit carry forwards available for use. Net operating loss carryovers that are available for offsetting future net taxable income, amount to \$402,000, \$781,000, and \$0 from 2011, 2010, and 2009, respectively. Contribution carry forwards available for recovery in the event of future net operating income amount to \$43,000, \$40,000, and \$0 from 2011, 2010, and 2009 respectively. Capital loss carryovers available for recovery in the event of future capital gain income amount to \$31,000, \$23,000, and \$127,000 from 2011, 2010, and 2009, respectively.

Statutory Accounting Principles limit deferred tax benefits to certain limitations of 15% of adjusted capital, deferred tax liabilities, and other factors. Because of these limitations, non-admitted deferred tax assets of \$621,000 and \$677,000 for 2011 and 2010, respectively, were not admitted as assets and charged to surplus.

Starting in 2010, Statutory Accounting Principles require that deferred tax assets be evaluated for potential impairment. If impairment is deemed necessary, the Company would establish a valuation allowance. After considering all the evidence, both positive and negative, management has

NOTES TO FINANCIAL STATEMENTS**NOTE 9 – INCOME TAXES (continued)**

concluded it is likely that all future tax benefits will be realized; therefore, a deferred tax asset valuation is not necessary. There was no prior balance in the valuation allowance and therefore there was no change in the valuation allowance this period.

NOTE 10 - INVESTMENT IN AFFILIATES

The Company has invested in the common stock of three wholly owned non-insurance subsidiaries which shares the same management. The valuation of these affiliates was determined under GAAP, with adjustments for statutory valuation rules, as prescribed by Statutory Accounting Principles. Balances were \$1,459,258 and \$1,374,129 at December 31, 2011 and 2010, respectively.

MBA and VPA are third party administrators (TPA's) that administer claims in the medical and vision fields. MMS is an insurance agency that markets various life, medical and other insurance products. The Company also owns a preferred stock interest of \$500 in MMS as of December 31, 2011.

The following summarizes data from each affiliate for the period ending December 31, 2011 (all presented under GAAP):

	<u>Medical Benefits Administrators, Inc.</u>	<u>Vision Plus of America, Inc.</u>	<u>Medben Marketing Services, Inc.</u>
<u>December 31, 2011</u>			
Total assets	\$2,655,459	\$ 146,569	\$ 706,614
Total liabilities	1,377,845	116,341	596,001
Total equity	1,277,614	30,228	110,613
Net income (loss)	77,620	(4,366)	11,877

The common and preferred stocks for affiliates are not traded on any stock exchange; therefore no fair market value is readily available. Under Statutory Accounting Principles, the carrying value for these non-insurance affiliates that are not publicly traded is their equity basis under generally accepted accounting principles in the United States of America (GAAP), with adjustments in accordance with statutory investment valuation rules.

NOTE 11 – DEBT

The Company has two lines-of-credit with a maximum amount of \$2,000,000 and each with an interest rate equal to prime or 4.0%, whichever is higher. The first line-of-credit is collateralized by a first mortgage on real estate owned by the Company. The other line-of-credit is unsecured. Outstanding debt as of December 31, 2011 and December 31, 2010 totaled \$225,000 and \$0, respectively.

The Company, through one of its subsidiaries (VPA), also has a line of credit with a maximum amount of \$200,000 with an interest rate equal to prime or 4.0%, whichever is higher. This line is unsecured, but is guaranteed by the parent. Outstanding debt as of December 31, 2011 and December 31, 2010 totaled \$0 and \$0, respectively.

NOTE 12 – DEFERRED COMPENSATION PLANS, POST-EMPLOYMENT BENEFITS AND PROFIT-SHARING PLANS

The Company currently has two deferred compensation plans, known as equity participation plans. One plan is for specified key employees, and the other plan is for the Board of Directors.

The Equity Participation Plan for key employees is a discretionary plan that rewards key employees with long-term service to the Company. The plan shares the appreciation of equity of the Company with key employees. The employee's share of the compensation vests over a ten year period, and is payable upon normal retirement, which is usually age 65. In the event that an employee terminates employment, either voluntarily or non-voluntarily, before age 65, the employee shall not be entitled

NOTES TO FINANCIAL STATEMENTS**NOTE 12 – DEFERRED COMPENSATION PLANS, POST-EMPLOYMENT BENEFITS AND PROFIT-SHARING PLANS (continued)**

to any payments at the time of termination, and forfeits his/her right to any future benefits under the plan.

The Company has estimated its present value of this liability to be \$1,244,121 and \$980,981 as of December 31, 2011 and December 31, 2010, respectively.

The Equity Participation Plan for the Board Directors is similar to the one for key employees, in terms of vesting, normal retirement age, termination of employment, etc. The Company has estimated its present value of this liability to be \$429,278 and \$440,904 as of December 31, 2011 and December 31, 2010, respectively.

The Company is no longer paying deferred compensation and post-retirement health coverage for a former Board member.

The Company has a profit-sharing plan with a 401(k) feature. The plan covers all employees meeting minimum eligibility requirements. Profit-sharing contributions are determined by the Board of Directors and were 3% and 0% of eligible compensation for 2011 and 2010. The Company matches 50% of the first 6% salary deferral elected by each employee.

NOTE 13 – CAPITAL AND SURPLUS RESTRICTIONS AND QUASI-REORGANIZATIONS

None

NOTE 14 – CONTINGENCIESAssessments

The Company has estimated that it will be assessed by various state assessment funds for their share of insurance company insolvencies in states in which the Company conducts business. The reserve is \$50,000 for both years ending December 31, 2011 and December 31, 2010. These amounts have been recorded as a liability for their respective years.

Various Legal Matters

The Company is involved in various lawsuits and subject to certain contingencies in the normal course of business. Management believes that the outcome of these matters will not have a material impact on the Company's financial position.

NOTE 15 – LEASE OBLIGATIONS

The Company rents office equipment, computer equipment, and vehicles under operating lease agreements expiring by 2016. Future minimum lease rentals are as follows at December 31:

	<u>Amount</u>
2012	\$77,861
2013	76,669
2014	68,940
2015	45,960
2016	<u>11,490</u>
	<u>\$280,920</u>

Rental expense was \$93,377 and \$111,991 for the years ended December 31, 2011 and 2010, respectively.

NOTES TO FINANCIAL STATEMENTS**NOTE 16 – INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK**

None

NOTE 17 – SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

None

NOTE 18 – GAIN OR LOSS FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

No amounts related to these plans have been written-off as of December 31, 2011.

NOTE 19 – DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS OR THIRD PART ADMINISTRATORS

None

NOTE 20 – FAIR VALUE MEASUREMENTS

Statutory Accounting Principles (SAP) has adopted practices similar to generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. SAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy prioritizes unadjusted quote prices in active markets for identical assets or liabilities and significant unobservable inputs. The three fair value levels are as follows:

Level 1 – Inputs to the valuation methodology are quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Inputs to the valuation methodology are other than quoted prices in active markets, which are directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table presents the assets and liabilities that are measured at fair value on a recurring basis at:

	Quoted Prices in Active Markets for Identical Assets (<u>Level 1</u>)	Significant other Observable Inputs (<u>Level 2</u>)	Significant Unobservable Inputs (<u>Level 3</u>)	Fair Value
<u>December 31, 2011</u>				
Marketable equity securities	\$ <u>2,731,217</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>2,731,217</u>
<u>December 31, 2010</u>				
Marketable equity securities	\$ <u>2,778,984</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>2,778,984</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 21 – OTHER ITEMS

None

NOTE 22 – EVENTS SUBSEQUENT

None

NOTE 23 – REINSURANCE

Effective September 15, 2009, the Company entered into a medical excess reinsurance agreement with Munich Reinsurance America, Inc., which received an A.M. Best rating of “excellent”. Munich Reinsurance America, Inc. shall be liable for 100% of ultimate net loss, on each covered person, in excess of the Company’s retention of the first \$175,000 (2011), \$150,000 (2010), and \$100,000 (2009), on each covered person up to \$1,825,000 (2011), \$1,850,000 (2010), and \$1,900,000 (2009) with the policy life time maximum of \$2,000,000.

NOTE 24 – RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

None

NOTE 25 – CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

The reserve for claims incurred but not received, plus unpaid claims in inventory, before reinsurance, has increased to \$3,359,804 at December 31, 2011 from \$3,298,118 at December 31, 2010 as a result of continued reevaluation of unpaid losses principally on the Accident & Health line of business. This increase is due to recent loss development trends and is reflected on the Statement of Operations on a net reinsured basis. Please see Note 23 for a description of the company’s reinsurance plan.

NOTE 26 – INTERCOMPANY POOLING ARRANGEMENTS

None

NOTE 27 – STRUCTURED SETTLEMENTS

None

NOTE 28 – HEALTH CARE RECEIVABLES

The Company does not maintain an estimate of pharmacy rebates receivable and accounts for these items on a cash basis. The Company does not have any risk sharing contracts with providers in force that would require the estimation of risk sharing receivables.

NOTE 29 – PARTICIPATING POLICIES

None

NOTE 30 – PREMIUM DEFICIENCY RESERVES

None

NOTE 31 – RESERVES FOR LIFE CONTRACTS AND DEPOSIT-TYPE CONTRACTS

The company records as part of its incurred but not received reserve a portion related to the life insurance line of business. At December 31, 2011, this amounted to \$75,000 compared to \$77,685 at December 31, 2010. The company does not have any products that would qualify as “deposit-type” contracts.

NOTES TO FINANCIAL STATEMENTS

NOTE 32 – ANALYSIS OF ANNUITY RESERVES AND DEPOSIT LIABILITIES BY WITHDRAWAL CHARACTERISTICS

None

NOTE 33 – PREMIUM AND ANNUITY CONSIDERATIONS DEFERRED AND UNCOLLECTED

Premiums uncollected and earned at December 31, 2011 are shown on Page 2 of this financial statement. There is no premium loading affecting the value of this asset.

NOTE 34 – SEPARATE ACCOUNTS

None

NOTE 35 – LOSS/CLAIM ADJUSTMENT EXPENSES

The balance in the liability for unpaid claim adjustment expenses at December 31, 2011 and at December 31, 2010 are \$60,000 and \$60,000, respectively.

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. 05/31/2009

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. 05/31/2009

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). 11/17/2009

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

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?
.....

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?
United Health Actuarial Services, Inc. / Ben Brandon, FSA, MAAA
11 South Street, Old Bridge, NJ 08857

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? 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).
.....

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: \$ 1,262,683

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

Park National Bank	50 North Third Street, Newark, Ohio 43055
Merrill Lynch	4661 Sawmill Road, Columbus, Ohio 43220
Morgan Stanley	5600 Paul Blazer Parkway, Suite 150, Dublin, Ohio 43017

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	\$ 4,676,645	\$ 4,744,971	\$ 68,326
30.2 Preferred stocks	\$ 500	\$ 500	\$
30.3 Totals	\$ 4,677,145	\$ 4,745,471	\$ 68,326

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

Fair Value for line 30.1 (Bonds) was obtained from Schedule D, Part 1, Column 9, Fair Value

Fair Value for line 30.2 (Preferred Stocks) was obtained from Schedule D, Part 2, Column 10, Fair Value

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:

.....

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

33.1 Amount of payments to Trade Associations, service organizations and statistical or Rating Bureaus, if any? \$ 11,300

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
AM Best	\$ 11,300
.....	\$
.....	\$
.....	\$

34.1 Amount of payments for legal expenses, if any? \$ 43,073

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
Morrow & Erhard Co, LPA	\$ 38,274
.....	\$
.....	\$
.....	\$

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 - LIFE 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	\$ 19,325,005 \$ 20,213,070
2.2	Premium Denominator	\$ 19,600,184 \$ 20,684,748
2.3	Premium Ratio (Line 2.1 divided by Line 2.2)	..... 0.986 0.977
2.4	Reserve Numerator	\$ 3,284,804 \$ 3,120,433
2.5	Reserve Denominator	\$ 3,359,804 \$ 3,198,118
2.6	Reserve Ratio (Line 2.4 divided by Line 2.5)	..... 0.978 0.976
3.1	Does this reporting entity have Separate Accounts?	Yes () No (X)
3.2	If yes, has a Separate Accounts statement been filed with this Department?	Yes () No () N/A (X)
3.3	What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account?	\$
3.4	State the authority under which Separate Accounts are maintained:	.....
3.5	Was any of the reporting entity's Separate Accounts business reinsured as of December 31?	Yes () No (X)
3.6	Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31?	Yes () No (X)
3.7	If the reporting entity has assumed Separate Accounts business, how much, if any, reinsurance assumed receivable for reinsurance of Separate Accounts reserve expense allowances is included as a negative amount in the liability for "Transfers to Separate Accounts, due or accrued (net)"?	\$
4.1	Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)?	Yes () No (X)
4.2	Net reimbursement of such expenses between reporting entities:	.....
4.21	Paid	\$
4.22	Received	\$
5.1	Does the reporting entity write any guaranteed interest contracts?	Yes () No (X)
5.2	If yes, what amount pertaining to these items is included in:	.....
5.21	Page 3, Line 1	\$
5.22	Page 4, Line 1	\$
6.	For stock reporting entities only:	.....
6.1	Total amount paid in by stockholders as surplus funds since organization of the reporting entity:	\$
7.	Total dividends paid stockholders since organization of the reporting entity:	.....
7.11	Cash	\$
7.12	Stock	\$

GENERAL INTERROGATORIES**PART 2 - LIFE INTERROGATORIES**

8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as:

Yes () No (X)

Reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employers liability exposures, of business originally written as workers' compensation insurance.

8.2 If yes, has the reporting entity completed the Workers' Compensation Carve-Out Supplement to the Annual Statement?

Yes () No (X)

8.3 If Line 8.1 is yes, the amounts of earned premiums and claims incurred in this statement are:

	1 Reinsurance Assumed	2 Reinsurance Ceded	3 Net Retained
8.31 Earned premium
8.32 Paid claims
8.33 Claim liability and reserve (beginning of year)
8.34 Claim liability and reserve (end of year)
8.35 Incurred claims

8.4 If reinsurance assumed included amounts with attachment points below \$ 1,000,000, the distribution of the amounts reported in Line 8.31 and Line 8.34 for Column (1) are:

Attachment Point	1 Earned Premium	2 Claim Liability and Reserve
8.41 < \$ 25,000
8.42 \$ 25,000 - 99,999
8.43 \$ 100,000 - 249,999
8.44 \$ 250,000 - 999,999
8.45 \$ 1,000,000 or more

8.5 What portion of earned premium reported in Line 8.31, Column 1 was assumed from pools?

\$

9.1 Does the company have variable annuities with guaranteed benefits?

Yes () No (X)

9.2 If 9.1 is yes, complete the table for each type of guaranteed benefit.

Type		3	4	5	6	7	8	9
1 Guaranteed Death Benefit	2 Guaranteed Living Benefit	Waiting Period Remaining	Account Value Related to Column 3	Total Related Account Values	Gross Amount of Reserve	Location of Reserve	Portion Reinsured	Reinsurance Reserve Credit
.....
.....
.....

10. For reporting entities having sold annuities to another insurer where the insurer purchasing the annuities has obtained a release of liability from the claimant (payee) as the result of the purchase of an annuity from the reporting entity only:

10.1 Amount of loss reserves established by these annuities during the current year?

\$

10.2 List the name and location of the insurance company purchasing the annuities and the statement value on the purchase date of the annuities.

1 P&C Insurance Company and Location	2 Statement Value on Purchase Date of Annuities (i.e., Present Value)
.....
.....
.....

11.1 Do you act as a custodian for health savings accounts?

Yes () No (X)

11.2 If yes, please provide the amount of custodial funds held as of the reporting date.

\$

11.3 Do you act as an administrator for health savings accounts?

Yes () No (X)

11.4 If yes, please provide the balance of the funds administered as of the reporting date.

\$

GENERAL INTERROGATORIES (Continued)

Part 2 - LIFE INTERROGATORIES

Line 9.2

Type		3 Waiting Period Remaining	4 Account Value Related to Column 3	5 Total Related Account Values	6 Gross Amount of Reserve	7 Location of Reserve	8 Portion Reinsured	9 Reinsurance Reserve Credit
1 Guaranteed Death Benefit	2 Guaranteed Living Benefit							

NONE

21.2

Line 10.2

1 P&C Insurance Company and Location	2 Statement Value on Purchase Date of Annuities (i.e., Present Value)
--	--

NONE

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.
 Show amounts of life insurance in this exhibit in thousands (omit \$000)

	1 2011	2 2010	3 2009	4 2008	5 2007
<u>Life Insurance in Force</u> (Exhibit of Life Insurance)					
1. Ordinary-whole life and endowment (Line 34, Column 4)					
2. Ordinary-term (Line 21, Column 4, less Line 34, Column 4)					
3. Credit life (Line 21, Column 6)					
4. Group, excluding FEGLI/SGLI (Line 21, Column 9 less Line 43 and Line 44, Column 4)	81,547	83,811	85,449	117,829	117,538
5. Industrial (Line 21, Column 2)					
6. FEGLI/SGLI (Line 43 and Line 44, Column 4)					
7. Total (Line 21, Column 10)	81,547	83,811	85,449	117,829	117,538
<u>New Business Issued</u> (Exhibit of Life Insurance)					
8. Ordinary-whole life and endowment (Line 34, Column 2)					
9. Ordinary-term (Line 2, Column 4, less Line 34, Column 2)					
10. Credit life (Line 2, Column 6)					
11. Group (Line 2, Column 9)	5,054	16,840	20,258	54,990	53,340
12. Industrial (Line 2, Column 2)					
13. Total (Line 2, Column 10)	5,054	16,840	20,258	54,990	53,340
<u>Premium Income-Lines of Business</u> (Exhibit 1 - Part 1)					
14. Industrial life (Line 20.4, Column 2)					
15.1 Ordinary life insurance (Line 20.4, Column 3)					
15.2 Ordinary individual annuities (Line 20.4, Column 4)					
16. Credit life, (group and individual) (Line 20.4, Column 5)					
17.1 Group life insurance (Line 20.4, Column 6)	432,030	471,678	564,258	640,711	651,361
17.2 Group annuities (Line 20.4, Column 7)					
18.1 A & H-group (Line 20.4, Column 8)	19,168,155	20,213,070	13,410,172	5,847,253	6,225,906
18.2 A & H-credit (group and individual) (Line 20.4, Column 9)					
18.3 A & H-other (Line 20.4, Column 10)					
19. Aggregate of all other lines of business (Line 20.4, Column 11)					
20. Total	19,600,185	20,684,748	13,974,430	6,487,964	6,877,267
<u>Balance Sheet</u> (Pages 2 and 3)					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Column 3)	23,691,147	22,898,228	23,248,793	19,985,801	20,641,564
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26)	9,716,929	9,070,081	9,251,770	6,606,233	7,145,687
23. Aggregate life reserves (Page 3, Line 1)					
24. Aggregate A & H reserves (Page 3, Line 2)					
25. Deposit-type contract funds (Page 3, Line 3)					
26. Asset valuation reserve (Page 3, Line 24.01)	754,523	744,277	581,352	529,732	717,046
27. Capital (Page 3, Line 29 and Line 30)					
28. Surplus (Page 3, Line 37)	13,974,216	13,828,147	13,997,023	13,379,568	13,495,878
<u>Cash Flow (Page 5)</u>					
29. Net cash from operations (Line 11)	794,261	347,990	1,572,596	(246,171)	462,031
<u>Risk-Based Capital Analysis</u>					
30. Total adjusted capital	14,728,739	14,572,424			14,213,230
31. Authorized control level risk-based capital	1,369,064	1,343,797			1,057,598
<u>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</u> (Page 2, Column 3) (Line No./Page 2, Line 12, Column 3) x 100.0					
32. Bonds (Line 1)	23.5	27.5	31.5	26.8	29.3
33. Stocks (Line 2.1 and Line 2.2)	21.0	21.5	15.7	15.6	17.7
34. Mortgage loans on real estate (Line 3.1 and Line 3.2)					
35. Real estate (Line 4.1, Line 4.2 and Line 4.3)	8.6	10.7	10.5	12.5	11.0
36. Cash, cash equivalents and short-term investments (Line 5)	46.9	40.3	42.3	45.1	41.9
37. Contract loans (Line 6)					
38. Derivatives (Page 2, Line 7)			XXX	XXX	XXX
39. Other invested assets (Line 8)					
40. Receivables for securities (Line 9)					
41. Securities lending reinvested collateral assets (Line 10)			XXX	XXX	XXX
42. Aggregate write-ins for invested assets (Line 11)					
43. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2011	2 2010	3 2009	4 2008	5 2007
<u>Investments in Parent, Subsidiaries and Affiliates</u>					
44. Affiliated bonds (Schedule D Summary, Line 12, Column 1)	500	500	500	500	500
45. Affiliated preferred stocks (Schedule D Summary, Line 18, Column 1)	1,459,258	1,374,129	492,163	904,691	850,556
46. Affiliated common stocks (Schedule D Summary, Line 24, Column 1)					
47. Affiliated short-term investments (subtotal included in Schedule DA Verification, Column 5, Line 10)		557,411			
48. Affiliated mortgage loans on real estate					
49. All other affiliated					
50. Total of above Line 44 to Line 49	1,459,758	1,932,040	492,663	905,191	851,056
<u>Total Nonadmitted and Admitted Assets</u>					
51. Total nonadmitted assets (Page 2, Line 28, Column 2)	847,538	774,739	665,785	684,274	435,299
52. Total admitted assets (Page 2, Line 28, Column 3)	23,691,147	22,898,228	23,248,793	1,985,801	20,461,564
<u>Investment Data</u>					
53. Net investment income (Exhibit of Net Investment Income)	168,651	130,975	76,683	194,669	395,997
54. Realized capital gains (losses) (Page 4, Line 34, Column 1)	(9,280)				22,005
55. Unrealized capital gains (losses) (Page 4, Line 38, Column 1)	327,404				(157,157)
56. Total of above Lines 53, Line 54 and Line 55	486,775	130,975	76,683	194,669	260,845
<u>Benefits and Reserve Increase</u> (Page 6)					
57. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and Line 15, Column 1 minus Lines 10, 11, 12, 13, 14 and Line 15, Columns 9, 10 and 11)	69,112	248,952	186,966	124,348	280,331
58. Total contract benefits - A and H (Line 13 and Line 14, Columns 9, 10 and 11)	16,293,300	18,276,428	11,335,999	4,454,661	4,601,768
59. Increase in life reserves - other than group and annuities (Line 19, Columns 2 and 3)					
60. Increase in A & H Reserves (Line 19, Columns 9, 10 and 11)					
61. Dividends to policyholders (Line 30, Column 1)					
<u>Operating Percentages</u>					
62. Insurance expense percent (Page 6, Column 1, Line 21, Line 22 and Line 23 less Line 6) / (Page 6, Column 1, Line 1 plus Exhibit 7, Column 2, Line 2) x 100.00	28.1	28.3	51.8	88.1	76.5
63. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Column 4, Line 14 and Line 15) / 1/2 (Exhibit of Life Insurance, Column 4, Line 1 and Line 21)] x 100.00					
64. A & H loss percent (Schedule H, Part 1, Line 5 and Line 6, Column 2)	88.4	94.0	90.7	96.7	100.6
65. A & H cost containment percent (Schedule H, Part 1, Line 4, Column 2)	4.2	4.2	6.0	14.6	14.6
66. A & H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Column 2)	26.4	26.7	52.2	102.9	87.0
<u>A & H Claim Reserve Adequacy</u>					
67. Incurred losses on prior years' claims - group health (Schedule H, Part 3, Line 3.1, Column 2)	3,123,107	2,723,564	1,241,294	595,347	549,684
68. Prior years' claim liability and reserve - group health (Schedule H, Part 3, Line 3.2, Column 2)	3,120,433	2,721,024	356,856	660,021	563,132
69. Incurred losses on prior years' claims - health other than group (Schedule H, Part 3, Line 3.1, Column 1 less Column 2)					
70. Prior years' claim liability and reserve - health other than group (Schedule H, Part 3, Line 3.2, Column 1 less Column 2)					
<u>Net Gains From Operations After Federal Income</u>					
<u>Taxes by Lines of Business</u>					
(Page 6, Line 33)					
71. Industrial life (Column 2)					
72. Ordinary-life (Column 3)					
73. Ordinary-individual annuities (Column 4)					
74. Ordinary-supplementary contracts (Column 5)					
75. Credit life (Column 6)					
76. Group life (Column 7)	309,740	209,171	375,922	384,764	184,775
77. Group annuities (Column 8)			(96)		
78. A & H-group (Column 9)	(398,750)	(895,762)	423,446	46,194	136,507
79. A & H-credit (Column 10)					
80. A & H-other (Column 11)					
81. Aggregate of all other lines of business (Column 12)					
82. Total (Column 1)	(89,010)	(686,591)	799,272	430,958	321,282

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?
If no, please explain:

Yes () No ()

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Medical Benefits Mutual Life Insurance Company

EXHIBIT OF LIFE INSURANCE

	Industrial		Ordinary		Credit Life (Group and Individual)		Group			10 Total Amount of Insurance (a)	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Individual Policies and Group Certificates	6 Amount of Insurance (a)	Number of				
							7 Policies	8 Certificates			
1. In force end of prior year							155	4,560	83,811	83,811	
2. Issued during year							18	1,215	5,054	5,054	
3. Reinsurance assumed											
4. Revived during year											
5. Increased during year (net)											
6. Subtotals, Line 2 to Line 5											
7. Additions by dividends during year							18	1,215	5,054	5,054	
8. Aggregate write-ins for increases											
9. Totals (Line 1 and Line 6 to Line 8)							173	5,775	88,865	88,865	
Deductions during year:											
10. Death							XXX				
11. Maturity							XXX				
12. Disability							XXX				
13. Expiry											
14. Surrender											
15. Lapse											
16. Conversion											
17. Decreased (net)							XXX	3	1,384	7,318	
18. Reinsurance											
19. Aggregate write-ins for decreases											
20. Totals (Line 10 to Line 19)							3	1,384	7,318	7,318	
21. In force end of year (Line 9 minus Line 20)							170	4,391	81,547	81,547	
22. Reinsurance ceded end of year							XXX		65,238	65,238	
23. Line 21 minus Line 22											
DETAILS OF WRITE-INS											
0801.											
0802.											
0803.											
0898. Summary of remaining write-ins for Line 8 from overflow page											
0899. Totals (Line 0801 through Line 0803 plus Line 0898) (Line 8 above)											
1901.											
1902.											
1903.											
1998. Summary of remaining write-ins for Line 19 from overflow page											
1999. Totals (Line 1901 through Line 1903 plus Line 1998) (Line 19 above)											

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000).

(b) Group \$; Individual \$

EXHIBIT OF LIFE INSURANCE (Continued)

ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR

	Industrial		Ordinary	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
24. Additions by dividends	> NONE		X X X	
25. Other paid-up insurance				
26. Debit ordinary insurance	X X X	X X X		

ADDITIONAL INFORMATION ON ORDINARY INSURANCE

Term Insurance Excluding Extended Term Insurance	Issued During Year (included in Line 2)		In Force End of Year (included in Line 21)	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
27. Term policies-decreasing				
28. Term policies-other				
29. Other term insurance-decreasing				
30. Other term insurance				
31. Totals (Line 27 to Line 30)				
Reconciliation to Line 2 and Line 21:				
32. Term additions				
33. Totals, extended term insurance				
34. Totals, whole life and endowment				
35. Totals (Line 31 to Line 34)				

CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS

	Issued During Year (included in Line 2)		In Force End of Year (included in Line 21)	
	1 Non-Participating	2 Participating	3 Non-Participating	4 Participating
36. Industrial				
37. Ordinary				
38. Credit Life (Group and Individual)				
39. Group		5,054		81,547
40. Totals (Line 36 to Line 39)		5,054		81,547

ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE

	Credit Life		Group	
	1	2	3	4
			umber of Certificates	Amount of Insurance (a)
41. Amount of insurance included in Line 2 ceded to other			X X X	
42. Number in force end of year if the number under sha				X X X
43. counted on a pro-rata basis				
44. Federal Employees' Group Life Insurance included in Line				
45. Servicemen's Group Life Insurance included in Line				
46. Group Permanent Insurance included in Line 21				

ADDITIONAL ACCIDENTAL DEATH BENEFITS

46. Amount of additional accidental death benefits in force end of year under ordinary policies (a)	NONE	
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BASIS OF CALCULATION OF ORDINARY TERM INSURANCE

47. State basis of calculation of (47.1) decreasing term insurance contained in Family Income, Mortgage Protection, etc., policies and riders and of (47.2) term insurance on wife and children under Family, Parent and Children, etc., policies and riders included above.	
(47.1)	
(47.2)	NONE

POLICIES WITH DISABILITY PROVISIONS

Disability Provision	Industrial		Ordinary		Credit		Group		
	1 Number of Policies						3 Number of Policies (a)	7 Number of Certificates	8 Amount of Insurance (a)
48. Waiver of Premium									
49. Disability Income									
50. Extended Benefits									
51. Other									
52. Total									

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000)

(b) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the annual statement instructions.

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Exh. Number of Policies, Supplementary Contracts
NONE

Exh. Number of Policies, Annuities
NONE

Exh. Number of Policies, A/H Insurance
NONE

Exh. Number of Policies, Deposit Funds and Dividend Accumulations
NONE

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1 Active Status	Direct Business Only				
		Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	5	6 Total Columns 2 through 5
		2 Life Insurance Premiums	3 Annuity Considerations			
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 L	257,060		12,607,245		12,864,305
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	164,674		5,860,403		6,025,077
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 L	48,515		3,478,384		3,526,899
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	(a) 3	470,249		21,946,032		22,416,281
90. Reporting entity contributions for employee benefit plans	XXX					
91. Dividends or refunds applied to purchase paid-up additions and annuities	XXX					
92. Dividends of refunds applied to shorten endowment or premium paying period	XXX					
93. Premium or annuity considerations waived under disability or other contract provisions	XXX					
94. Aggregate other amounts not allocable by State	XXX					
95. Totals (Direct Business)	XXX	470,249		21,946,032		22,416,281
96. Plus Reinsurance Assumed	XXX					
97. Totals (All Business)	XXX	470,249		21,946,032		22,416,281
98. Less Reinsurance Ceded	XXX	38,219		2,777,877		2,816,096
99. Totals (All Business) less Reinsurance Ceded	XXX	432,030		(b) 19,168,155		19,600,185
DETAILS OF WRITE-INS						
5801.	XXX					
5802.	XXX					
5803.	XXX					
5898. Summary of remaining write-ins for Line 58 from overflow page.	XXX					
5899. Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)	XXX					
9401.	XXX					
9402.	XXX					
9403.	XXX					
9498. Summary of remaining write-ins for Line 94 from overflow page.	XXX					
9499. Total (Line 9401 through Line 9403 plus Line 9498) (Line 94 above)	XXX					

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, etc., of premiums and annuity considerations

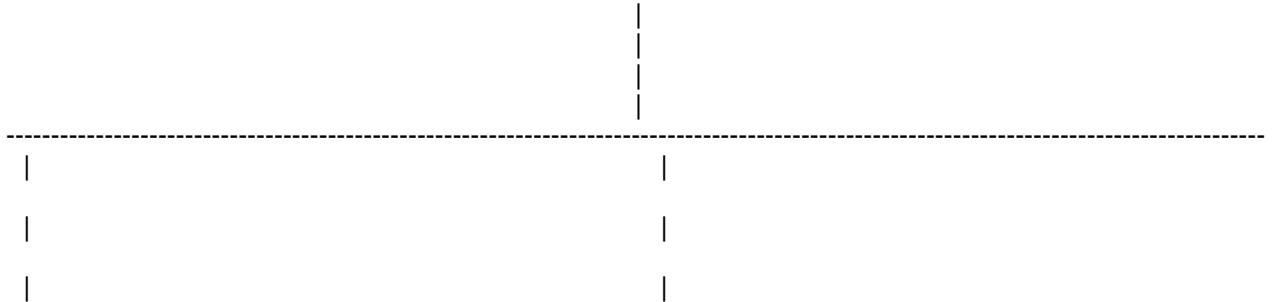
Premiums are assigned to each state based on the location of the main office for each employment group

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

(b) Column 4 should balance with Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9 and 10, or with Schedule H, Part 1, Column 1, Line 1; indicate which; Schedule H, Part 1, Column 1, Line 1

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Medical Benefits Mutual Life Insurance Company
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

Medical Benefits Mutual Life Insurance Company
NAIC# 74322
TIN# 31-4210910



Medical Benefits Administrators, Inc.
TIN# 31-1249371

VisionPlus of America, Inc.
Inc.
TIN# 31-1287887

MedBen Marketing Services,
TIN# 31-1336124

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