

Amended Explanation Page**Page
March**

	Adjustment
2 Assets	Tax provision adjustment
3 Liabilities, Capital and Surplus	Tax provision, RADV, CMS(ESRD) adjustments
4 Statement of Revenue and Expenses	Tax provision, RADV, CMS(ESRD) adjustments
5 Statement of Revenue and Expenses (con't)	Tax provision, RADV, CMS(ESRD) adjustments
6 Cash Flow	Tax provision, RADV, CMS(ESRD) adjustments
7 Analysis of Operations	RADV, CMS(ESRD) adjustments
8 U&I Exh Pr 1-Premiums	RADV, CMS(ESRD) adjustments
12 U&I Exh Pt 2C Sn C	RADV, CMS(ESRD) adjustments
14 Underwriting Invest Exh Pt 3-Expenses	RADV adjustment
16 Exhibit of Nonadmitted Assets	Tax provision adjustment
23 Exhibit 7 - Pt1-Summary Trans With Prov	Reclass payments
25 Notes To Financial Statements 1, 9, 10, 14 and electronic notes 1 & 9	Tax provision, RADV, CMS(ESRD) adjustments
27 General Interrogatory Part 2	RADV, CMS(ESRD) adjustments
28 Five Year Historical Data	Tax provision, RADV, CMS(ESRD) adjustments
29 State Page	RADV, CMS(ESRD) adjustments
35 Schedule S-Part 6	Tax provision, RADV, CMS(ESRD) adjustments
36 Schedule T -Premiums and Other Considerations	RADV, CMS(ESRD) adjustments

April

Supp2 Supp. Inv Risk Interr. Pt A	Tax provision, RADV, CMS(ESRD) adjustments
Supp4 Supp. Inv Risk Interr. Pt C	Tax provision, RADV, CMS(ESRD) adjustments
Supp9 A H Policy Experience Exhibit (Individual 9-18)	RADV, CMS(ESRD) adjustments
Supp10 A H Policy Experience Exhibit (Group)	RADV, CMS(ESRD) adjustments
Supp11 A H Policy Experience Exhibit Part 1 Summary	RADV, CMS(ESRD) adjustments
Supp11 A H Policy Experience Exhibit Part 4 Summary	RADV, CMS(ESRD) adjustments
Supp80 Supp Health Care Exhibit-Part 1	Tax provision, RADV, CMS(ESRD) adjustments
Supp81 Supp Health Care Exhibit-Part 2	RADV, CMS(ESRD) adjustments

RBC

XR012 Underwriting Risk-Experience Fluctuation	RADV, CMS(ESRD) adjustments
XR017 Underwriting Risk-Managed Care	Reclass payments
XR021 Business Risk	RADV adjustment
XR022 Calculation of Total RBC After Covariance-A	Tax provision, RADV, CMS(ESRD) adjustments
XR023 Calculation of Total RBC After Covariance-B	Tax provision, RADV, CMS(ESRD) adjustments
XR024 Calculation of Total Adjusted Capital	Tax provision, RADV, CMS(ESRD) adjustments
XR025 Comparison of Total Adjusted Capital to RBC	Tax provision, RADV, CMS(ESRD) adjustments
XR025 Trend Test	Tax provision, RADV, CMS(ESRD) adjustments
ScenAdj Scenario Adj. of XR022-23 Calc. of RBC After Cov	Tax provision, RADV, CMS(ESRD) adjustments
ScenAdj Scenario Adj. of XR024 Calc. of Total Adj. Cap.	Tax provision, RADV, CMS(ESRD) adjustments

Adjustment Tax provision adjustment
 RADV adjustment
 CMS (ESRD) adjustment



95189201120100105

2011

Document Code: 201

95169201120100705

ANNUAL STATEMENT

For the Year Ending December 31, 2011

OF THE CONDITION AND AFFAIRS OF THE

Paramount Health Care

NAIC Group Code	1212 (Current Period)	1212 (Prior Period)	NAIC Company Code	95189	Employer's ID Number	341549926
Organized under the Laws of		Ohio	State of Domicile or Port of Entry		Ohio	
Country of Domicile		United States of America				
Licensed as business type:	Life, Accident & Health <input type="checkbox"/>	Property/Casualty <input type="checkbox"/>	Hospital, Medical & Dental Service or Indemnity <input type="checkbox"/>			
	Dental Service Corporation <input type="checkbox"/>	Vision Service Corporation <input type="checkbox"/>	Health Maintenance Organization <input checked="" type="checkbox"/>			
	Other <input type="checkbox"/>	Is HMO Federally Qualified? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/>				
Incorporated/Organized	04/22/1987		Commenced Business	01/01/1988		
Statutory Home Office	1901 Indian Wood Circle (Street and Number)		Maumee, OH 43537 (City or Town, State and Zip Code)			
Main Administrative Office	1901 Indian Wood Circle (Street and Number)		Maumee, OH 43537 (419)887-2500 (Area Code) (Telephone Number)			
Mail Address	1901 Indian Wood Circle (Street and Number or P.O. Box)		Maumee, OH 43537 (City or Town, State and Zip Code)			
Primary Location of Books and Records	1901 Indian Wood Circle (Street and Number)		Maumee, OH 43537 (419)887-2500 (Area Code) (Telephone Number)			
Internet Website Address	www.paramounthealthcare.com					
Statutory Statement Contact	Mary Kathereen Siefke, Mrs. (Name) mary.siefke@promedica.org (E-Mail Address)		(419)887-2909 (Area Code)(Telephone Number)(Extension) (419)887-2020 (Fax Number)			

OFFICERS

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

OTHERS

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

DIRECTORS OR TRUSTEES

Garry Walter Roberts Mr.
James Fredrick Weber Mr.
Harold Lee Dunn Mr.
Thomas Philip Cox M.D.
Steven R. Zirkel Mr.
Richard Dean Heltzel Mr.
John Charles Randolph Mr.
Calvin Joseph Lawshe Mr.
Russell Leo Dempsey Mr.
Timothy Ingraham Martindale Mr.

State of Ohio
County of Lucas ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)
John Charles Randolph
(Printed Name)
1.
President
(Title)

(Signature)
Jeffrey William Martin
(Printed Name)
2.
VP, Operations & Finance
(Title)

(Signature)
Jeffrey Craig Kuhn

(Printed Name)
3.
Secretary

(Title)

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

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

Yes [] No [X]
1

41

(Notary Public Signature)

DIRECTORS OR TRUSTEES (continued)

Richard Lawrence Munk M.D.
Timothy Bublick Mr. #
Mark Leslie Ferris Mr. #
Dale Joseph Seymour Mr. #

Deborah Anne Dickenson Peters Ms.
Cathy Lynn Cantor M.D. #
David Scott Hickman Mr. #

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols.1-2)	4 Net Admitted Assets
1. Bonds (Schedule D)	82,398,900		82,398,900	80,543,613
2. Stocks (Schedule D)				
2.1 Preferred stocks				
2.2 Common Stocks	21,506,128		21,506,128	22,533,337
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 \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....1,687,388 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....5,402,393 Schedule DA)	7,089,781		7,089,781	26,149,691
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	220,658	220,658		
9. Receivables for securities	5,290		5,290	20,144,811
10. Securities Lending Reinvested Collateral Assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	111,220,757	220,658	111,000,099	149,371,453
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	548,061		548,061	800,635
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,987,446	220,873	1,766,573	552,763
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	348,220		348,220	485,941
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	676,495		676,495	
18.1 Current federal and foreign income tax recoverable and interest thereon	1,423,232		1,423,232	365,316
18.2 Net deferred tax asset	3,403,709	1,246,708	2,157,001	4,709,560
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	784,803	264,013	520,790	402,647
21. Furniture and equipment, including health care delivery assets (\$.....0)	386,662	386,662		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	1,811,452		1,811,452	3,360,182
24. Health care (\$.....572,663) and other amounts receivable	1,407,489	834,826	572,663	622,924
25. Aggregate write-ins for other than invested assets	267,069	267,069		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	124,265,395	3,440,809	120,824,586	160,671,421
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	124,265,395	3,440,809	120,824,586	160,671,421
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. AR	3,111	3,111		
2502. Prepaid	263,958	263,958		
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	267,069	267,069		

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	28,073,500		28,073,500	24,079,362
2. Accrued medical incentive pool and bonus amounts				210,873
3. Unpaid claims adjustment expenses	1,250,000		1,250,000	1,199,128
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	1,838,179		1,838,179	840,601
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	1,920,127		1,920,127	2,358,443
9. General expenses due or accrued	11,642,290		11,642,290	31,932,521
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	529,736		529,736	302,205
13. Remittances and items not allocated				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates	3,575,909		3,575,909	4,456,235
16. Derivatives				
17. Payable for securities	4,239		4,239	45,865,129
18. Payable for securities lending				
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
20. Reinsurance in unauthorized companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	6,914,751		6,914,751	6,369,004
23. Aggregate write-ins for other liabilities (including \$.....0 current)				
24. TOTAL Liabilities (Lines 1 to 23)	55,748,731		55,748,731	117,613,501
25. Aggregate write-ins for special surplus funds	XXX	XXX		
26. Common capital stock	XXX	XXX	4,700,000	4,700,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	40,619,246	40,619,246
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX		
31. Unassigned funds (surplus)	XXX	XXX	19,756,609	(2,261,326)
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$.....0)	XXX	XXX		
32.2 .....0 shares preferred (value included in Line 27 \$.....0)	XXX	XXX		
33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	65,075,855	43,057,920
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	XXX	XXX	120,824,586	160,671,421
DETAILS OF WRITE-INS				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX		
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
	XXX	560,987	578,004
1. Member Months	XXX	560,987	578,004
2. Net premium income (including \$.....0 non-health premium income)	XXX	277,928,973	280,859,301
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of \$.....0 medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX		
7. Aggregate write-ins for other non-health revenues	XXX		
8. TOTAL Revenues (Lines 2 to 7)	XXX	277,928,973	280,859,301
Hospital and Medical:			
9. Hospital/medical benefits		201,839,451	194,651,351
10. Other professional services		1,784,231	2,067,196
11. Outside referrals			
12. Emergency room and out-of-area		21,155,891	20,554,396
13. Prescription drugs		28,871,161	28,137,570
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts			1,153,694
16. Subtotal (Lines 9 to 15)		253,650,734	246,564,207
Less:			
17. Net reinsurance recoveries		1,004,883	814,429
18. TOTAL Hospital and Medical (Lines 16 minus 17)		252,645,851	245,749,778
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....3,805,966 cost containment expenses		5,618,205	7,491,495
21. General administrative expenses		(2,916,460)	44,809,896
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23. TOTAL Underwriting Deductions (Lines 18 through 22)		255,347,596	298,051,169
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	22,581,377	(17,191,868)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,602,085	1,660,038
26. Net realized capital gains (losses) less capital gains tax of \$.....0		5,181,618	4,142,258
27. Net investment gains (losses) (Lines 25 plus 26)		6,783,703	5,802,296
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29. Aggregate write-ins for other income or expenses		18,159	22,083
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	29,383,239	(11,367,489)
31. Federal and foreign income taxes incurred	XXX	1,995,647	2,806,712
32. Net income (loss) (Lines 30 minus 31)	XXX	27,387,592	(14,174,201)
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX		
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	XXX		
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901. Other Income		18,159	22,083
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)		18,159	22,083

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	43,057,920	56,059,676
34. Net income or (loss) from Line 32	27,387,592	(14,174,201)
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(1,764,252)	829,365
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	(7,992,224)	8,114,918
39. Change in nonadmitted assets	4,386,819	(5,271,838)
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		(2,500,000)
47. Aggregate write-ins for gains or (losses) in surplus		
48. Net change in capital and surplus (Lines 34 to 47)	22,017,935	(13,001,756)
49. Capital and surplus end of reporting year (Line 33 plus 48)	65,075,855	43,057,920
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1 Current Year	2 Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	277,203,247	280,079,583
2.	Net investment income	2,771,644	2,687,855
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	279,974,891	282,767,438
5.	Benefit and loss related payments	249,302,266	251,385,938
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	23,053,693	25,380,019
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	4,003,545	2,263,159
10.	Total (Lines 5 through 9)	276,359,504	279,029,116
11.	Net cash from operations (Line 4 minus Line 10)	3,615,387	3,738,322
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	333,091,736	395,710,913
12.2	Stocks	13,571,126	7,758,511
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets	20,348	
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds	1,124,313	12,883,361
12.8	Total investment proceeds (Lines 12.1 to 12.7)	347,807,523	416,352,785
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	332,295,437	395,596,669
13.2	Stocks	13,819,435	8,101,461
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets	241,006	
13.6	Miscellaneous applications	25,721,369	479,621
13.7	Total investments acquired (Lines 13.1 to 13.6)	372,077,247	404,177,752
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)	(24,269,724)	12,175,033
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		2,500,000
16.6	Other cash provided (applied)	1,594,427	1,699,415
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	1,594,427	(800,585)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(19,059,910)	15,112,770
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	26,149,691	11,036,921
19.2	End of year (Line 18 plus Line 19.1)	7,089,781	26,149,691

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

20.0001
---------	-------	-------	-------

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7	8	9	10
1. Net premium income	277,928,973	131,570,635					146,358,338			
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$.....0 medical expenses)									XXX	
4. Risk revenue									XXX	
5. Aggregate write-ins for other health care related revenues									XXX	
6. Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7. TOTAL Revenues (Lines 1 to 6)	277,928,973	131,570,635					146,358,338			
8. Hospital/medical benefits	201,839,451	83,362,306					118,477,145			XXX
9. Other professional services	1,784,231	565,617					1,218,614			XXX
10. Outside referrals									XXX	
11. Emergency room and out-of-area	21,155,891	12,034,226					9,121,665			XXX
12. Prescription drugs	28,871,161	16,253,770					12,617,391			XXX
13. Aggregate write-ins for other hospital and medical									XXX	
14. Incentive pool, withhold adjustments and bonus amounts									XXX	
15. Subtotal (Lines 8 to 14)	253,650,734	112,215,919					141,434,815			XXX
16. Net reinsurance recoveries	1,004,883	936,460					68,423			XXX
17. TOTAL Hospital and Medical (Lines 15 minus 16)	252,645,851	111,279,459					141,366,392			XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$.....3,805,966 cost containment expenses	5,618,205	3,537,447					2,080,758			
20. General administrative expenses	(2,916,460)	15,379,571					(18,296,031)			
21. Increase in reserves for accident and health contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
22. Increase in reserves for life contracts										
23. TOTAL Underwriting Deductions (Lines 17 to 22)	255,347,596	130,196,477					125,151,119			
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	22,581,377	1,374,158					21,207,219			
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page										XXX
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page										XXX
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical)	133,214,727		1,644,092	131,570,635
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan				
6. Title XVIII - Medicare	146,360,815		2,477	146,358,338
7. Title XIX - Medicaid				
8. Other health				
9. Health subtotal (Lines 1 through 8)	279,575,542		1,646,569	277,928,973
10. Life				
11. Property/casualty				
12. TOTALS (Lines 9 to 11)	279,575,542		1,646,569	277,928,973

UNDERWRITING AND INVESTMENT EXHIBIT

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

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	37,896	38,490	37,885	37,886	37,507
2. 2007	315,903	351,653	351,864	351,651	351,594
3. 2008	XXX	277,808	308,124	307,894	307,788
4. 2009	XXX	XXX	273,165	295,917	295,624
5. 2010	XXX	XXX	XXX	226,941	248,852
6. 2011	XXX	XXX	XXX	XXX	228,364

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	38,097	37,350	37,885	37,886	37,507
2. 2007	355,548	352,366	351,864	351,651	351,594
3. 2008	XXX	316,956	309,083	307,894	307,788
4. 2009	XXX	XXX	302,181	296,364	295,624
5. 2010	XXX	XXX	XXX	250,785	248,881
6. 2011	XXX	XXX	XXX	XXX	256,408

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2007	392,562	351,594	7,200	2.048	358,794	91.398			358,794	91.398
2. 2008	353,245	307,788	6,378	2.072	314,166	88.937			314,166	88.937
3. 2009	331,136	295,624	5,917	2.002	301,541	91.063			301,541	91.063
4. 2010	280,860	248,852	7,500	3.014	256,352	91.274	29		256,381	91.284
5. 2011	277,929	228,364	4,825	2.113	233,189	83.902	28,044	1,250	262,483	94.442

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	22,296	22,808	22,255	22,257	21,920
2. 2007	185,549	206,070	206,102	206,016	206,001
3. 2008	XXX	136,400	152,250	152,074	151,996
4. 2009	XXX	XXX	123,750	134,078	133,864
5. 2010	XXX	XXX	XXX	96,555	106,160
6. 2011	XXX	XXX	XXX	XXX	101,574

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	22,410	16,182	22,255	22,257	21,920
2. 2007	206,144	206,473	206,102	206,016	206,001
3. 2008	XXX	155,899	152,879	152,074	151,996
4. 2009	XXX	XXX	136,662	134,350	133,864
5. 2010	XXX	XXX	XXX	106,748	106,171
6. 2011	XXX	XXX	XXX	XXX	112,988

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2007	241,662	206,001	5,739	2.786	211,740	87.618			211,740	87.618
2. 2008	184,863	151,996	4,632	3.047	156,628	84.726			156,628	84.726
3. 2009	159,843	133,864	4,372	3.266	138,236	86.483			138,236	86.483
4. 2010	130,316	106,160	5,935	5.590	112,095	86.018	11		112,106	86.026
5. 2011	131,571	101,574	3,080	3.032	104,654	79.542	11,414	509	116,577	88.604

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

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

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

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

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

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Federal Employees Health Benefits Plan Premiums

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	521	521	521	521	521
2. 2007	4,657	5,449	5,449	5,449	5,449
3. 2008	XXX	6,149	6,878	6,878	6,878
4. 2009	XXX	XXX	5,507	6,064	6,064
5. 2010	XXX	XXX	XXX	XXX	XXX
6. 2011	XXX	XXX	XXX	XXX	XXX

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	521	521	521	521	521
2. 2007	5,207	5,449	5,449	5,449	5,449
3. 2008	XXX	6,885	6,878	6,878	6,878
4. 2009	XXX	XXX	6,064	6,064	6,064
5. 2010	XXX	XXX	XXX	XXX	XXX
6. 2011	XXX	XXX	XXX	XXX	XXX

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2007	4,943	5,449	128	2.349	5,577	112.826			5,577	112.826
2. 2008	6,899	6,878	177	2.573	7,055	102.261			7,055	102.261
3. 2009	4,593	6,064	170	2.795	6,234	135.717			6,234	135.717
4. 2010			15		15				15	
5. 2011										

UNDERWRITING AND INVESTMENT EXHIBIT

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

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	15,029	15,111	15,059	15,058	15,016
2. 2007	125,697	140,134	140,313	140,186	140,144
3. 2008	XXX	135,259	148,996	148,942	148,914
4. 2009	XXX	XXX	143,908	155,775	155,696
5. 2010	XXX	XXX	XXX	130,386	142,692
6. 2011	XXX	XXX	XXX	XXX	126,790

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	15,116	20,597	15,059	15,058	15,016
2. 2007	144,197	140,444	140,313	140,186	140,144
3. 2008	XXX	154,172	149,326	148,942	148,914
4. 2009	XXX	XXX	159,455	155,950	155,696
5. 2010	XXX	XXX	XXX	144,037	142,710
6. 2011	XXX	XXX	XXX	XXX	143,420

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2007	145,957	140,144	1,333	0.951	141,477	96.931			141,477	96.931
2. 2008	161,483	148,914	1,570	1.054	150,484	93.189			150,484	93.189
3. 2009	166,700	155,696	1,375	0.883	157,071	94.224			157,071	94.224
4. 2010	150,544	142,692	1,551	1.087	144,243	95.815	18		144,261	95.827
5. 2011	146,358	126,790	1,745	1.376	128,535	87.822	16,630	741	145,906	99.691

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	50	50	50	50	50
2. 2007					
3. 2008	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	50	50	50	50	50
2. 2007					
3. 2008	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

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

Other

Section A - Paid Health Claims

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

Section B - Incurred Health Claims

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building)	64,702	46,354	468,368		579,424
2. Salaries, wages and other benefits	3,890,340	1,562,370	10,414,555		15,867,265
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)			5,455,807		5,455,807
4. Legal fees and expenses			468,977		468,977
5. Certifications and accreditation fees			97,930		97,930
6. Auditing, actuarial and other consulting services	120,644	439,541	3,033,565		3,593,750
7. Traveling expenses	14,628	2,893	151,716		169,237
8. Marketing and advertising	1,826		1,892,848		1,894,674
9. Postage, express and telephone	17,467	718	677,110		695,295
10. Printing and office supplies	69,230	4,695	512,184		586,109
11. Occupancy, depreciation and amortization	17,074	12,232	123,596		152,902
12. Equipment	25,525	181	262,738		288,444
13. Cost or depreciation of EDP equipment and software			624,498		624,498
14. Outsourced services including EDP, claims, and other services	26,604	13,060	944,003		983,667
15. Boards, bureaus and association fees	652		50,134		50,786
16. Insurance, except on real estate			182,980		182,980
17. Collection and bank service charges			390,350		390,350
18. Group service and administration fees	60,588		15,444		76,032
19. Reimbursements by uninsured plans	(872,047)	(415,232)	(5,596,635)		(6,883,914)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes			43,019		43,019
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			(33,826)		(33,826)
23.2 State premium taxes			1,488,350		1,488,350
23.3 Regulator authority licenses and fees					
23.4 Payroll taxes	368,733	145,427	952,142		1,466,302
23.5 Other (excluding federal income and real estate taxes)			6,116		6,116
24. Investment expenses not included elsewhere				316,000	316,000
25. Aggregate write-ins for expenses			(25,542,429)		(25,542,429)
26. TOTAL Expenses Incurred (Lines 1 to 25)	3,805,966	1,812,239	(2,916,460)	316,000	(a) 3,017,745
27. Less expenses unpaid December 31, current year	850,000	400,000	11,642,290		12,892,290
28. Add expenses unpaid December 31, prior year	815,407	383,721	31,932,521		33,131,649
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	3,771,373	1,795,960	17,373,771	316,000	23,257,104

DETAILS OF WRITE-INS

2501. RADV audit reserve			(25,542,429)		(25,542,429)
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)			(25,542,429)		(25,542,429)

(a) Includes management fees of \$.....(626,893) to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....	.....	.....	.....
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	.....	.....	.....
2.2 Common stocks .....	.....	.....	.....
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	.....	.....	.....
3.2 Other than first liens .....	.....	.....	.....
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	.....	.....	.....
4.2 Properties held for the production of income .....	.....	.....	.....
4.3 Properties held for sale .....	.....	.....	.....
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....	.....	.....	.....
6. Contract loans .....	.....	.....	.....
7. Derivatives (Schedule DB) .....	.....	.....	.....
8. Other invested assets (Schedule BA)	220,658	.....	(220,658)
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 (Lines 1 to 11)	220,658	.....	(220,658)
13. Title plants (for Title insurers only) .....	.....	.....	.....
14. Invested income due and accrued .....	.....	.....	.....
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	220,873	149,695	(71,178)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....	.....	.....	.....
15.3 Accrued retrospective premiums .....	.....	.....	.....
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	.....	.....	.....
16.2 Funds held by or deposited with reinsured companies .....	.....	.....	.....
16.3 Other amounts receivable under reinsurance contracts .....	.....	.....	.....
17. Amounts receivable relating to uninsured plans .....	.....	.....	.....
18.1 Current federal and foreign income tax recoverable and interest thereon .....	.....	.....	.....
18.2 Net deferred tax asset	1,246,708	5,736,391	4,489,683
19. Guaranty funds receivable or on deposit .....	.....	.....	.....
20. Electronic data processing equipment and software	264,013	881,079	617,066
21. Furniture and equipment, including health care delivery assets	386,662	479,195	92,533
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	.....	.....	.....
23. Receivables from parent, subsidiaries and affiliates .....	.....	.....	.....
24. Health care and other amounts receivable	834,826	207,164	(627,662)
25. Aggregate write-ins for other than invested assets	267,069	374,104	107,035
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	3,440,809	7,827,628	4,386,819
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	.....	.....	.....
28. Total (Lines 26 and 27)	3,440,809	7,827,628	4,386,819
DETAILS OF WRITE-INS			
1101. .....	.....	.....	.....
1102. .....	.....	.....	.....
1103. .....	.....	.....	.....
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.....	.....	.....
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	.....	.....	.....
2501. AR	3,111	32,615	29,504
2502. Prepaid	263,958	259,253	(4,705)
2503. Deposits .....	.....	82,236	82,236
2598. Summary of remaining write-ins for Line 25 from overflow page .....	.....	.....	.....
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	267,069	374,104	107,035

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Paramount Insurance Company (the “Company”) are presented on a basis of accounting practices prescribed by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners’ (NAIC) Accounting Practices and Procedures Manual, (NAIC SAP) has been adopted as a component of prescribed practices by the State of Ohio.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Ohio is shown below:

	State of Domicile	2011	2010
	Ohio		
NET INCOME			
Paramount Health Care state basis		27,387,592	(14,174,201)
State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
State Permitted Practices that increase/(decrease) NAIC SAP		-	-
NAIC SAP		27,387,592	(14,174,201)
SURPLUS			
Paramount Health Care state basis		65,075,855	43,057,920
State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
State Permitted Practices that increase/(decrease) NAIC SAP		-	-
NAIC SAP		65,075,855	43,057,920

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts. Expenses incurred in connections with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds are stated at amortized cost.
3. Common stock investments are stated at Fair Market Value.
4. The Company does not have any preferred stock investments.
5. The Company does not invest in mortgage loans.
6. The Company has no investments in loan-backed securities.
7. The Company has no investments in subsidiaries.
8. The Company has no investments in joint ventures.
9. The Company does not invest in derivatives.

Notes to Financial Statements

10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54, Individual and Group Accident and Health Contracts.
11. Unpaid losses and loss adjustment expenses include an amount from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability is continually reviewed and any adjustments are reflected in the period determined.
12. The Company modified its capitalization policy in the current year to those qualifying expenses over \$2,500.
13. The Company estimates its pharmaceutical rebate receivables based on historical cash payments.

2. Accounting Changes and Corrections of Errors

-NOT APPLICABLE

3. Business Combinations and Goodwill

-NOT APPLICABLE

4. Discontinued Operations

-NOT APPLICABLE

5. Investments

A. The company does not have any Mortgage Loan investments.

B. The company is not a creditor for any Restructured Debt.

C. The company does not have any reverse mortgages.

A. 1. When necessary the Company uses internal estimates in determining prepayment assumptions and whether an other-than-temporary impairment has occurred.
 2. None
 3. None
 4. All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:

	Less than 12 months	62,387
	12 Months or Longer	0

b. The aggregate related fair value of securities

with unrealized losses:	Less than 12 months	15,264,831
	12 Months or Longer	0

Notes to Financial Statements

(5) The securities determined to be impaired (fair value is less than cost or amortized cost) were impaired by only .41%. The Company is of the opinion that none of the securities is impaired on an other-than-temporary basis.

- B. The company does not have any re-purchase agreements.
- C. The company does not have any real estate investments.

6. Joint ventures, Partnerships and Limited Liability Companies

-NOT APPLICABLE

7. Investment Income

The Company does not have any non-admitted accrued investment income.

8. Derivative Instruments

-NOT APPLICABLE

9. Income Taxes

The application of SSAP No. 10R requires a company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance if necessary to reduce the deferred tax asset to an amount which is more likely than not to be realized.

Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the Company considers many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) the timing of reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry forwards; (5) the length of time that carryovers can be used; (6) unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Company would employ to avoid a tax benefit expiring unused. Although the realization is not assured, the Company believes it is more likely than not that the deferred tax assets, net of valuation allowances, will be realized. The Company has not recorded a valuation allowance as of December 31, 2011 or 2010.

Notes to Financial Statements

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

	12/31/2011			12/31/2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	\$ 4,235,059	\$ 415,270	\$ 4,650,329	\$ 12,063,151	\$ 563,438	\$ 12,626,589	\$ (7,828,092)	\$ (148,168)	\$ (7,976,260)
Statutory valuation allowance	—	—	—	—	—	—	—	—	—
Adjusted gross deferred tax assets	4,235,059	415,270	4,650,329	12,063,151	563,438	12,626,589	(7,828,092)	(148,168)	(7,976,260)
Gross deferred tax liabilities	15,964	1,230,656	1,246,620	—	2,180,638	2,180,638	15,964	(949,982)	(934,018)
Net deferred tax asset	4,219,095	(815,386)	3,403,709	12,063,151	(1,617,200)	10,445,951	(7,844,056)	801,814	(7,042,242)
Total Deferred tax assets nonadmitted	1,246,708	—	1,246,708	5,736,391	—	5,736,391	(4,489,683)	—	(4,489,683)
Net admitted deferred tax assets	\$ 2,972,387	\$ (815,386)	\$ 2,157,001	\$ 6,326,760	\$ (1,617,200)	\$ 4,709,560	\$ (3,354,373)	\$ 801,814	\$ (2,552,559)

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

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

	2011			2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP No. 10R, Paragraph 10.a.	\$ 2,018,578	\$ 138,423	\$ 2,157,001	\$ 4,146,122	\$ 563,438	\$ 4,709,560	(2,127,544)	(425,015)	(2,552,559)
SSAP No. 10R, Paragraph 10.b.	—	—	—	—	—	—	—	—	—
(the lesser of paragraph 10.b.i and 10.b.ii. below)	—	—	—	—	—	—	—	—	—
SSAP No. 10R, Paragraph 10.b.i.	—	—	—	—	—	—	—	—	—
SSAP No. 10R, Paragraph 10.b.ii.	—	—	3,807,120	—	—	4,586,889	—	—	(779,769)
SSAP No. 10R, Paragraph 10.c.	969,773	276,847	1,246,620	2,180,638	—	2,180,638	(1,210,865)	276,847	(934,018)
Total	\$ 2,988,351	\$ 415,270	\$ 3,403,621	\$ 6,326,760	\$ 563,438	\$ 6,890,198	\$ (3,338,409)	\$ (148,168)	\$ (3,486,577)
SSAP No. 10R, Paragraph 10.e.i..	—	—	—	—	—	—	—	—	—
SSAP No. 10R, Paragraph 10.e.ii.	—	—	—	—	—	—	—	—	—
(the lesser of paragraph 10.e.ii.a and 10.e.ii.b below)	—	—	—	—	—	—	—	—	—
SSAP No. 10R, Paragraph 10.e.ii.a.	—	—	—	—	—	—	—	—	—
SSAP No. 10R, Paragraph 10.e.ii.b.	—	—	—	—	—	—	—	—	—
SSAP No. 10R, Paragraph 10.e.iii.	—	—	—	—	—	—	—	—	—
Total	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Used in SSAP No. 10R, Paragraph 10.d.

Total Adjusted Capital	\$ 65,075,855	\$ 43,057,920	\$ 22,017,935
Authorized Control Level	\$ 11,496,676	\$ 12,110,786	\$ (614,110)

Notes to Financial Statements

	2011			2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP No.10R, Paragraphs 10.a., 10.b., and 10.c									
Admitted DTAs	\$ 2,988,351	\$ 415,270	\$ 3,403,621	\$ 6,326,760	\$ 563,438	\$ 6,890,198	\$ (3,338,409)	\$ (148,168)	\$ (3,486,577)
Admitted Assets			120,824,586			160,671,421			(39,846,835)
Adjusted Statutory Surplus			65,075,855			43,057,920			22,017,935
Total Adjusted Capital from DTAs			65,075,855			43,057,920			22,017,935

Increase due to SSAP No.10R, Paragraph 10.e.

Admitted DTAs	-	-	-	-	-	-	-	-	-
Admitted Assets	-	-	-	-	-	-	-	-	-
Statutory Surplus	-	-	-	-	-	-	-	-	-

Impact of Tax Planning Strategies

2011			
	Ordinary	Capital	Total
Adjusted Gross DTAs	-	-	-
(% Total Adjusted Gross DTAs)	-	-	-
Net Admitted Adjusted Gross DTAs	-	-	-
(% of Total Net Admitted Adjusted Gross DTAs)	-	-	-

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

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

Notes to Financial Statements

	12/31/2011	12/31/2010	Change
Current Income Tax			
Federal	\$ 550,181	\$ 2,591,680	\$ (2,041,499)
Federal income tax on capital gains	1,688,554	1,211,988	476,566
Other	<u>(243,088)</u>	<u>(996,956)</u>	<u>753,868</u>
Federal income taxes incurred	\$ 1,995,647	\$ 2,806,712	\$ (811,065)
Deferred tax assets:			
Ordinary			
Unearned premiums	\$ 134,409	\$ 165,091	\$ (30,682)
Discounting on claims payable	189,043	163,873	25,170
Accrued Vacation	293,504	371,581	(78,077)
Other accruals	2,029,650	9,464,704	(7,435,054)
Amortization	787,500	1,102,503	(315,003)
Depreciation	79,712	525,868	(446,156)
Allowance for doubtful accounts	369,495	136,316	233,179
Other	<u>351,746</u>	<u>133,215</u>	<u>218,531</u>
Subtotal	4,235,059	12,063,151	(7,828,092)
Nonadmitted	<u>1,246,708</u>	<u>5,736,391</u>	<u>(4,489,683)</u>
Admitted ordinary deferred tax assets	<u>2,988,351</u>	<u>6,326,760</u>	<u>(3,338,409)</u>
Capital			
Capital loss			
Impairment of securities	415,270	563,438	(148,168)
Other	-	-	-
Subtotal	<u>415,270</u>	<u>563,438</u>	<u>(148,168)</u>
Nonadmitted	-	-	-
Admitted capital deferred tax assets	<u>415,270</u>	<u>563,438</u>	<u>(148,168)</u>
Admitted deferred tax assets	<u>3,403,621</u>	<u>6,890,198</u>	<u>(3,486,577)</u>
Deferred tax liabilities:			
Ordinary			
Discounted salvage & sub	15,964	-	15,964
Subtotal	<u>15,964</u>	<u>-</u>	<u>15,964</u>
Capital			
Unrealized gain	1,230,656	2,180,638	(949,982)
Subtotal	<u>1,230,656</u>	<u>2,180,638</u>	<u>(949,982)</u>
Deferred tax liabilities	<u>\$ 1,246,620</u>	<u>\$ 2,180,638</u>	<u>\$ (934,018)</u>
Net deferred tax assets/liabilities	<u>\$ 2,157,001</u>	<u>\$ 4,709,560</u>	<u>\$ (2,552,559)</u>

The change in net deferred income taxes is comprised of the following:

D.-Analysis of Actual Income Tax Expense

The Company's income tax expense differs from the amount obtained by applying the statutory rate of 34% to pretax net income for the following reasons at December 31:

	2011	%	2010	%
Provision computed at statutory rate	\$ 10,284,134	35 %	\$ (3,978,621)	(35)%
Other	<u>(260,262)</u>	<u>—</u>	<u>(1,329,585)</u>	<u>(11)</u>
Total	<u>\$ 10,023,872</u>	<u>35 %</u>	<u>\$ (5,308,206)</u>	<u>(46)%</u>
Federal income taxes incurred	\$ 1,995,647	7 %	\$ 2,806,712	25 %
Change in net deferred income taxes	7,042,242	24	(8,114,918)	(71)
Change in unrealized gains and losses	949,982	4	—	—
Other	<u>36,001</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total statutory income taxes	<u>\$ 10,023,872</u>	<u>35 %</u>	<u>\$ (5,308,206)</u>	<u>(46)%</u>

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

Notes to Financial Statements

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

<u>Year</u>	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
2009			-
2010	2,934,525	1,186,054	4,120,579
2011	550,181	1,688,554	2,238,735

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

G-Accounting for tax contingencies

For the years ended December 31, 2011 and 2010, the Company did not have tax contingencies under the principles of SSAP No. 5, *Liabilities, Contingencies and Impairment of Assets*. The Company is primarily subject to U.S. federal and various U.S. state and local tax authorities. Tax years subsequent to 2007 remain open to examination by the Internal Revenue Service, and 2006 remains open to other state and local tax authorities. As of December 31, 2011, there are no U.S. federal or state returns under examination.

10. Information Concerning Parent, Subsidiaries and Affiliates

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

Through management service agreements the company provides administrative support to four of its affiliated entities, PCM, PBA, PICO and PA. The following table shows the amounts allocated to the companies. These amounts were to compensate the Company for administrative support staff in all functional areas. The cost of shared services is allocated between the Company and affiliates based upon the percentage of subscribers at the end of each month.

	<u>2011</u>	<u>2010</u>
PCM	669,981	582,630
PBA	5,004	3,996
PICO	1,345,496	2,456,189
PA	6,938,902	6,568,384

ProMedica allocates corporate overhead to all ProMedica entities pursuant to a Cost Allocation Agreement. The Company was allocated \$8,332,490 and \$7,448,242 of overhead expense in 2011 and 2010, respectively. The amount is to compensate

Notes to Financial Statements

ProMedica for the services provided to the Company for corporate staff primarily in management, legal services, information services and investment management.

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

	2011	2010		
	Due from	Due to	Due from	Due to
Bay Park	\$ 14,900		\$ 21,576	
ProMedica Physicians Group	55,540		199,201	
Promedica Continuing Care	249			(58,509)
ProMedica Health System	1,418,887		2,527,946	
St. Lukes		(682,466)		
Herrick				(38,138)
The Toledo Hospital	34,441		40,592	
Lenawee Health Alliance	24,000		24,000	
NOW Cardiology			32,000	
Pharmacy Counter		(56,548)		
Flower Hospital		(7,431)		(3,931)
Paramount Care of Michigan		(138,402)		(368,053)
Health Management Solutions	226,279		500,637	
Paramount Advantage		(2,265,363)		(826,346)
Paramount Insurance Co.		(424,557)		(3,159,326)
Other affiliated entities	37,156	(1,142)	14,231	(1,932)
	<u>\$ 1,811,452</u>	<u>\$ (3,575,909)</u>	<u>\$ 3,360,183</u>	<u>\$ (4,456,235)</u>

Claims paid to affiliated entities during fiscal year 2011 and 2010

	2011	2010
	Paid	Paid
Bay Park Community Hospital	\$ 10,423,150	\$ 13,066,008
Defiance Hospital	273,008	285,108
ProMedica North Region	197,183	304,965
Flower Hospital	19,910,911	22,796,033
Fostoria Hospital	681,211	756,798
Lima Memorial Hospital	12,883	31,952
ProMedica Continuing Care Services	6,522,751	9,035,592
ProMedica Physicians Group	12,552,385	9,321,132
St. Lukes Hospital	12,241,579	5,204,020
The Toledo Hospital	46,410,835	53,947,673
	<u>\$ 109,225,896</u>	<u>\$ 114,749,281</u>

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

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

Notes to Financial Statements

11. Debt

-NOT APPLICABLE

12. Retirement Plans, Deferred Compensation, Postemployment Benefits

- A. The company does not participate in defined benefit plans.
- B. Effective July 1, 2002, the System extended the ProMedica pension plan to the eligible employees of Paramount. The pension costs for Paramount are based on a direct calculation of certain cost components and the application of reasonable methodology for other cost components. In 2007, the pension asset was transferred to ProMedica Health System. The company contributed \$494,724 and \$585,000 for the years ended December 31, 2011 and 2010, respectively.

The company sponsors a 401 (k) savings plan, whereby eligible employees may voluntarily contribute a percentage of their annual compensation. Under the provisions of the plan, the Company annually matches employees' contributions of up to 3% of compensation. All employees with at least one year of service are eligible for the plan match. If an employee has ten or more years of pension vesting service and is paid at least 1000 hours during the plan year and is employed at December 31 of any year, the company will contribute 2% of the employee's pay to his or her 401 (k) account. For the years ended December 31, 2011 and 2010, contributions by the Company amounted to \$670,179 and \$675,112, respectively.

- C. The company does not participate in a multi-employer plan.
- D. The company participates in a Consolidated/Holding Company Plan. See description at [B] above.

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

- A. The Company has 750 shares authorized and 420 shares issued and outstanding.
- B. The Company has no preferred stock.
- C. Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, to an amount less than 10% of admitted capital (including all dividends within the prior 12 month period). Additionally, the Company must obtain prior approval for dividends not paid from earned surplus. During 2010, ordinary dividends of \$2,500,000 were paid to ProMedica Insurance Corp. During 2011 no dividends were paid to ProMedica Insurance Corp.
- D. Within the limitations of [C] above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- E. There were no restrictions placed on the Company's surplus.
- F. The Company did not receive any capital contributions during the year.
- G. There is no stock being held by the Company.
- H. The Company has no special surplus funds.

Notes to Financial Statements

I. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is:

Unrealized gains, net of tax (1,764,252)

J. The Company has no surplus debentures or other outstanding obligations.

K. The Company was not involved in a quasi-reorganization during the year.

14. Contingencies

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

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

On February 24, 2011, CMS published for public comment a final RADV audit and payment adjustment methodology. The final methodology contains provisions allowing retroactive contract level payment adjustments for the year audited using an extrapolation of the “error rate” identified in audit samples for the payment years 2011 and forward. The methodology also allows for an adjustment to the base error rate using the Fee-For-Service error rate. The publication of the above key provision eliminates the need for a reserve for the payment years 2007 to 2010. As a result, the Company reversed approximately \$27,342,429 in reserves related to the years open to RADV audits.

15. Leases

The Company has entered into lease agreements for office space, furniture, computers, and telephones that expire through 2011. Rental expense charged to operations amounted to \$689,262 and \$738,539 in 2011 and 2010, respectively.

At December 31, 2011, the minimum aggregate rental commitments are as follows:

Year Ending December 31,

2012	\$681,672
2013	\$674,217
2014	\$674,217
2015	\$674,217
2016	\$674,217
Thereafter	\$1,360,433

The Company is not party to any capital or leveraged lease agreements, nor is it a lessor.

16. Off-Balance Sheet Risk

-NOT APPLICABLE

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

-NOT APPLICABLE

Notes to Financial Statements

18. Gain or loss to the Reporting Entity from Uninsured A&H Plans and the uninsured Portion of partially Insured Plans

The gain from operations from Administrative Services Only (ASO) uninsured plans was as follows during 2011 and 2010:

	2011	2010
Net reimbursement for administrative Expenses (including admin fees) in excess of actual expenses	\$ 1,668,009	\$ 1,247,498
Total net other income or expenses including interest paid to or received from plans	\$ (624,789)	\$ (616,505)
Total gain or (loss) from operations	<u>\$ 1,043,220</u>	<u>\$ 630,993</u>
Claim payments	\$ 88,204,817	\$ 96,570,660

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

-NOT APPLICABLE

20. Fair Value Measurements

Assets Measured at Fair Value on a Recurring Basis

	2011		
	Level 1	Level 2	Level 3
Equity securities	\$ 21,506,128		
Total assets at Fair Value	\$ 21,506,128	\$ -	
2010			
	Level 1	Level 2	Level 3
Equity securities	\$ 22,533,337		
Total assets at Fair Value	\$ 22,533,337	\$ -	

21. Other Items

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

22. Subsequent Events

There were no Type I or Type II subsequent events at the time of this filing that would materially alter the financial position of the Company.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1

1. None of the reinsurers listed in Schedule S as non-affiliated, are owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee or director of the company.
2. None of the policies issued by the company have been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary,

Notes to Financial Statements

a creditor or an insured or any other person not primarily engaged in the insurance business.

Section 2

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

Section 3

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

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

C. The company had no commutation of reinsurance.

24. Retrospectively Rated Contracts

-NOT APPLICABLE

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2010 were \$25,278,490. As of December 31, 2011, \$21,607,805 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$29,159 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Commercial and Medicare lines of insurance. Therefore, there has been a \$3,641,526 favorable prior-year development since December 31, 2010 to December 31, 2011. The decrease is generally a result of ongoing analysis of recent development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

-NOT APPLICABLE

27. Structured Settlements

-NOT APPLICABLE

28. Health Care Receivables

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

Notes to Financial Statements

Quarter	Estimated Pharmacy Rebates	Pharmacy Rebates as Billed	Actual Rebates Received within 90 days of billing	Actual Rebates Received within 91-180 days of billing	Actual Rebates Received More than 180 days after billing
12/31/2011	758,218	758,218			
9/30/2011	751,112	780,148		594,592	
6/30/2011	1,069,030	810,901		810,870	31
3/31/2011	801,836	819,972		808,417	11,555
12/31/2010	830,088	872,441	-	849,208	23,233
9/30/2010	1,100,711	912,026	-	828,373	83,653
6/30/2010	1,144,990	936,803	-	848,502	88,301
3/31/2010	1,416,494	1,047,729	-	987,531	60,198
12/31/2009	1,290,909	1,266,659	-	1,254,030	12,629
9/30/2009	1,269,986	1,218,626	-	1,170,087	48,540
6/30/2009	1,418,092	1,232,913	-	1,169,891	63,021
3/31/2009	1,357,342	1,397,379	-	1,347,907	49,473

During 2010, the company was a party to a risk sharing agreement with The Toledo Hospital. As actual costs vary from projected costs, the variations are allocated among the parties based on the agreement. The variances were set up as intercompany receivables or payables with the offset going to income or expense. The intercompany balances were settled periodically throughout the year. The balance sheet amount was classified as accrued medical incentive pool on the liability page. The income or expense amount was classified as incentive pool, withhold adjustments and bonus amounts expense. In 2011, this agreement was dissolved.

29. Participating Policies

-NOT APPLICABLE

30. Premium Deficiency Reserves

Liability carried for premium deficiency reserve :	\$0
Date of most recent evaluation of this liability:	1/20/2012
Was anticipated investment income utilized in the calculation?	Yes

31. Anticipated Salvage and Subrogation

The Company took into account estimated anticipated salvage and subrogation in its determination of the liability for unpaid claims/losses and reduced such liability by \$2,704,729.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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

1.3 State Regulating? Ohio

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[] No[X]

2.2 If yes, date of change:

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

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

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

3.4 By what department or departments? Ohio

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: Yes[] No[X]

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: Yes[] No[X]

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

4.22 renewals? Yes[] No[X]

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

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

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

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

6.2 If yes, give full information:

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

7.2 If yes, 0.000%

7.21 State the percentage of foreign control

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

1 Nationality	2 Type of Entity
.....

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

8.2 If response to 8.1 is yes, please identify the name of the bank holding company. Yes[] No[X]

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

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

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....	Yes[] No[X]	.....	Yes[] No[X]	.....

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Deloitte & Touche LLP, 600 Renaissance Center, Suite 900, Detroit, MI 48243-1895

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

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

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

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

Requirements waived as the Company does not meet the premium threshold.

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

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

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

Timothy Gustafson FSA, MAAA, Deloitte & Touche LLP, 180 N. Stetson Avenue, Chicago, IL 6060

GENERAL INTERROGATORIES (Continued)

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X] 0
 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 \$ 0

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?
 13.3 Have there been any changes made to any of the trust indentures during the year?
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X] 0
 13.5 If answer to (13.3) is yes, provide explanation Yes [] No [] N/A [X] 0

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain: Yes [] No [X] 0

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X] 0
 14.21 If the response to 14.2 is yes, provide information related to amendment(s). Yes [] No [X] 0

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X] 0
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s). Yes [] No [X] 0

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] 0
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered. Yes [] No [X] 0

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [] No [X] 0

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 [] 0

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 [] 0

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] 0

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 20.11 To directors or other officers \$ 0
 20.12 To stockholders not officers \$ 0
 20.13 Trustees, supreme or grand (Fraternal only) \$ 0

20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
 20.21 To directors or other officers \$ 0
 20.22 To stockholders not officers \$ 0
 20.23 Trustees, supreme or grand (Fraternal only) \$ 0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X] 0

21.2 If yes, state the amount thereof at December 31 of the current year:
 21.21 Rented from others \$ 0
 21.22 Borrowed from others \$ 0
 21.23 Leased from others \$ 0
 21.24 Other \$ 0

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X] 0

22.2 If answer is yes:
 22.21 Amount paid as losses or risk adjustment \$ 0
 22.22 Amount paid as expenses \$ 0
 22.23 Other amounts paid \$ 0

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [] 0
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 1,418,887

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 [] 0

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

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

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

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

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

24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X] 0

GENERAL INTERROGATORIES (Continued)

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

Yes[X] No[]

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

25.21 Subject to repurchase agreements	\$	0
25.22 Subject to reverse repurchase agreements	\$	0
25.23 Subject to dollar repurchase agreements	\$	0
25.24 Subject to reverse dollar repurchase agreements	\$	0
25.25 Pledged as collateral	\$	0
25.26 Placed under option agreements	\$	0
25.27 Letter stock or securities restricted as to sale	\$	0
25.28 On deposit with state or other regulatory body	\$	0
25.29 Other	\$	400,950

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.

\$ 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[]

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

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

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes[] No[X]

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

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

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

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

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[X] No[]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.... 411511306	Harbor International Mutual Fund .....	..... 4,027,015
.... 0075W0700	Advisors Inner Circle/United Assoc S&P Index .....	..... 3,388,722
29.2999 Total .....	.....	..... 7,415,737

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

GENERAL INTERROGATORIES (Continued)

1	2	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund		
Harbor International Mutual Fund	British American Tobacco	882,050,000	09/30/2011 ..
Advisors Inner Circle/United Assoc S&P Index	Exxon Mobil	4,645,350	11/30/2011 ..

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

1	2	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
Statement (Admitted) Value	Fair Value	
30.1 Bonds	87,801,293	88,356,369
30.2 Preferred stocks		
30.3 Totals	87,801,293	88,356,369

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

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

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

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 126,466
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
Ohio Association of Health Plans	44,993
NCQA	81,473

34.1 Amount of payments for legal expenses, if any? \$ 468,977
34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....

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

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

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

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator	277,928,973	280,859,301
2.2 Premium Denominator	277,928,973	280,859,301
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4 Reserve Numerator	29,911,679	25,130,836
2.5 Reserve Denominator	29,911,679	25,130,836
2.6 Reserve Ratio (2.4 / 2.5)	1.000	1.000

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

3.2 If yes, give particulars:

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

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

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

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical	\$..... 435,000
5.32 Medical Only	\$..... 0
5.33 Medicare Supplement	\$..... 0
5.34 Dental & Vision	\$..... 0
5.35 Other Limited Benefit Plan	\$..... 0
5.36 Other	\$..... 0

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

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

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year	..... 1,722
8.2 Number of providers at end of reporting year	..... 1,756

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

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months	..... 27,603,800
9.22 Business with rate guarantees over 36 months	..... 0

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

10.2 If yes:

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

11.1 Is the reporting entity organized as:

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

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

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

Ohio

11.4 If yes, show the amount required.

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

11.6 If the amount is calculated, show the calculation.

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

1 Name of Service Area
Allen County
Ashland County
Crawford County
Defiance County
Erie County
Fulton County
Hancock County
Hardin County
Henry County

GENERAL INTERROGATORIES (Continued)

1	Name of Service Area
Lorain County	
Lucas County	
Marion County	
Morrow County	
Ottawa County	
Paulding County	
Putnam County	
Richland County	
Sandusky County	
Seneca County	
Williamns County	
Wood County	
Wyandot	
Deleware	
Knox	
Huron	

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

Yes[] No[X]

\$ 0

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

Yes[] No[X]

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

\$ 0

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

FIVE-YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	120,824,586	160,671,421	146,094,153	118,943,190	142,374,007
2. TOTAL Liabilities (Page 3, Line 24)	55,748,731	117,613,501	90,034,477	70,257,753	77,875,445
3. Statutory surplus	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
4. TOTAL Capital and Surplus (Page 3, Line 33)	65,075,855	43,057,920	56,059,676	48,685,437	64,498,562
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	277,928,973	280,859,301	331,135,869	354,844,859	392,561,705
6. TOTAL Medical and Hospital Expenses (Line 18)	252,645,851	245,749,778	293,351,829	314,057,395	348,382,692
7. Claims adjustment expenses (Line 20)	5,618,205	7,491,495	5,944,524	6,155,602	7,260,411
8. TOTAL Administrative Expenses (Line 21)	(2,916,460)	44,809,896	25,076,012	23,699,850	31,765,108
9. Net underwriting gain (loss) (Line 24)	22,581,377	(17,191,868)	6,763,504	10,932,012	5,153,494
10. Net investment gain (loss) (Line 27)	6,783,703	5,802,296	5,683,649	(2,770,825)	8,338,671
11. TOTAL Other Income (Lines 28 plus 29)	18,159	22,083	6,755	4,868	(5,531)
12. Net income or (loss) (Line 32)	27,387,592	(14,174,201)	10,519,333	2,816,248	7,344,560
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	3,615,387	3,738,322	(1,055,313)	10,665,055	(8,197,449)
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	65,075,855	43,057,920	56,059,676	48,685,437	64,498,562
15. Authorized control level risk-based capital	11,496,676	12,110,786	14,057,788	14,707,756	16,406,838
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	45,681	48,835	55,040	65,992	80,449
17. TOTAL Members Months (Column 6, Line 7)	560,987	578,004	688,590	824,939	1,010,029
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	90.9	87.5	88.6	88.5	88.7
20. Cost containment expenses	1.4	1.8	1.3	1.0	0.9
21. Other claims adjustment expenses	0.7	0.9	0.5	0.7	0.9
22. TOTAL Underwriting Deductions (Line 23)	91.9	106.1	98.0	96.9	98.7
23. TOTAL Underwriting Gain (Loss) (Line 24)	8.1	(6.1)	2.0	3.1	1.3
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	21,105,605	22,593,804	30,882,516	37,057,737	37,786,308
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	23,460,147	28,684,517	38,420,525	38,515,776	43,621,394
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					

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

If no, please explain:

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

State, Etc.	1 Active Status	Direct Business Only								9 Deposit - Type Contracts
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama (AL)	N									
2. Alaska (AK)	N									
3. Arizona (AZ)	N									
4. Arkansas (AR)	N									
5. California (CA)	N									
6. Colorado (CO)	N									
7. Connecticut (CT)	N									
8. Delaware (DE)	N									
9. District of Columbia (DC)	N									
10. Florida (FL)	N									
11. Georgia (GA)	N									
12. Hawaii (HI)	N									
13. Idaho (ID)	N									
14. Illinois (IL)	N									
15. Indiana (IN)	N									
16. Iowa (IA)	N									
17. Kansas (KS)	N									
18. Kentucky (KY)	N									
19. Louisiana (LA)	N									
20. Maine (ME)	N									
21. Maryland (MD)	N									
22. Massachusetts (MA)	N									
23. Michigan (MI)	N									
24. Minnesota (MN)	N									
25. Mississippi (MS)	N									
26. Missouri (MO)	N									
27. Montana (MT)	N									
28. Nebraska (NE)	N									
29. Nevada (NV)	N									
30. New Hampshire (NH)	N									
31. New Jersey (NJ)	N									
32. New Mexico (NM)	N									
33. New York (NY)	N									
34. North Carolina (NC)	N									
35. North Dakota (ND)	N									
36. Ohio (OH)	L	133,214,727		146,360,815					279,575,542	
37. Oklahoma (OK)	N									
38. Oregon (OR)	N									
39. Pennsylvania (PA)	N									
40. Rhode Island (RI)	N									
41. South Carolina (SC)	N									
42. South Dakota (SD)	N									
43. Tennessee (TN)	N									
44. Texas (TX)	N									
45. Utah (UT)	N									
46. Vermont (VT)	N									
47. Virginia (VA)	N									
48. Washington (WA)	N									
49. West Virginia (WV)	N									
50. Wisconsin (WI)	N									
51. Wyoming (WY)	N									
52. American Samoa (AS)	N									
53. Guam (GU)	N									
54. Puerto Rico (PR)	N									
55. U.S. Virgin Islands (VI)	N									
56. Northern Marianas Islands (MP)	N									
57. Canada (CN)	N									
58. Aggregate other alien (OT)	XXX									
59. Subtotal	XXX	133,214,727		146,360,815					279,575,542	
60. Reporting entity contributions for Employee Benefit Plans	XXX									
61. TOTAL (Direct Business)	(a) 1	133,214,727		146,360,815					279,575,542	

DETAILS OF WRITE-INS

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

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

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

Explanation of basis of allocation of premiums by states, etc.: All individual policies are allocated based on residency which is in Ohio. Group policies are allocated based on employment location. All groups are employed in Ohio.