



ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2011
OF THE CONDITION AND AFFAIRS OF THE

CARESOURCE

NAIC Group Code	3683	(Current Period)	3683	(Prior Period)	NAIC Company Code	95201	Employer's ID Number	31-1143265
Organized under the Laws of	Ohio				State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States							
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Hospital, Medical & Dental Service or Indemnity []			
	Dental Service Corporation []		Vision Service Corporation []		Health Maintenance Organization [X]			
	Other []		Is HMO, Federally Qualified? Yes [] No [X]					
Incorporated/Organized	06/12/1985		Commenced Business		10/01/1988			
Statutory Home Office	230 North Main Street				Dayton, OH 45402			
	(Street and Number)				(City, State and Zip Code)			
Main Administrative Office	230 North Main Street				937-531-3300			
	Dayton, OH 45402				(Area Code) (Telephone Number)			
	(City, State and Zip Code)							
Mail Address	PO Box 8738				Dayton, OH 45401-8738			
	(Street and Number or P.O. Box)				(City, State and Zip Code)			
Primary Location of Books and Records	230 North Main Street				937-531-2159			
	Dayton, OH 45402				(Area Code) (Telephone Number) (Extension)			
	(City, State and Zip Code)							
Internet Web Site Address	www.caresource.com							
Statutory Statement Contact	L. Tarlton Thomas III				937-531-2159			
	(Name)				(Area Code) (Telephone Number) (Extension)			
	Tarlton.Thomas@caresource.com				937-396-3438			
	(E-Mail Address)				(Fax Number)			

OFFICERS

Name	Title	Name	Title
Pamela B. Morris	President & Chief Executive Officer	Bobby L. Jones	Chief Operating Officer
L. Tarlton Thomas III	Chief Financial Officer	Craig Thiele M.D.	Chief Medical Officer

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Pamela B. Morris	Michael E. Ervin M.D.	Ellen S. Leffak	
William F. Marsteller D.C.	Morris L. Brown M.D.	David T. Miller	Craig Brown

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

Pamela B. Morris President & Chief Executive Officer	Bobby L. Jones Chief Operating Officer	L. Tarlton Thomas III Chief Financial Officer
Subscribed and sworn to before me this _____ day of _____, _____		
a. Is this an original filing? Yes [X] No []		
b. If no:		
1. State the amendment number _____		
2. Date filed _____		
3. Number of pages attached _____		

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE CARESOURCE

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	315,929,911		315,929,911	267,339,834
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	37,167,471		37,167,471	27,621,199
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	2,100,000		2,100,000	2,100,000
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$(60,236,879) , Schedule E-Part 1), cash equivalents (\$394,363,324 , Schedule E-Part 2) and short-term investments (\$43,881,799 , Schedule DA).....	378,008,244		378,008,244	220,766,198
6. Contract loans (including \$premium notes).....			0	0
7. Derivatives (Schedule DB).....			0	0
8. Other invested assets (Schedule BA)	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets	678,507	678,507	0	65,272
12. Subtotals, cash and invested assets (Lines 1 to 11)	733,884,132	678,507	733,205,625	517,892,503
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	3,606,842		3,606,842	2,715,861
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	68,200,102		68,200,102	27,076,285
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	3,663,369		3,663,369	5,713,653
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset.....			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	0
24. Health care (\$50,737,261) and other amounts receivable.....	50,798,699	61,438	50,737,261	37,656,528
25. Aggregate write-ins for other than invested assets	63,250	63,250	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	860,216,394	803,195	859,413,199	591,054,831
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	860,216,394	803,195	859,413,199	591,054,831
DETAILS OF WRITE-INS				
1101. Investment in CareSource Foundation.....	678,507	678,507	0	65,272
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	678,507	678,507	0	65,272
2501. PREPAID EXPENSES.....	63,250	63,250	0	0
2502. LEASEHOLD IMPROVEMENTS.....	0	0	0	0
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	63,250	63,250	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$6,442,065 reinsurance ceded)	313,080,679		313,080,679	222,611,416
2. Accrued medical incentive pool and bonus amounts	1,481,928		1,481,928	1,418,741
3. Unpaid claims adjustment expenses	6,736,572		6,736,572	5,924,421
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act.....			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves.....			0	0
8. Premiums received in advance	4,382,992		4,382,992	0
9. General expenses due or accrued	70,268,868		70,268,868	57,243,640
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)).....			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others	40,989,900		40,989,900	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	7,516,286		7,516,286	9,920,859
16. Derivatives.....			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	241,149		241,149	645,327
23. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23).....	444,698,374	0	444,698,374	297,764,404
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		0
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	17,200,000	17,200,000
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	2,100,000	2,100,000
31. Unassigned funds (surplus)	XXX	XXX	395,414,825	273,990,427
32. Less treasury stock, at cost:				
32.1 .....shares common (value included in Line 26 \$)	XXX	XXX		0
32.2 .....shares preferred (value included in Line 27 \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	414,714,825	293,290,427
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	859,413,199	591,054,831
DETAILS OF WRITE-INS				
2301.			0	0
2302.			0	0
2303.			0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0
2501.	XXX	XXX		0
2502.	XXX	XXX		0
2503.	XXX	XXX		0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001. Contributed Surplus (Land).....	XXX	XXX	2,100,000	2,100,000
3002.	XXX	XXX		0
3003.	XXX	XXX		0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	2,100,000	2,100,000

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	10,266,935	9,656,578
2. Net premium income (including \$0 non-health premium income).....	XXX	2,965,644,060	2,558,117,692
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	2,965,644,060	2,558,117,692
Hospital and Medical:			
9. Hospital/medical benefits		2,048,082,835	1,896,322,781
10. Other professional services		32,536,094	22,680,050
11. Outside referrals		0	0
12. Emergency room and out-of-area		181,501,985	173,420,634
13. Prescription drugs		168,674,459	37,990,319
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		2,671,308	2,573,033
16. Subtotal (Lines 9 to 15)	0	2,433,466,681	2,132,986,817
Less:			
17. Net reinsurance recoveries		8,997,939	10,484,656
18. Total hospital and medical (Lines 16 minus 17)	0	2,424,468,742	2,122,502,161
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$36,232,449 cost containment expenses.....		54,723,564	43,491,237
21. General administrative expenses.....		367,974,345	291,151,293
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	2,847,166,651	2,457,144,691
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	118,477,409	100,973,001
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		13,086,076	11,087,300
26. Net realized capital gains (losses) less capital gains tax of \$(355,393).....		(355,393)	(472,105)
27. Net investment gains (losses) (Lines 25 plus 26)	0	12,730,683	10,615,195
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]		0	0
29. Aggregate write-ins for other income or expenses	0	0	0
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	131,208,092	111,588,196
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	131,208,092	111,588,196
DETAILS OF WRITE-INS			
0601.	XXX		0
0602.	XXX		0
0603.	XXX		0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		0
0702.	XXX		0
0703.	XXX		0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			0
1402.			0
1403.			0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901.			0
2902.			0
2903.			0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	293,290,427	180,796,584
34. Net income or (loss) from Line 32	131,208,092	111,588,196
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	(2,117,163)	3,705,176
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	(99,848)	(677,325)
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital	(1,478,203)	(1,017,795)
46. Dividends to stockholders	(6,000,000)	0
47. Aggregate write-ins for gains or (losses) in surplus	(88,480)	(1,104,409)
48. Net change in capital & surplus (Lines 34 to 47)	121,424,398	112,493,843
49. Capital and surplus end of reporting year (Line 33 plus 48)	414,714,825	293,290,427
DETAILS OF WRITE-INS		
4701.		
4702. Non-credit related impairment of residential mortgage-based securities.....	(88,480)	(1,104,409)
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	(88,480)	(1,104,409)

CASH FLOW

Cash from Operations		1	2
		Current Year	Prior Year
1.	Premiums collected net of reinsurance	2,928,903,236	2,316,483,243
2.	Net investment income	14,050,011	11,706,976
3.	Miscellaneous income	0	0
4.	Total (Lines 1 through 3)	2,942,953,247	2,328,190,218
5.	Benefit and loss related payments	2,344,389,015	2,114,254,384
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0
7.	Commissions, expenses paid and aggregate write-ins for deductions	409,264,705	290,690,409
8.	Dividends paid to policyholders		0
9.	Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0
10.	Total (Lines 5 through 9)	2,753,653,720	2,404,944,793
11.	Net cash from operations (Line 4 minus Line 10)	189,299,527	(76,754,575)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	41,610,079	60,875,073
12.2	Stocks	13,036,315	1,314,983
12.3	Mortgage loans	0	0
12.4	Real estate	0	0
12.5	Other invested assets	0	0
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7	Miscellaneous proceeds	0	0
12.8	Total investment proceeds (Lines 12.1 to 12.7)	54,646,394	62,190,056
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	91,965,911	121,351,329
13.2	Stocks	25,144,303	6,599,589
13.3	Mortgage loans	0	0
13.4	Real estate	0	0
13.5	Other invested assets	0	0
13.6	Miscellaneous applications	0	0
13.7	Total investments acquired (Lines 13.1 to 13.6)	117,110,214	127,950,918
14.	Net increase (decrease) in contract loans and premium notes	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(62,463,820)	(65,760,862)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes	0	0
16.2	Capital and paid in surplus, less treasury stock	(2,108,761)	(1,029,271)
16.3	Borrowed funds	0	0
16.4	Net deposits on deposit-type contracts and other insurance liabilities		0
16.5	Dividends to stockholders	6,000,000	0
16.6	Other cash provided (applied)	38,515,099	3,086,530
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	30,406,338	2,057,259
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)	157,242,045	(140,458,178)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	220,766,198	361,224,376
19.2	End of year (Line 18 plus Line 19.1)	378,008,244	220,766,198

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE CARESOURCE

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	2,965,644,060	0	0	0	0	0	11,663,536	2,953,187,675	792,849	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue.....	0						0	0	0	XXX
5. Aggregate write-ins for other health care related revenues.....	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	2,965,644,060	0	0	0	0	0	11,663,536	2,953,187,675	792,849	0
8. Hospital/medical benefits	2,048,082,835						9,027,197	2,038,359,012	696,626	XXX
9. Other professional services	32,536,094						111,633	32,424,461		XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	181,501,985						550,255	180,951,061	669	XXX
12. Prescription drugs	168,674,459						1,100,326	167,482,841	91,292	XXX
13. Aggregate write-ins for other hospital and medical.....	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	2,671,308						1,605	2,669,703		XXX
15. Subtotal (Lines 8 to 14)	2,433,466,681	0	0	0	0	0	10,791,016	2,421,887,078	788,587	XXX
16. Net reinsurance recoveries	8,997,939						104,241	8,893,698		XXX
17. Total hospital and medical (Lines 15 minus 16)	2,424,468,742	0	0	0	0	0	10,686,775	2,412,993,380	788,587	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$36,232,449 cost containment expenses.....	54,723,564						681,351	54,029,600	12,613	
20. General administrative expenses	367,974,345						1,661,471	366,242,765	70,109	
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
23. Total underwriting deductions (Lines 17 to 22)	2,847,166,651	0	0	0	0	0	13,029,597	2,833,265,745	871,309	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	118,477,409	0	0	0	0	0	(1,366,061)	119,921,930	(78,460)	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	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.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE CARESOURCE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical) .....				.0
2. Medicare Supplement .....				.0
3. Dental only.....				.0
4. Vision only.....				.0
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare	11,756,983		93,447	11,663,536
7. Title XIX - Medicaid.....	2,967,440,203		14,252,528	2,953,187,675
8. Other health.....	792,849			792,849
9. Health subtotal (Lines 1 through 8)	2,979,990,035	0	14,345,975	2,965,644,060
10. Life .....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	2,979,990,035	0	14,345,975	2,965,644,060

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE CARESOURCE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Payments during the year:										
1.1 Direct	2,339,705,593						10,052,594	2,329,219,855	433,144	
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	10,761,979						102,636	10,659,343		
1.4 Net	2,328,943,614	0	0	0	0	0	9,949,958	2,318,560,512	433,144	0
2. Paid medical incentive pools and bonuses	3,113,814						0	3,113,814	0	
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	319,522,744	0	0	0	0	0	2,208,116	316,959,185	355,443	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	6,442,065	0	0	0	0	0	0	6,442,065	0	0
3.4 Net	313,080,679	0	0	0	0	0	2,208,116	310,517,120	355,443	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	1,481,928							1,481,928	0	
6. Net healthcare receivables (a).....	171,419						0	171,419	0	
7. Amounts recoverable from reinsurers December 31, current year	3,663,369						0	3,663,369	0	
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	228,261,544	0	0	0	0	0	1,471,299	226,790,245	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	5,650,128	0	0	0	0	0	0	5,650,128	0	0
8.4 Net	222,611,416	0	0	0	0	0	1,471,299	221,140,117	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	1,418,741	0	0	0	0	0	0	1,418,741	0	0
11. Amounts recoverable from reinsurers December 31, prior year	5,713,653	0	0	0	0	0	0	5,713,653	0	0
12. Incurred benefits:										
12.1 Direct	2,430,795,374	0	0	0	0	0	10,789,411	2,419,217,376	788,587	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	9,503,632	0	0	0	0	0	102,636	9,400,996	0	0
12.4 Net	2,421,291,742	0	0	0	0	0	10,686,775	2,409,816,380	788,587	0
13. Incurred medical incentive pools and bonuses	3,177,001	0	0	0	0	0	0	3,177,001	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE CARESOURCE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct	44,536,547						.0	44,536,547		
1.2. Reinsurance assumed .....	.0									
1.3. Reinsurance ceded .....	.0						.0	.0	.0	
1.4. Net	44,536,547	.0	.0	.0	.0	.0	.0	44,536,547	.0	.0
2. Incurred but Unreported:										
2.1. Direct	274,986,197						2,208,116	272,422,638	355,443	
2.2. Reinsurance assumed .....	.0									
2.3. Reinsurance ceded	6,442,065						.0	6,442,065		
2.4. Net	268,544,132	.0	.0	.0	.0	.0	2,208,116	265,980,573	355,443	.0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct .....	.0									
3.2. Reinsurance assumed .....	.0									
3.3. Reinsurance ceded .....	.0									
3.4. Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. TOTALS:										
4.1. Direct	319,522,744	.0	.0	.0	.0	.0	2,208,116	316,959,185	355,443	.0
4.2. Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3. Reinsurance ceded	6,442,065	.0	.0	.0	.0	.0	.0	6,442,065	.0	.0
4.4. Net	313,080,679	.0	.0	.0	.0	.0	2,208,116	310,517,120	355,443	.0

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE CARESOURCE

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only.....					0	0
4. Vision Only.....					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	1,033,428	9,046,828	3,634	2,204,482	1,037,062	1,471,299
7. Title XIX - Medicaid.....	197,639,093	2,124,111,391	(5,416,121)	315,933,241	192,222,972	221,140,117
8. Other health	5,508	416,635		355,443	5,508	0
9. Health subtotal (Lines 1 to 8).....	198,678,029	2,133,574,854	(5,412,487)	318,493,166	193,265,542	222,611,416
10. Healthcare receivables (a).....	114,790	1,315,614			114,790	0
11. Other non-health.....	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts	1,397,650	1,716,164	0	1,481,928	1,397,650	1,418,741
13. Totals (Lines 9-10+11+12)	199,960,889	2,133,975,404	(5,412,487)	319,975,094	194,548,402	224,030,157

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

Pt 2C - Sn A - Paid Claims - Comp
NONE

Pt 2C - Sn A - Paid Claims - MS
NONE

Pt 2C - Sn A - Paid Claims - DO
NONE

Pt 2C - Sn A - Paid Claims - VO
NONE

Pt 2C - Sn A - Paid Claims - FE
NONE

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE CARESOURCE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior0	.0	.0	.0	.0
2. 2007 .....	.0	.0	.0	.0	.0
3. 2008	XXX	602	1,898	1,898	1,898
4. 2009	XXX	XXX	3,126	3,684	3,684
5. 2010	XXX	XXX	XXX	7,392	8,426
6. 2011	XXX	XXX	XXX	XXX	9,047

Section B - Incurred Health Claims - Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior0	.0	.0	.0	.0
2. 2007 .....	.0	.0	.0	.0	.0
3. 2008	XXX	1,257	1,898	1,898	1,898
4. 2009	XXX	XXX	3,463	4,015	4,015
5. 2010	XXX	XXX	XXX	8,870	8,429
6. 2011	XXX	XXX	XXX	XXX	11,251

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007.....	.0	.0		.0	.0	.0			.0	.0
2. 2008.....	1,429	1,898	48	2.5	1,946	136.2			1,946	136.2
3. 2009.....	4,666	3,684	84	2.3	3,768	80.8			3,768	80.8
4. 2010.....	9,852	8,426	134	1.6	8,560	86.9	4		8,563	86.9
5. 2011	11,664	9,047	681	7.5	9,728	83.4	2,204	66	11,999	102.9

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE CARESOURCE

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

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	2,672,998	2,672,998	2,672,998	2,672,998	2,672,998
2. 2007.....	1,254,674	1,373,767	1,373,767	1,373,767	1,373,767
3. 2008.....	XXX	1,535,596	1,715,231	1,715,231	1,715,231
4. 2009.....	XXX	XXX	1,967,947	2,207,277	2,207,277
5. 2010.....	XXX	XXX	XXX	1,878,971	2,076,610
6. 2011.....	XXX	XXX	XXX	XXX	2,124,111

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	2,978,473	2,978,473	2,978,473	2,978,473	2,978,473
2. 2007.....	1,254,674	1,373,767	1,373,767	1,373,767	1,373,767
3. 2008.....	XXX	1,535,596	1,715,231	1,715,231	1,715,231
4. 2009.....	XXX	XXX	1,967,947	2,207,277	2,207,277
5. 2010.....	XXX	XXX	XXX	1,878,971	2,071,194
6. 2011.....	XXX	XXX	XXX	XXX	2,440,045

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007.....	1,500,437	1,373,767		0.0	1,373,767	91.6			1,373,767	91.6
2. 2008.....	1,870,187	1,715,231	33,780	2.0	1,749,011	93.5			1,749,011	93.5
3. 2009.....	2,435,985	2,207,277	39,256	1.8	2,246,533	92.2			2,246,533	92.2
4. 2010.....	2,548,129	2,076,610	43,356	2.1	2,119,966	83.2	(5,416)		2,114,550	83.0
5. 2011.....	2,953,188	2,124,111	54,030	2.5	2,178,141	73.8	315,933	6,670	2,500,745	84.7

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE CARESOURCE

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

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior .....	.0	.0	.0	.0	.0
2. 2007 .....	.0		.0	.0	.0
3. 2008	XXX	.3	.3	.3	.3
4. 2009	XXX	XXX	.7	.7	.7
5. 2010	XXX	XXX	XXX	.58	.64
6. 2011	XXX	XXX	XXX	XXX	417

Section B – Incurred Health Claims - Other

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	XXX	.3	.3	.3	.3
4. 2009	XXX	XXX	.7	.7	.7
5. 2010	XXX	XXX	XXX	.156	.162
6. 2011	XXX	XXX	XXX	XXX	772

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Other

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007 .....	.0	.0	.0	.0 .0	.0	.0 .0			.0	.0 .0
2. 2008 .....	.3	.3	.0	.0 .0	.3	100 .0			.3	100 .0
3. 2009 .....	.7	.7	.0	.0 .0	.7	100 .0			.7	100 .0
4. 2010 .....	.65	.64	.2	2 .5	.65	100 .0	.0	.0	.65	100 .0
5. 2011	793	417	13	3 .0	429	54 .1	355	0	785	99 .0

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE CARESOURCE

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

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	2,672,998	2,672,998	2,672,998	2,672,998	2,672,998
2. 2007.....	1,254,674	1,373,767	1,373,767	1,373,767	1,373,767
3. 2008.....	XXX	1,536,201	1,717,133	1,717,133	1,717,133
4. 2009.....	XXX	XXX	1,971,079	2,210,968	2,210,968
5. 2010.....	XXX	XXX	XXX	1,886,422	2,085,100
6. 2011.....	XXX	XXX	XXX	XXX	2,133,575

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	2,978,473	2,978,473	2,978,473	2,978,473	2,978,473
2. 2007.....	1,254,674	1,373,767	1,373,767	1,373,767	1,373,767
3. 2008.....	XXX	1,536,856	1,717,133	1,717,133	1,717,133
4. 2009.....	XXX	XXX	1,971,416	2,211,298	2,211,298
5. 2010.....	XXX	XXX	XXX	1,887,997	2,079,786
6. 2011.....	XXX	XXX	XXX	XXX	2,452,068

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007.....	1,500,437	1,373,767	0	0.0	1,373,767	91.6	0	0	1,373,767	91.6
2. 2008.....	1,871,619	1,717,133	33,828	2.0	1,750,961	93.6	0	0	1,750,961	93.6
3. 2009.....	2,440,657	2,210,968	39,340	1.8	2,250,308	92.2	0	0	2,250,308	92.2
4. 2010.....	2,558,046	2,085,100	43,491	2.1	2,128,591	83.2	(5,412)	0	2,123,178	83.0
5. 2011.....	2,965,644	2,133,575	54,724	2.6	2,188,298	73.8	318,493	6,737	2,513,528	84.8

Pt 2C - Sn B - Incurred Claims - Comp

NONE

Pt 2C - Sn B - Incurred Claims - MS

NONE

Pt 2C - Sn B - Incurred Claims - DO

NONE

Pt 2C - Sn B - Incurred Claims - VO

NONE

Pt 2C - Sn B - Incurred Claims - FE

NONE

Part 2C - Sn C - Claims Expense Ratio Co
NONE

Part 2C - Sn C - Claims Expense Ratio MS
NONE

Part 2C - Sn C - Claims Expense Ratio DO
NONE

Part 2C - Sn C - Claims Expense Ratio VO
NONE

Part 2C - Sn C - Claims Expense Ratio FE
NONE

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE CARESOURCE

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.0								
2. Additional policy reserves (a).....	.0								
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income).....	.0								
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4)	0	0	0	0	0	0	0	0	0
9. Present value of amounts not yet due on claims .....	.0	NONE							
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0								
12. Totals (gross) .....	.0								
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....			7,974,390		7,974,390
2. Salaries, wages and other benefits.....	32,445,964	10,690,159	37,970,021		81,106,144
3. Commissions (less \$ceded plus \$assumed).....			86,461		86,461
4. Legal fees and expenses.....			615,490		615,490
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	483,892	448,977	11,596,179		12,529,048
7. Traveling expenses.....	339,113	141,533	651,271		1,131,917
8. Marketing and advertising.....	26,289	6,510	879,202		912,001
9. Postage, express and telephone.....	32,541	1,802	5,043,065		5,077,408
10. Printing and office supplies.....	556,756	15,759	3,623,554		4,196,069
11. Occupancy, depreciation and amortization.....	6,046	76	3,609,287		3,615,409
12. Equipment.....			692,507		692,507
13. Cost or depreciation of EDP equipment and software.....			9,780,947		9,780,947
14. Outsourced services including EDP, claims, and other services.....	1,740,292	7,153,112	4,606,313		13,499,717
15. Boards, bureaus and association fees.....	178,859	33,084	1,046,284		1,258,227
16. Insurance, except on real estate.....	186	103	1,221,262		1,221,551
17. Collection and bank service charges.....			330,311		330,311
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....			272,845,302		272,845,302
23.3 Regulatory authority licenses and fees.....			33,109		33,109
23.4 Payroll taxes.....			5,176,541		5,176,541
23.5 Other (excluding federal income and real estate taxes).....					0
24. Investment expenses not included elsewhere.....				662,514	662,514
25. Aggregate write-ins for expenses.....	422,511	0	192,849	0	615,360
26. Total expenses incurred (Lines 1 to 25).....	36,232,449	18,491,115	367,974,345	662,514	(a) .....423,360,423
27. Less expenses unpaid December 31, current year.....	0	6,736,572	70,268,868	0	77,005,440
28. Add expenses unpaid December 31, prior year.....	0	5,924,421	57,243,637	0	63,168,058
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year.....	0	0	0	0	0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	36,232,449	17,678,964	354,949,114	662,514	409,523,041
DETAILS OF WRITE-INS					
2501. CHARITABLE CONTRIBUTIONS.....			192,849		192,849
2502. Gift Certificates.....	422,511				422,511
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 + 2598) (Line 25 above)	422,511	0	192,849	0	615,360

(a) Includes management fees of \$150,187,598 to affiliates and \$0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....2,740,987	.....3,219,762
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a).....8,914,718	.....9,789,903
1.3	Bonds of affiliates	(a).....0	.....
2.1	Preferred stocks (unaffiliated)	(b).....0	.....
2.11	Preferred stocks of affiliates	(b).....0	.....
2.2	Common stocks (unaffiliated) .....	.....1,104,083	.....
2.21	Common stocks of affiliates .....	.....0	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....738,925	.....738,925
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	13,498,714	13,748,590
11.	Investment expenses		(g).....662,514
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....662,514
17.	Net investment income (Line 10 minus Line 16)		13,086,076
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		0

(a) Includes \$263,912 accrual of discount less \$2,118,828 amortization of premium and less \$330,626 paid for accrued interest on purchases.
(b) Includes \$ amortual of discount less \$ amortization of premium and less \$0 paid for accrued dividends on purchases.
(c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$82,657 accrual of discount less \$582,275 amortization of premium and less \$226,409 paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....21,231	.....	.....21,231	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....101,011	.....(33,082)	.....67,929	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....0	.....	.....
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....	.....(444,553)	.....0	.....(444,553)	.....(2,117,163)	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
3.	Mortgage loans .....	.....0	.....0	.....0	.....0	.....0
4.	Real estate .....	.....0	.....0	.....0	.....	.....0
5.	Contract loans .....	.....	.....	.....0	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....0	.....0	.....0
7.	Derivative instruments .....	.....	.....	.....0	.....	.....
8.	Other invested assets .....	.....0	.....0	.....0	.....0	.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0	.....0
10.	Total capital gains (losses)	(322,311)	(33,082)	(355,393)	(2,117,163)	0
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....0	.....	.....
0902.	.....	.....	.....	.....0	.....	.....
0903.	.....	.....	.....	.....0	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets	678,507	0	(678,507)
12. Subtotals, cash and invested assets (Lines 1 to 11)	678,507	0	(678,507)
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.	0	0	0
15.3 Accrued retrospective premiums.....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable.....	61,438	639,165	577,727
25. Aggregate write-ins for other than invested assets	63,250	64,182	932
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	803,195	703,347	(99,848)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	803,195	703,347	(99,848)
DETAILS OF WRITE-INS			
1101. Investment in Foundation.....	678,507	0	(678,507)
1102.	0	0	0
1103.	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	678,507	0	(678,507)
2501. PREPAID EXPENSE.....	63,250	63,250	0
2502. LEASEHOLD IMPROVEMENT.....	0	932	932
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	63,250	64,182	932

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	839,491	851,812	847,090	878,864	875,545	10,266,935
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
7. Total	839,491	851,812	847,090	878,864	875,545	10,266,935
DETAILS OF WRITE-INS						
0601. ....	.0					
0602. ....	.0					
0603. ....	.0					
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1A. Summary of Significant Accounting Policies

Basis of Presentation – CareSource (CS’s) statutory-basis financial statements are presented on the basis of accounting practices prescribed or permitted by the ODI. The ODI requires that insurance companies domiciled in the State of Ohio prepare their statutory financial statements in accordance with the NAIC *Accounting Practices and Procedures Manual* (NAIC AP&P) subject to any deviation prescribed or permitted by the ODI.

Accounting practices and procedures of the NAIC, as prescribed or permitted by the insurance department of the applicable states of domicile, comprise a comprehensive basis of accounting other than accounting principles generally accepted in the United States (GAAP). The more significant differences are as follows:

Investments: Investments in bonds are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (NAIC) rating; for GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading, or available-for-sale. Held-to-maturity fixed investments would be reported at amortized cost, and the remaining fixed maturity investments would be reported at fair value with unrealized holding gains and losses reported in operations for those designated as trading and as a separate component of other comprehensive income for those designated as available-for-sale. Fair value for statutory purposes is based on the price published by the Securities Valuation Office of the NAIC (SVO), if available, whereas fair value for GAAP is based on quoted market prices.

All single class and multi-class mortgage-backed/asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, CBO, CDO, CLO, MBS, and ABS securities), other than high credit quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to fair value. If high credit quality securities are adjusted, the retrospective method is used.

Non-admitted Assets: Certain assets designated as “non-admitted,” principally past-due agents’ balances, furniture and equipment, unsecured loans or cash advances to officers or agents, company’s stock as collateral for loans, non-bankable checks, trade names and other intangible assets, and other assets not specifically identified as an admitted asset within the NAIC AP&P are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. In accordance with GAAP, such assets are included in the balance sheet to the extent that those assets are not impaired.

Reinsurance: Unpaid claims liabilities and premiums received in advance ceded to reinsurers have been reported as reductions of the related balances rather than as assets as would be required in accordance with GAAP.

Statements of Cash Flows: Cash, cash equivalents, and short-term investments in the statements of cash flows represent cash balances and investments with initial maturities of one year or less. In accordance with GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements have not been quantified.

1B. Use of Estimates

The preparation of financial statements in accordance with statutory accounting principles requires management to make estimates and assumptions that affect the reported amount of admitted assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1C. Other significant accounting practices

1. Short term investments include investments with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost.
2. Bonds not backed by other loans are principally stated at amortized cost using the interest method. Realized capital gains and losses are determined using the first in first out method.
3. Common stocks are reported at fair value as determined by the SVO and the related net unrealized capital gains (losses) are reported in unassigned surplus. There are no restrictions on common stock.
4. CS does not engage in subprime residential lending, nor maintain any preferred stock or derivatives.
5. CS does not hold any mortgage loans.
6. Single class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities.
7. The Company invests in the CareSource Foundation, an affiliated entity of CareSource. The Company records this investment using the GAAP equity method of accounting, and records it as a non-admitted write-in invested asset on the Assets page of the statutory filing.

NOTES TO FINANCIAL STATEMENTS

8. The Company does not invest in any joint ventures, partnerships, or limited liability companies.
9. CS does not hold any derivative instruments.
10. CS would utilize anticipated investment income in the computation of the premium deficiency calculation in accordance with NAIC guidelines, but no such reserve is necessary.
11. Claims unpaid and unpaid claims adjustment expense liabilities represent management’s best estimate of the ultimate net cost of all reported and unreported claims incurred through December 31. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid claims are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.
12. The admitted value of CS’s electronic data processing equipment and operating software was limited to three percent of capital and surplus. The admitted portion was reported at cost less accumulated depreciation. Electronic data processing equipment and operating or non-operating software was depreciated using the straight line method over the lesser of its useful life or three years. Other furniture and equipment was depreciated using the straight line method over five years. The Company has not modified its capitalization policy from the prior period.
13. Pharmacy rebates are attained based on agreements between CS and a third party administrator for prescription drugs. Pharmacy rebates are admitted if accrued or invoiced within 90 days of the reporting period. Pharmacy rebates are non-admitted if invoiced over 90 days prior to the reporting period.

Other than temporary impairments

Management regularly reviews the value of CS’s investments. If the value of any investment falls below its cost basis, the decline in value is analyzed to determine whether it is an other-than-temporary impairment. The decision to record an impairment loss incorporates both quantitative criteria and qualitative information. The Company considers a number of factors including, but not limited to: (a) the length of time and the extent to which the fair value has been less than book value, (b) the financial condition and near term prospects of the issuer, (c) the intent and ability of CS to retain its investment for a period of time sufficient to allow for any anticipated recovery in value, (d) whether the debtor is current on interest and principal payments and (e) general market conditions and industry or sector specific factors.

Premium Revenue

Substantially all of CS’s premiums earned are related to two provider contracts with the Ohio Department of Job and Family Services (ODJFS). The contracts are subject to cancellation by CS upon one hundred twenty days written notice provided that termination must be effective on the last day of a calendar month. ODJFS can terminate the agreement, in certain circumstances, effective the last day of a calendar month. Cancellations or nonrenewal of these contracts would affect operating results adversely. Premiums are due monthly and are recognized as revenue in the period in which CS is obligated to provide services to its members. Premiums received in advance are recorded as unearned premium revenue. In accordance with Statement of Statutory Accounting Principle (SSAP) No. 61, *Life, Deposit-Type and Accident Health Reinsurance*, payments to a reinsurance carrier for a stop-loss arrangement are deducted from premiums earned.

Hospital and Medical Cost

CS contracts with various health care providers for the provision of certain health care services to its members. Participating physicians and hospitals are paid contractually established rates for services to members. The cost of health care services provided or contracted for is accrued in the period in which it is provided to a member, based in part, on estimates. Estimated liabilities for health care services provided to members of CS include claims reported and estimates (based upon historical experience) of health care services incurred but not reported (IBNR). These estimates are periodically reviewed and are adjusted in accordance with the latest available information in that period in which the information becomes available.

Reinsurance

Certain premiums and benefits are ceded to another insurance company under a reinsurance agreement. The ceded reinsurance agreement provides CS with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. CS remains obligated for amounts ceded in the event that the reinsurer does not meet their obligations. CS utilizes a third party insurance company, Ace American Insurance Company, and effective March 1, 2011, an affiliate, CareSource Insurance, LLC, to provide reinsurance coverage.

	December 31, 2011	December 31, 2010
	Written & Earned Premiums	Written & Earned Premiums
Direct premiums	\$2,979,990,035	\$2,566,200,949
Ceded premiums		
Non-affiliates	(11,344,533)	(8,083,257)
Affiliates	(3,001,442)	-
Net premiums	\$2,965,644,060	\$2,558,117,692

CS does not, directly or indirectly, control any reinsurer with whom CS conducts business. CS does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel the agreement.

NOTES TO FINANCIAL STATEMENTS

Significant Provider

CS has an agreement with Children’s Hospital and Physicians’ Healthcare Networks dba Partners for Kids (PFK), for PFK to provide medical services to CS members. In connection with this contract, CS pays medical claims billed by non-PFK providers for CS members whom are less than 19 years old in the Central and Southeast Regions, and is later reimbursed by PFK. CS has recorded a liability for the incurred but not reported (IBNR) medical claims for these non-PFK provided services, and a related receivable which was secured by an irrevocable letter of credit from PFK’s financial institution to CS in the amount of the IBNR accrual. Reinsurance for CS members for which PFK is providing the medical services are delegated to PFK with approval of the State of Ohio.

As of December 31, 2011 and 2010, PFK was paid \$242,950,679 and \$229,551,703, respectively, for services rendered, prior to chargebacks of \$134,029,025 and \$132,909,902, respectively. Chargebacks resulted from CS directly paying certain non-PFK providers under the contract. The CS membership capitated by the provider constituted approximately 19% of total CS membership in both 2011 and 2010, respectively.

At December 31, 2011 and December 31, 2010, CS recorded a capitation chargeback receivable from PFK for \$18,064,900 and \$10,822,830 respectively.

Income Taxes

CS has been recognized by the Internal Revenue Service as an organization described in Internal Revenue Code Section 501(c)(3), and as such, is treated as exempt from federal income taxes, but is subject to unrelated business income tax.

- 2. Accounting Changes and Correction of Errors – None
- 3. Business Combinations and Goodwill – None
- 4. Discontinued Operations - None
- 5. Investments
 - a. Mortgage Loans - None
 - b. Debt Restructuring - None
 - c. Reverse Mortgage - None
 - d. Loan-Backed Securities:

Management regularly reviews the value of CS’s investments. If the value of any investment falls below its cost basis, the decline in value is analyzed to determine whether it is an other-than-temporary impairment. The decision to record an impairment loss incorporates both quantitative criteria and qualitative information. The Company considers a number of factors including, but not limited to: (a) the length of time and the extent to which the fair value has been less than book value, (b) the financial condition and near term prospects of the issuer, (c.i.) for non-interest-related declines in corporate and government bonds, the intent and ability of CS to retain its investment for a period of time sufficient to allow for any anticipated recovery in value, (c.ii.) for interest related declines in corporate and government bonds, the intent of CS to sell the investment at the reporting date, (c.iii.) for mortgage-backed securities, whether CS expects to recover the entire amortized cost basis of the security and whether CS has the intent to sell or intent and ability to hold the investments for a period of time sufficient to allow for any anticipated recovery in value, (d) whether the debtor is current on interest and principal payments, and (e) general market conditions and industry or sector specific factors.

Investments that are impaired, for which other-than-temporary impairments have not been recognized, consist mainly of corporate securities, mortgage-backed securities, and common stocks. The impairment of investments in corporate and government bonds has been deemed as temporary due to the assigned rating and the typical fluctuations of these particular securities in the marketplace; the Company does not intend to sell these securities and has the intent and ability to hold these investments until recovery with respect to non- credit-related declines. The impairment of investments in certain mortgage-backed securities has been deemed as temporary as the Company expects to recover the entire amortized cost basis of the security, the Company did not intend to sell any of these securities at December 31, 2011, and the Company has the intent and ability to hold the securities for a period of time sufficient to recover the amortized cost basis. The impairment of investments in common stocks has been deemed as temporary due to the Company’s intent and ability to hold the securities to recovery.

For mortgage-backed securities that are other-than-temporarily impaired, the security is adjusted to fair value. The present value of cash flows expected to be collected based on an estimate of the expected future cash flows of the impaired security, discounted at the security’s effective interest rate is compared to the original carrying value and the resulting losses are recognized in realized gains (losses) in the statements of revenues and expenses. The adjusted book value is then compared to the fair value of the asset, and the resulting difference is recognized in change in net assets. Total other-than-temporary impairments of \$(121,562) and \$(1,317,462) related to mortgage-backed securities were recorded during fourth quarter 2011 and 2010, respectively.

CUSIP	Book Value Prior to OTTI	Present Value of Future Cash Flows	Credit Loss Realized in Income	Fair Value	Non-Credit Loss Realized in Change in Net Assets	Book Value After OTTI	Date of Financial Statement Reported
126694EF1	\$958,429	\$939,500	(\$18,929)	\$851,020	(\$88,480)	\$851,020	12/31/2011
16162WNH8	\$1,976,353	\$1,962,200	(\$14,153)	\$1,952,288	\$0	\$1,952,288	12/31/2011

The following table shows gross unrealized losses and fair values of all bonds and common stock aggregated by length of time that individual securities have been in a continuous loss position.

Less than 12 Months	12 Months or More	Total
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NOTES TO FINANCIAL STATEMENTS

	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
At December 31, 2011						
Bonds:						
U.S. government and agencies	\$ 4,211,800	\$ (10,271)	\$ -	\$ -	\$ 4,211,800	\$ (10,271)
Corporate securities	76,227,845	(1,136,505)	-	-	76,227,845	(1,136,505)
Mortgage-backed securities	2,646,677	(122,372)	-	-	2,646,677	(122,372)
Total bonds	\$ 83,086,322	\$ (1,269,148)	\$ -	\$ -	\$ 83,086,322	\$ (1,269,148)
Common stock	29,881,731	(2,166,671)	1,545,792	(340,222)	31,427,523	(2,506,893)
Total	\$112,968,053	\$(3,435,819)	\$ 1,545,792	\$ (340,222)	\$ 114,513,845	\$(3,776,041)

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
At December 31, 2010						
Bonds:						
U.S. government and agencies	\$ 38,593,073	\$ (1,467,232)	\$ -	\$ -	\$ 38,593,073	\$ (1,467,232)
Corporate securities	31,381,383	(192,201)	-	-	31,381,383	(192,201)
Mortgage-backed securities	-	-	7,614,011	(295,646)	7,614,011	(295,646)
Total bonds	\$ 69,974,456	\$ (1,659,433)	\$ 7,614,011	\$ (295,646)	\$ 77,588,467	\$ (1,955,079)
Common stock	-	-	13,086,278	(1,135,226)	13,086,278	(1,135,226)
Total	\$69,974,456	\$(1,659,433)	\$20,700,289	\$(1,430,872)	\$ 90,674,745	\$(3,090,305)

- e. Repurchase Agreements – None
- f. Real estate - None
- g. Low income housing - None

6. Joint Ventures, Partnerships and Limited Liability Companies - None

7. Investment Income – All within 90 days and admitted.

8. Derivative Instruments – None

9. Income Taxes – Not applicable; tax exempt 501(c)3 organization.

10. Information Concerning Parent, Subsidiaries and Affiliates

a. Effective January 1, 2009, CS, CareSource Management Services (CSMS), and CareSource Management Group (CSMG) entered into a long-term management agreement, which requires CS, CSMS, and CSMG to provide services and resources to each other at actual cost. The initial term of the agreement is 15 years and shall be terminable only for cause, except that CS may terminate this agreement without cause at any time for any reason upon one year written notice. The agreement includes a cost-sharing agreement, which outlines the allocation of costs for shared resources and direct costs between CS, CSMS, and CSMG. Costs are allocated in accordance with SSAP No. 70, *Allocation of Expenses*. The ODI approved that agreement on January 17, 2009.

Effective July 1, 2011, the Company’s management agreement was modified to a direct agreement with CMSG for reimbursement of costs, with CSMS as a subcontractor to provide services and resources. The amended and restated management agreement was approved by the ODI on July 13, 2011.

Effective March 1, 2011, CareSource entered into an agreement with CareSource Insurance, LLC, an affiliated reinsurer to provider aggregate loss coverage in excess of coverage with our primary reinsurer, Ace American Insurance. During 2011, CareSource paid premiums of \$3,330,694 to CareSource Insurance. No claims have been submitted to the captive insurer as of February 29, 2012, and no receivables or liabilities are recorded as of December 31, 2011. Claims will be submitted to the reinsurer as the aggregate stop loss threshold is reached.

b. & c. For the years ended December 31, 2011 and 2010, CS incurred management fees of \$147,527,325 and \$117,293,905 from CSMG and \$2,660,273 and \$7,143,612 from CSMS, respectively.

See discussion of ordinary distribution at Footnote #13.

d. As of December 31, 2011 and December 31, 2010, CS owed CSMG \$7,175,178 and \$9,795,859, respectively, for employee compensation and other administrative expenses incurred by the related party on behalf of CS. The terms of the settlement require that these amounts be settled within 30 days.

As of December 31, 2011 and December 31, 2010, CS owed CS Foundation \$19,619 and \$125,000 for administrative expenses.

- e. None
- f. None
- g. None
- h. None
- i. None
- j. None
- k. None
- l. None

11. Debt - None

NOTES TO FINANCIAL STATEMENTS

12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Other Post Retirement Benefit Plans

- a. Defined Benefit Plan - None
- b. Defined Contribution Plan - None
- c. Multi-employer Plans - None
- d. Consolidated/Holding Company Plans - None
- e. Post Employment Benefits and Compensated Absences – None
- f. Impact of Medicare Modernization Act on Postretirement Benefits - None

13. Capital and Surplus, Distribution Restrictions and Quasi-Reorganizations

- a. The Company has no shares outstanding.
- b. The Company has no preferred stock outstanding.
- c. Distribution restrictions – N/A
- d. Dividend or distributions paid – On October 20, 2011, the CareSource Board of Directors declared a \$6,000,000 ordinary distribution to be paid to CareSource Management Group. The distribution was funded on October 31, 2011, and had no material impact on surplus or RBC.
- e. Portion of income payable as ordinary dividends – N/A
- f. Restrictions on unassigned funds (surplus) - None
- g. Mutual reciprocals - N/A
- h. Stock held - N/A
- i. Special surplus funds change - None
- j. The portion of unassigned funds (surplus) increased by cumulative unrealized losses is \$2,389,991.
- k. Surplus notes - N/A
- l. Quasi-reorganization - N/A
- m. Quasi-reorganization date - N/A

14. Contingencies

- a. Contingent Commitments – None
- b. Assessments - None
- c. Gain Contingencies - None
- d. Claims Related Extra Contractual Obligations – None
- e. All other Contingencies – None

Other Lawsuits and Claims

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Penalties associated with violations of these laws and regulations include significant fines and penalties, exclusion from participating in publicly-funded programs, and the repayment of previously billed and collected revenues.

On January 31, 2011, CareSource settled a *Qui Tam* litigation relating to allegations in the Case Management Department for \$26 million without any admission of wrongdoing by CareSource, CareSource Management Group, or CareSource Management Services. The Settlement Agreement called for payment plus simple interest at a rate of 2.5% per annum payable quarterly beginning January 31, 2011, and concluding January 31, 2014. CareSource’s allocated portion of the Settlement Agreement was \$6,754,658, which was recorded as a liability at Line 9 of the Liabilities, Surplus, and Other Funds page at December 31, 2010 and paid in January 2011. As of December 31, 2011, the Company has no recorded liability for this issue.

From time to time we are involved in legal actions in the ordinary course of business, some of which seek monetary damages. Some lawsuits and claims are covered by insurance and others are not. The outcome of such legal actions is inherently uncertain. Nevertheless, we believe that these actions, when finally concluded and determined, are not likely to have a material adverse effect on our financial position, results of operations, or cash flows.

15. Leases

- a. Lessee Operating Lease

CS leases office space under operating leases. CSMG pays the monthly rental payments for these leases per the management agreement. Per the management agreement, CS is responsible for an allocated portion of the future minimum lease payments, which is based on revenue at the beginning of each month. The rental payments for certain office space include annual inflationary adjustments. Rental expenses for the years ended 2011 and 2010, were approximately \$7,974,390 and \$7,608,535, respectively.

CS makes monthly rental payments for its corporate headquarters, with a portion allocated to space benefiting affiliated entities. Future obligations for all leased office space are estimated to be:

2012	4,904,152
2013	4,904,152
2014	4,904,152
2015	4,848,879
2016 and thereafter	59,528,802
Total	79,090,138

NOTES TO FINANCIAL STATEMENTS

The Company is not involved in any sales-leaseback transactions.

b. Lessor Leases – None

16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk
– No such instruments.

17. Sale, transfer and servicing of financial assets and extinguishments of liabilities

- a. Transfers of receivables reported as sales - None
- b. Transfer and servicing of financial assets - None
- c. Wash sales - None

18. Gain or Loss to the reporting entity for uninsured A&H plans and the uninsured portion of partially insured plans

a. ASO plans - N/A

b. ASC plans – N/A

c. Medicare or similarly structured cost based reimbursed contracts

1. Revenue from the Company's Medicare (or similarly structured cost based reimbursement contract) contract for the year 2011 consisted of \$9,436,803 for medical and hospital related services and \$1,365,974 for administrative expenses.
2. As of December 31, 2011, the Company has recorded no receivables from payors whose account balances are greater than 10% of the Company's amounts receivable from uninsured accident and health plans or \$10,000.
3. In connection with the Company's Medicare (or similarly structured cost based reimbursement contract) contract, the Company has recorded no allowances and no reserves for adjustment of recorded revenues at December 31, 2011.
4. The Company has made no adjustment to revenue resulting from audit receivables related to revenues recorded in the prior period.

19. Direct premium written/produced by managing general agents/third party administrator – Not applicable.

20. Fair Value Measurements –

The Company uses fair value measurements to record the fair value of certain assets and to estimate the fair value of financial instruments not recorded at fair value but required to be disclosed at fair value.

Fair value is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels.

- ☐ Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. The Company's Level 1 assets and liabilities primarily include exchange-traded equity securities.
- ☐ Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.
- ☐ Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following discussion described the valuation methodologies utilized by the Company for assets measured or disclosed at fair value. Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial instrument, including discount rates, estimates of timing, amount of expected future cash flows, and the credit standing of the issuer.

Debt and Equity Securities

The fair values of actively traded debt and equity securities are determined through the use of third-party pricing services utilizing market observable inputs. Certain mortgage-backed securities for which the Company does not receive public quotations or for which the Company believes market activity to reflect distressed sales are valued using current market-

NOTES TO FINANCIAL STATEMENTS

consistent rates applicable to yield, credit quality and maturity of each security. When available, market observable inputs are used to estimate the fair values of these securities.

Cash, Cash Equivalents, and Short-Term Investments

The fair values of cash and cash equivalents are based on quoted market prices. Short term investments are stated at amortized cost, which approximates fair value.

Assets measured at fair value at December 31, 2011 are outlined below:

	Assets		Fair Value Hierarchy Level		
	Measured at		Level 1	Level 2	Level 3
	Fair Value				
2011					
Bonds:					
Collateralized mortgage obligations	\$ 851,020	\$ -	\$ -	\$ 851,020	
Total bonds	\$ 851,020	\$ -	\$ -	\$ 851,020	
Common stock:					
Small cap	\$ 4,899,082	\$ 4,899,082	\$ -	\$ -	
Mid cap	8,412,313	8,412,313	-	-	
Large cap	16,432,322	16,432,322	-	-	
International	7,423,754	7,423,754	-	-	
Total common stock	\$ 37,167,471	\$ 37,167,471	\$ -	\$ -	
Total assets	\$ 38,018,491	\$ 37,167,471	\$ -	\$ 851,020	

Assets measured at fair value at December 31, 2010 are outlined below:

	Assets		Fair Value Hierarchy Level		
	Measured at		Level 1	Level 2	Level 3
	Fair Value				
2010					
Bonds:					
Collateralized mortgage obligations	\$ 4,679,687	\$ -	\$ 3,919,687	\$ 760,000	
Total bonds	4,679,687	-	3,919,687	760,000	
Common stock:					
Small cap	3,982,911	3,982,911	-	-	
Mid cap	6,550,046	6,550,046	-	-	
Large cap	11,568,000	11,568,000	-	-	
International	5,520,242	5,520,242	-	-	
Total common stock	27,621,199	27,621,199	-	-	
Total assets	\$ 32,300,886	\$ 27,621,199	\$ 3,919,687	\$ 760,000	

The Company did not have any significant assets or liabilities measured at fair value on a nonrecurring basis as of December 31, 2011 or December 31, 2010.

Changes in the balances of Level 3 assets during the year ended December 31, 2011 are presented below:

	Collateralized Mortgage Obligations
Balance at January 1, 2011	\$ 760,000
Unrealized gains included in surplus	-
Net purchases and sales	-
Transfers in (out) of Level 3	91,020
Balance at December 31, 2011	\$ 851,020

As of December 31, 2011, the reported fair value of CareSource’s investment in a Level 3, NAIC rated 3, residential mortgage backed security was \$851,020. This security is a senior tranche in a securitization trust and has a weighted average coupon rate of 5.5% and a weighted average maturity of 23.6 years. 43% of the underlying loans for this security are residential subprime mortgages that originated in California in 2005. The underlying loans have a weighted average coupon rate of 5.31% and a weighted average maturity of 23.6 years. This security is currently rated below investment grade. To measure their fair value, we used an industry standard pricing model, which uses an income approach. The significant inputs for the pricing model include the following weighted averages:

NOTES TO FINANCIAL STATEMENTS

Yield:	14.15%
Probability of default:	3.15% constant default rate
Loss severity:	48.24%
Prepayment:	14.31% constant prepayment rate

The book/adjusted carrying amounts and fair values of the Company’s significant financial instruments follow:

	December 31, 2011		December 31, 2010	
	Book/ Adjusted Carrying Amount	Fair Value	Book/ Adjusted Carrying Amount	Fair Value
Assets:				
Bonds	\$315,929,911	\$330,989,949	\$ 267,339,834	\$ 276,723,635
Common stocks	37,167,471	37,167,471	27,621,199	27,621,199
Cash, cash equivalents and short-term investments	378,008,244	377,932,599	220,766,198	220,766,198

21. Other Items

a. Extraordinary items – None

b. Troubled debt restructuring: Debtors - None

c. Other Disclosures – None

d. Uncollected premiums - None

e. Business interruption insurance recoveries - None

f. State transferable tax credits - None

g. Subprime mortgage related risk – None

h. Retained assets - None
22. Events subsequent - Subsequent events have been considered through February 29, 2012 for the statutory statements issued on that date.

A. Type I – Recognized Subsequent Events - None

B. Type II – Nonrecognized Subsequent Events - None
23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

1. No

2. No

Section 2 – Ceded Reinsurance Report – Part A

1. No

2. No

Section 3 – Ceded Reinsurance Report – Part B

1. \$3,463,369

2. No

B. Uncollectible Reinsurance – None

C. Commutation of Ceded Reinsurance - None
24. Retrospectively rated contracts & contracts subject to redetermination – None.
25. Change in Incurred Claims and Claims Adjustment Expenses Related to Prior Years

Reserves as of December 31, 2010 were \$224.0 million. As of December 31, 2011, \$200.2 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$0, and we expect to recover approximately \$5.4 million on previously paid claims, principally on Medicaid lines of insurance. Therefore, there has been a \$29.2 million favorable prior-year development since December 31, 2010 to December 31, 2011. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this decrease, the Company experienced \$27.3 million of favorable prior year claim development on retrospectively rated policies, combined with \$1.9 million of favorable experience in recoveries.
26. Intercompany Pooling Arrangements – None
27. Structured Settlements - Not applicable
28. Health Care Receivables

A. Pharmacy rebates - As of December 31, 2011 and December 31, 2010, CS recorded a pharmacy rebate receivable of \$1,778,471 and \$699,132, respectively, of which \$61,438 and \$639,135 were considered non-admitted. The

NOTES TO FINANCIAL STATEMENTS

receivable is estimated using invoiced prescriptions and rebate dollars sent to drug manufactures for reimbursement. The Company utilizes a third party to administer the program.

	Estimated		Rebates	Rebates	Collected	
	Pharmacy		Collected	Collected	More Than	
	Rebates as	Pharmacy	Within 90	Within 91 to	180 Days	
	Reported on	Rebates as	Days of	180 Days of	After	Receivable
	Financial	Invoiced/	Invoicing/	Invoicing/	Invoicing/	As of
Quarter	Statements	Confirmed	Confirmation	Confirmation	Confirmation	31-Dec-11
12/31/2011	1,717,032	-	-	-	-	1,717,032
9/30/2011	50,127	-	-	-	-	-
6/30/2011	43,612	54,211	-	54,211	-	-
3/31/2011	31,561	68,079	-	47,540	20,538	-
12/31/2010	30,999	41,526	-	39,655	-	-
9/30/2010	28,692	38,560	-	33,898	4,542	-
6/30/2010	29,245	37,407	-	35,518	898	-
3/31/2010	2,517,664	2,517,664	825,892	911,074	780,698	-
12/31/2009	8,615,750	8,615,750	4,757,462	3,858,288	-	-
9/30/2009	8,360,893	8,360,893	3,173,168	5,187,725	-	-
6/30/2009	6,431,564	6,431,564	-	4,964,864	1,466,700	-
3/31/2009	6,163,011	6,163,011	78,872	1,589,620	4,494,519	-

B. Risk sharing receivables – None

29. Participating Policies - Not applicable

30. Premium Deficiency Reserves - Not deemed necessary

31. Anticipated Salvage and Subrogation – The Company took into account estimated anticipated salvage recoveries (in the form of coordination of benefits) in its determination of the liability for unpaid claims/losses and reduced such liability by \$14,191,119.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐
- 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 ☒
- 2.2

If yes, date of change:

.....
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2009
- 3.2

State the as of date 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.

.....12/31/2009
- 3.3

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

.....03/04/2011
- 3.4

By what department or departments? Ohio Department of Insurance.....
- 3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☒ No ☐ N/A ☐
- 3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ No ☐ N/A ☐
- 4.1

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

4.11

sales of new business?

Yes ☐ No ☒

4.12

renewals?

Yes ☐ No ☒
- 4.2

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

4.21

sales of new business?

Yes ☐ No ☒

4.22

renewals?

Yes ☐ No ☒
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 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 ☒
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒
- 7.2

If yes,

7.21

State the percentage of foreign control

.....

7.22

State the nationality(s) 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
.....
.....
.....
.....
.....

GENERAL INTERROGATORIES

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young LLP, 1100 Huntington Center, 41 South High Street, Columbus, OH 43215.....

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

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

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

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

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Darrell Knapp, Ernst & Young LLP, One Kansas City Place, Suite 1200, 1200 Main Street, Kansas City, MO 64105.....

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

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value \$.....

12.2 If yes, provide explanation

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

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

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

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

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

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

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

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

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

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

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

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

GENERAL INTERROGATORIES

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

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

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 ☐
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes ☒ No ☐
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes ☒ No ☐

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes ☐ No ☒
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

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

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

20.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

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

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

20.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes ☐ No ☒
- 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 ☒
- 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 ☐ No ☒
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....0

INVESTMENT

- 24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3) Yes ☒ No ☐
- 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? Yes ☐ No ☐ NA ☒
- 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? Yes ☐ No ☐ NA ☒
- 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes ☐ No ☐ NA ☒
- 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 ☐ NA ☒

GENERAL INTERROGATORIES

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	\$.....
25.22	Subject to reverse repurchase agreements	\$.....
25.23	Subject to dollar repurchase agreements	\$.....
25.24	Subject to reverse dollar repurchase agreements	\$.....
25.25	Pledged as collateral	\$.....
25.26	Placed under option agreements	\$.....
25.27	Letter stock or securities restricted as to sale	\$.....
25.28	On deposit with state or other regulatory body	\$.....3,500,000
25.29	Other	\$.....

25.3 For category (25.27) provide the following:

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

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

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

28. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [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
Citizens Bank aka Charter One.....	870 Westminster Street, RWR110, Providence, Rhode Island, 02903.....
Fifth Third Bank.....	38 Fountain Square, Cincinnati, OH 45263.....
Huntington Bank.....	41 S. High Street, Columbus, OH 43287.....
Huntington Bank.....	3805 Edwards Road, Suite 350, Cincinnati, OH 45209.....

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

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

GENERAL INTERROGATORIES

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	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2001. 29875E-10-0.....	EuroPac.....	3,297,217
29.2002. 091929-76-0.....	Blackrock US Opportunities Institutional.....	1,157,215
29.2003. 464287-46-5.....	iShares:MSCI EAFE Idx.....	619,075
29.2004. 316071-10-9.....	Fidelity Contra fund.....	2,659,409
29.2005. 316389-77-4.....	Fid Adv Sm Value.....	1,081,415
29.2006. 38141W-39-8.....	Goldman MidCapValue.....	1,753,499
29.2007. 446327-61-1.....	Huntington Int'l Equity.....	1,545,792
29.2008. 446327-46-2.....	Huntington Situs.....	1,432,008
29.2009. 464287-62-2.....	iShares: Russ 1000 Idx.....	565,712
29.2010. 464287-65-5.....	Russell 2000 iShare.....	205,099
29.2011. 464287-49-9.....	iShares:Russ MC Idx.....	679,984
29.2012. 476313-10-1.....	Jensen.....	2,466,220
29.2013. 47103C-24-1.....	Perkins/Janus Mid Cap Value Fund.....	1,223,641
29.2014. 552983-69-4.....	MFS Value.....	2,444,007
29.2015. 617440-50-8.....	Morgan Stan. MidCapGrwth.....	1,062,266
29.2016. 741479-10-9.....	T. Rowe Price Growth.....	2,554,442
29.2017. 779562-10-7.....	T.Rowe New Horizons.....	1,038,785
29.2018. 779556-10-9.....	T.Rowe Mid Growth.....	1,103,701
29.2019. 780905-78-2.....	Royce Special Equity.....	2,367,524
29.2020. 76628R-67-2.....	Ridgeworth Large Cap Value.....	2,618,600
29.2021. 885215-56-6.....	Thornburg Int'l Value.....	1,961,669
29.2022. 025076-10-0.....	AmCent Eqty Income.....	2,553,093
29.2023. 92206C-73-0.....	Vangrd:Russell 1K.....	570,840
29.2024. 92206C-66-4.....	Vangrd:Russell 2K.....	206,260
29.2999 TOTAL		37,167,471

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

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
AmCent Eqty Income.....	Wells Fargo & Co, San Francisco Ca Pfd.....	86,550	12/31/2011.....
AmCent Eqty Income.....	Exxon Mobil Corporation.....	80,933	12/31/2011.....
AmCent Eqty Income.....	Procter & Gamble Co.....	78,380	12/31/2011.....
AmCent Eqty Income.....	Marsh & McLennan Companies, Inc.....	76,848	12/31/2011.....
AmCent Eqty Income.....	AT&T Inc.....	74,295	12/31/2011.....
EuroPac.....	Novo Nordisk A/S.....	94,960	12/31/2011.....
EuroPac.....	Samsung Electronics Co Ltd.....	79,463	12/31/2011.....
EuroPac.....	Novartis AG.....	71,879	12/31/2011.....
EuroPac.....	America Movil, S.A.B. de C.V. ADR.....	71,220	12/31/2011.....
EuroPac.....	Nestle SA.....	58,031	12/31/2011.....
Blackrock US Opportunities Institutional.....	BlackRock Liquidity TempFund Instl.....	49,458	12/31/2011.....
Blackrock US Opportunities Institutional.....	Ryder System Inc.....	42,204	12/31/2011.....
Blackrock US Opportunities Institutional.....	Federal Realty Investment Trust.....	41,215	12/31/2011.....
Blackrock US Opportunities Institutional.....	Ralcorp Holdings, Inc.....	38,577	12/31/2011.....
Blackrock US Opportunities Institutional.....	Rayonier, Inc.....	37,588	12/31/2011.....
Fid Adv Sm Value.....	HNI Corporation.....	34,497	12/31/2011.....
Fid Adv Sm Value.....	Wesco International, Inc.....	34,281	12/31/2011.....
Fid Adv Sm Value.....	Regis Corporation.....	31,145	12/31/2011.....
Fid Adv Sm Value.....	United Stationers Inc.....	29,631	12/31/2011.....
Fid Adv Sm Value.....	DCT Industrial Trust, Inc.....	28,441	12/31/2011.....
Fidelity Contra fund.....	Apple, Inc.....	215,944	12/31/2011.....
Fidelity Contra fund.....	Google, Inc. A.....	151,586	12/31/2011.....
Fidelity Contra fund.....	Berkshire Hathaway Inc A.....	85,367	12/31/2011.....
Fidelity Contra fund.....	McDonald's Corporation.....	84,037	12/31/2011.....
Fidelity Contra fund.....	Coca-Cola Co.....	71,272	12/31/2011.....
Goldman MidCapValue.....	Xcel Energy Inc.....	43,837	12/31/2011.....
Goldman MidCapValue.....	J.M. Smucker Co.....	37,525	12/31/2011.....
Goldman MidCapValue.....	PPL Corp.....	36,297	12/31/2011.....
Goldman MidCapValue.....	Everest Re Group, Ltd.....	32,440	12/31/2011.....
Goldman MidCapValue.....	Principal Financial Group.....	30,511	12/31/2011.....
Huntington Int'l Equity.....	Huntington Money Market Interfund.....	50,393	12/31/2011.....
Huntington Int'l Equity.....	Standard Chartered PLC.....	39,109	12/31/2011.....
Huntington Int'l Equity.....	Henkel AG & Co KGAA.....	38,181	12/31/2011.....
Huntington Int'l Equity.....	Sanofi.....	37,872	12/31/2011.....
Huntington Int'l Equity.....	Rolls-Royce Holdings PLC.....	36,944	12/31/2011.....

GENERAL INTERROGATORIES

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
Huntington Situs.....	Cabela's, Inc.....	40,526	12/31/2011
Huntington Situs.....	Trinity Industries, Inc.....	38,807	12/31/2011
Huntington Situs.....	Flowserve Corporation.....	37,662	12/31/2011
Huntington Situs.....	Trimble Navigation Ltd.....	36,230	12/31/2011
Huntington Situs.....	Raymond James Financial, Inc.....	35,227	12/31/2011
Jensen.....	Procter & Gamble Co.....	130,463	12/31/2011
Jensen.....	PepsiCo Inc.....	130,463	12/31/2011
Jensen.....	Omnicom Group, Inc.....	123,558	12/31/2011
Jensen.....	T. Rowe Price Group.....	121,831	12/31/2011
Jensen.....	Emerson Electric Co.....	114,433	12/31/2011
MFS Value.....	Philip Morris International, Inc.....	104,604	12/31/2011
MFS Value.....	Lockheed Martin Corporation.....	89,939	12/31/2011
MFS Value.....	Johnson & Johnson.....	70,387	12/31/2011
MFS Value.....	Pfizer Inc.....	68,432	12/31/2011
MFS Value.....	AT&T Inc.....	67,455	12/31/2011
Morgan Stan. MidCapGrwth.....	Motorola Solutions, Inc.....	46,740	12/31/2011
Morgan Stan. MidCapGrwth.....	Intuitive Surgical, Inc.....	41,641	12/31/2011
Morgan Stan. MidCapGrwth.....	Fastenal Company.....	38,560	12/31/2011
Morgan Stan. MidCapGrwth.....	Edenred SA.....	36,967	12/31/2011
Morgan Stan. MidCapGrwth.....	Msilf Money Market Portfolio.....	31,231	12/31/2011
Perkins/Janus Mid Cap Value Fund.....	Ameriprise Financial Inc.....	22,515	12/31/2011
Perkins/Janus Mid Cap Value Fund.....	Allstate Corp.....	17,009	12/31/2011
Perkins/Janus Mid Cap Value Fund.....	Western Union Company.....	16,886	12/31/2011
Perkins/Janus Mid Cap Value Fund.....	CenturyLink Inc.....	16,642	12/31/2011
Perkins/Janus Mid Cap Value Fund.....	URS Corporation.....	15,418	12/31/2011
Ridgeworth Large Cap Value.....	JPMorgan Chase & Co.....	78,558	12/31/2011
Ridgeworth Large Cap Value.....	ConocoPhillips.....	77,772	12/31/2011
Ridgeworth Large Cap Value.....	General Electric Co.....	75,416	12/31/2011
Ridgeworth Large Cap Value.....	Wells Fargo & Co.....	74,630	12/31/2011
Ridgeworth Large Cap Value.....	Johnson & Johnson.....	72,011	12/31/2011
Royce Special Equity.....	AVX Corporation.....	89,256	12/31/2011
Royce Special Equity.....	Bio-Rad Laboratories Inc.....	88,309	12/31/2011
Royce Special Equity.....	American Eagle Outfitters.....	85,941	12/31/2011
Royce Special Equity.....	Hubbell, Inc. B.....	79,312	12/31/2011
Royce Special Equity.....	Bed Bath & Beyond, Inc.....	78,128	12/31/2011
T. Rowe Price Growth.....	Apple, Inc.....	232,454	12/31/2011
T. Rowe Price Growth.....	Google, Inc. A.....	122,102	12/31/2011
T. Rowe Price Growth.....	Amazon.com Inc.....	85,318	12/31/2011
T. Rowe Price Growth.....	Danaher Corporation.....	73,057	12/31/2011
T. Rowe Price Growth.....	MasterCard Incorporated A.....	72,546	12/31/2011
T.Rowe Mid Growth.....	Reserve Invt Fds.....	41,058	12/31/2011
T.Rowe Mid Growth.....	Dollar General Corporation.....	21,964	12/31/2011
T.Rowe Mid Growth.....	Nuance Communications, Inc.....	20,529	12/31/2011
T.Rowe Mid Growth.....	Ametek, Inc.....	20,529	12/31/2011
T.Rowe Mid Growth.....	Roper Industries, Inc.....	18,542	12/31/2011
T.Rowe New Horizons.....	Reserve Invt-SBI.....	27,424	12/31/2011
T.Rowe New Horizons.....	O'Reilly Automotive Inc.....	23,684	12/31/2011
T.Rowe New Horizons.....	FMC Technologies, Inc.....	22,957	12/31/2011
T.Rowe New Horizons.....	Panera Bread Company, Inc. A.....	21,918	12/31/2011
T.Rowe New Horizons.....	Clean Harbors, Inc.....	20,049	12/31/2011
Thornburg Int'l Value.....	British American Tobacco PLC.....	51,984	12/31/2011
Thornburg Int'l Value.....	Novo Nordisk A/S.....	51,788	12/31/2011
Thornburg Int'l Value.....	Nestle SA.....	48,846	12/31/2011
Thornburg Int'l Value.....	Tesco PLC.....	48,257	12/31/2011
Thornburg Int'l Value.....	Sap AG ADR.....	47,669	12/31/2011
iShares:MSCI EAFE Idx.....	Nestle SA.....	11,886	12/31/2011
iShares:MSCI EAFE Idx.....	HSBC Holdings PLC.....	9,658	12/31/2011
iShares:MSCI EAFE Idx.....	BP PLC.....	8,791	12/31/2011
iShares:MSCI EAFE Idx.....	Vodafone Group PLC.....	8,358	12/31/2011
iShares:MSCI EAFE Idx.....	Novartis AG.....	7,924	12/31/2011
iShares:Russ MC Idx.....	El Paso Corporation.....	3,400	12/31/2011
iShares:Russ MC Idx.....	Spectra Energy Corp.....	3,332	12/31/2011

GENERAL INTERROGATORIES

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
iShares:Russ MC Idx.....	Intuitive Surgical, Inc.....	3,264	12/31/2011.....
iShares:Russ MC Idx.....	Ecolab, Inc.....	3,060	12/31/2011.....
iShares:Russ MC Idx.....	Noble Energy Inc.....	2,992	12/31/2011.....
iShares: Russ 1000 Idx.....	Apple, Inc.....	19,178	12/31/2011.....
iShares: Russ 1000 Idx.....	Exxon Mobil Corporation.....	17,311	12/31/2011.....
iShares: Russ 1000 Idx.....	International Business Machines Corp.....	9,504	12/31/2011.....
iShares: Russ 1000 Idx.....	Microsoft Corporation.....	9,391	12/31/2011.....
iShares: Russ 1000 Idx.....	Chevron Corp.....	8,712	12/31/2011.....
Russell 2000 iShare.....	World Fuel Services Corporation....	574	12/31/2011.....
Russell 2000 iShare.....	Parametric Technology Corporation....	533	12/31/2011.....
Russell 2000 iShare.....	Clean Harbors, Inc.....	513	12/31/2011.....
Russell 2000 iShare.....	Nu Skin Enterprises, Inc. A.....	492	12/31/2011.....
Russell 2000 iShare.....	WellCare Health Plans, Inc.....	492	12/31/2011.....
Vangrd:Russell 1K.....	Exxon Mobil Corporation.....	18,438	12/31/2011.....
Vangrd:Russell 1K.....	Apple, Inc.....	16,554	12/31/2011.....
Vangrd:Russell 1K.....	International Business Machines Corp.....	9,818	12/31/2011.....
Vangrd:Russell 1K.....	Chevron Corp.....	9,476	12/31/2011.....
Vangrd:Russell 1K.....	Microsoft Corporation.....	8,506	12/31/2011.....
Vangrd:Russell 2K.....	CMT Market Liquidity Rate.....	309	12/31/2011.....
Vangrd:Russell 2K.....	Healthspring, Inc.....	681	12/31/2011.....
Vangrd:Russell 2K.....	NetLogic Microsystems, Inc.....	619	12/31/2011.....
Vangrd:Russell 2K.....	SuccessFactors, Inc.....	619	12/31/2011.....
Vangrd:Russell 2K.....	Clean Harbors, Inc.....	536	12/31/2011.....

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
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	359,811,710	374,796,102	14,984,392
30.2 Preferred Stocks.....	0	0	0
30.3 Totals	359,811,710	374,796,102	14,984,392

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

CareSource utilizes a Fifth Third Bank investment management tool, Portfolio Pro, for security pricing. Portfolio Pro uses Reuters and FT Interactive for security pricing.....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] No []

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any? \$53,645
- 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.....	\$.....52,846

- 34.1 Amount of payments for legal expenses, if any? \$615,490
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Bricker & Eckler, LLP.....	\$.....481,748

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$508,637
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Capitol Counsel, LLC.....	\$.....125,815
MCDONALD HOPKINS LLC.....	\$.....110,949
Carpenter Lipps & Leland LLP.....	\$.....171,000

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2 If yes, indicate premium earned on U. S. business only

\$0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$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		2
		Current Year		Prior Year
2.1	Premium Numerator	\$2,965,644,060	\$	.....2,557,980,543
2.2	Premium Denominator	\$2,965,644,060	\$	.....2,558,117,692
2.3	Premium Ratio (2.1/2.2)	.....1.000		.....1.000
2.4	Reserve Numerator	\$314,562,607	\$	.....224,030,157
2.5	Reserve Denominator	\$314,562,607	\$	.....224,030,157
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 []

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

\$750,000

5.32 Medical Only

\$

5.33 Medicare Supplement

\$

5.34 Dental and Vision

\$

5.35 Other Limited Benefit Plan

\$

5.36 Other

\$

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
The risk of insolvency is covered under a reinsurance agreement and is limited to \$5 million in coverage as outlined in the policy.

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

.....27,944

8.2 Number of providers at end of reporting year

.....25,218

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

.....

9.22 Business with rate guarantees over 36 months

.....

27

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes ☒ No ☐

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....1,481,928

10.22 Amount actually paid for year bonuses

\$.....2,671,308

10.23 Maximum amount payable withholds

\$.....0

10.24 Amount actually paid for year withholds

\$.....0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes ☐ No ☒

11.13 An Individual Practice Association (IPA), or,

Yes ☐ No ☒

11.14 A Mixed Model (combination of above) ?

Yes ☒ No ☐

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

Yes ☒ No ☐

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

State of Ohio.....

11.4 If yes, show the amount required.

\$.....176,182,362

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

Yes ☐ No ☒

11.6 If the amount is calculated, show the calculation.

200% of ACL

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

1
Name of Service Area
All 88 counties in State of Ohio.....
.....
.....
.....
.....

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

Yes ☐ No ☒

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

\$.....

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

Yes ☐ No ☒

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)	859,413,199	591,054,831	673,431,157	354,998,905	406,077,761
2. Total liabilities (Page 3, Line 24)	444,698,374	297,764,404	492,634,573	222,590,089	279,709,672
3. Statutory surplus	176,182,362	155,165,014	157,672,342	123,925,790	97,375,138
4. Total capital and surplus (Page 3, Line 33)	414,714,825	293,290,427	180,796,584	132,408,816	126,368,089
Income Statement (Page 4)					
5. Total revenues (Line 8)	2,965,644,060	2,558,117,692	2,440,658,793	1,871,618,739	1,500,437,067
6. Total medical and hospital expenses (Line 18)	2,424,468,742	2,122,502,161	2,155,813,181	1,700,437,446	1,345,489,049
7. Claims adjustment expenses (Line 20)	54,723,564	43,491,237	39,339,741	33,828,345	26,638,168
8. Total administrative expenses (Line 21)	367,974,345	291,151,293	221,217,339	152,760,238	123,160,631
9. Net underwriting gain (loss) (Line 24)	118,477,409	100,973,001	24,288,532	(15,407,290)	5,149,219
10. Net investment gain (loss) (Line 27)	12,730,683	10,615,195	10,624,218	14,588,211	16,185,539
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income or (loss) (Line 32)	131,208,092	111,588,196	34,912,750	(819,079)	21,334,758
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	189,299,527	(76,754,575)	296,988,752	(71,336,839)	74,961,534
Risk-Based Capital Analysis					
14. Total adjusted capital.....	414,714,825	293,290,427	180,796,584	132,408,816	126,368,089
15. Authorized control level risk-based capital.....	88,091,181	77,582,507	78,836,171	61,962,895	48,687,680
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	875,545	839,491	761,874	643,849	555,771
17. Total members months (Column 6, Line 7)	10,266,935	9,656,578	8,443,967	7,248,614	6,456,051
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	81.8	83.0	88.3	90.9	89.7
20. Cost containment expenses	1.2	1.2	1.2	1.4	1.3
21. Other claims adjustment expenses	0.6	0.5	0.4	0.4	0.4
22. Total underwriting deductions (Line 23)	96.0	96.1	99.0	100.8	99.7
23. Total underwriting gain (loss) (Line 24)	4.0	3.9	1.0	(0.8)	0.3
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	194,548,402	224,614,992	182,054,922	116,933,883	73,554,431
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	224,030,157	216,291,088	181,588,375	128,356,490	92,168,890
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0

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

If no, please explain:

.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL	N							0	0
2. Alaska	AK	N							0	0
3. Arizona	AZ	N							0	0
4. Arkansas	AR	N							0	0
5. California	CA	N							0	0
6. Colorado	CO	N							0	0
7. Connecticut	CT	N							0	0
8. Delaware	DE	N							0	0
9. District of Columbia	DC	N							0	0
10. Florida	FL	N							0	0
11. Georgia	GA	N							0	0
12. Hawaii	HI	N							0	0
13. Idaho	ID	N							0	0
14. Illinois	IL	N							0	0
15. Indiana	IN	N							0	0
16. Iowa	IA	N							0	0
17. Kansas	KS	N							0	0
18. Kentucky	KY	N							0	0
19. Louisiana	LA	N							0	0
20. Maine	ME	N							0	0
21. Maryland	MD	N							0	0
22. Massachusetts	MA	N							0	0
23. Michigan	MI	N							0	0
24. Minnesota	MN	N							0	0
25. Mississippi	MS	N							0	0
26. Missouri	MO	N							0	0
27. Montana	MT	N							0	0
28. Nebraska	NE	N							0	0
29. Nevada	NV	N							0	0
30. New Hampshire	NH	N							0	0
31. New Jersey	NJ	N							0	0
32. New Mexico	NM	N							0	0
33. New York	NY	N							0	0
34. North Carolina	NC	N							0	0
35. North Dakota	ND	N							0	0
36. Ohio	OH	L	792,849	11,756,983	2,967,440,203				2,979,990,035	0
37. Oklahoma	OK	N							0	0
38. Oregon	OR	N							0	0
39. Pennsylvania	PA	N							0	0
40. Rhode Island	RI	N							0	0
41. South Carolina	SC	N							0	0
42. South Dakota	SD	N							0	0
43. Tennessee	TN	N							0	0
44. Texas	TX	N							0	0
45. Utah	UT	N							0	0
46. Vermont	VT	N							0	0
47. Virginia	VA	N							0	0
48. Washington	WA	N							0	0
49. West Virginia	WV	N							0	0
50. Wisconsin	WI	N							0	0
51. Wyoming	WY	N							0	0
52. American Samoa	AS	N							0	0
53. Guam	GU	N							0	0
54. Puerto Rico	PR	N							0	0
55. U.S. Virgin Islands	VI	N							0	0
56. Northern Mariana Islands	MP	N							0	0
57. Canada	CN	N							0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal		XXX	792,849	11,756,983	2,967,440,203	0	0	0	2,979,990,035	0
60. Reporting entity contributions for Employee Benefit Plans		XXX	0	0	0	0	0	0	0	0
61. Total (Direct Business)	(a)	1	792,849	11,756,983	2,967,440,203	0	0	0	2,979,990,035	0
DETAILS OF WRITE-INS										
5801.		XXX							0	
5802.		XXX							0	
5803.		XXX							0	
5898. Summary of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0	0	0	
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)		XXX	0	0	0	0	0	0	0	

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

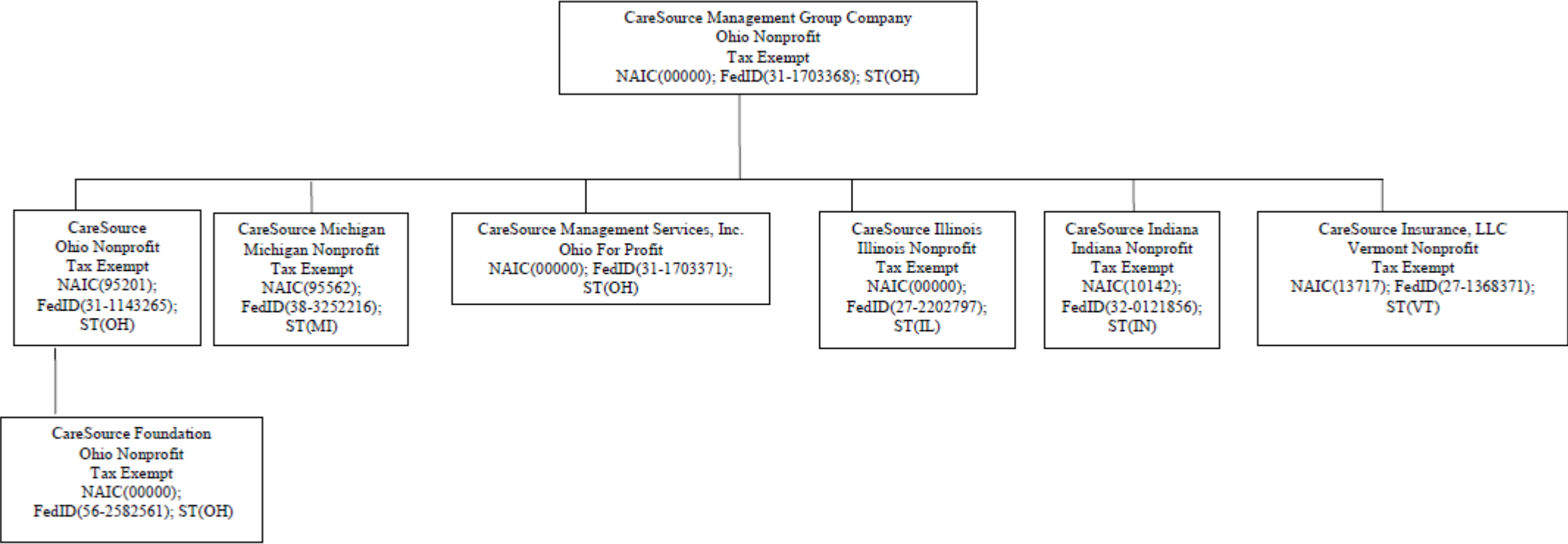
Explanation of basis of allocation by states, premiums by state, etc.: All business is located in OH.

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

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

PART 1 - ORGANIZATIONAL CHART

CareSource Family of Companies
Corporate Structure



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