



QUARTERLY STATEMENT
AS OF June 30, 2012
OF THE CONDITION AND AFFAIRS OF THE
KAISER FOUNDATION HEALTH PLAN OF OHIO

NAIC Group Code 0601, 0601, NAIC Company Code 95204, Employer's ID Number 34-0922268
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States of America
Licensed as business type: Life, Accident & Health, Property/Casualty, Hospital, Medical & Dental Service or Indemnity
Incorporated/Organized 03/29/1962, Commenced Business 10/27/1976
Statutory Home Office 1001 Lakeside Ave. Suite 1200, Cleveland, OH 44114-1153
Main Administrative Office 1001 Lakeside Ave. Suite 1200, Cleveland, OH 44114-1153
Mail Address 1001 Lakeside Ave. Suite 1200, Cleveland, OH 44114-1153
Primary Location of Books and Records 1001 Lakeside Ave. Suite 1200, Cleveland, OH 44114-1153
Internet Web Site Address KP.org
Statutory Statement Contact Scott D. Gonia, (216)479-5116

OFFICERS

Table with 2 columns: Name, Title. Includes George C. Halvorson (Chairman of the Board & CEO), Donna Lynne (Group President, Regions Outside California), Patricia D. Kennedy-Scott (Regional President), etc.

Vice Presidents

DIRECTORS OR TRUSTEES

Table listing names of directors/trustees: George C. Halvorson, Christine K. Cassel MD, Thomas W. Chapman EdD, Daniel P. Garcia, Cynthia A. Telles PhD, etc.

State of Ohio
County of Cuyahoga ss

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

(Signature) Patricia D. Kennedy-Scott, (Signature) Thomas R. Meier, (Signature)
(Printed Name) Patricia D. Kennedy-Scott, (Printed Name) Thomas R. Meier, (Printed Name)
1. Regional President, 2. Senior Vice President and Treasurer, 3.

Subscribed and sworn to before me this day of , 2012
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

(Notary Public Signature)

ASSETS

| | Current Statement Date | | | 4 December 31 Prior Year Net Admitted Assets |
|---|------------------------|----------------------------|--|---|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | |
| 1. Bonds | 101,940,913 | | 101,940,913 | 102,847,727 |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks | | | | |
| 2.2 Common stocks | | | | |
| 3. Mortgage loans on real estate: | | | | |
| 3.1 First liens | | | | |
| 3.2 Other than first liens | | | | |
| 4. Real estate: | | | | |
| 4.1 Properties occupied by the company (less \$.....0 encumbrances) | 50,947,634 | | 50,947,634 | 51,707,113 |
| 4.2 Properties held for the production of income (less \$.....0 encumbrances) | | | | |
| 4.3 Properties held for sale (less \$.....0 encumbrances) | | | | |
| 5. Cash (\$.....14,332,666), cash equivalents (\$.....3,599,690) and short-term investments (\$.....23,898,456) | 41,830,812 | | 41,830,812 | 49,520,309 |
| 6. Contract loans (including \$.....0 premium notes) | | | | |
| 7. Derivatives | | | | |
| 8. Other invested assets | | | | |
| 9. Receivables for securities | | | | |
| 10. Securities lending reinvested collateral assets | | | | |
| 11. Aggregate write-ins for invested assets | | | | |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 194,719,359 | | 194,719,359 | 204,075,149 |
| 13. Title plants less \$.....0 charged off (for Title insurers only) | | | | |
| 14. Investment income due and accrued | 648,869 | | 648,869 | 704,033 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 10,999,794 | | 10,999,794 | 11,435,390 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums) | | | | |
| 15.3 Accrued retrospective premiums | | | | |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | | | | |
| 16.2 Funds held by or deposited with reinsured companies | | | | |
| 16.3 Other amounts receivable under reinsurance contracts | | | | |
| 17. Amounts receivable relating to uninsured plans | | | | |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | | |
| 18.2 Net deferred tax asset | | | | |
| 19. Guaranty funds receivable or on deposit | | | | |
| 20. Electronic data processing equipment and software | 412,297 | 283,086 | 129,211 | 186,780 |
| 21. Furniture and equipment, including health care delivery assets (\$.....12,937,385) | 13,746,971 | 809,586 | 12,937,385 | 14,504,614 |
| 22. Net adjustments in assets and liabilities due to foreign exchange rates | | | | |
| 23. Receivables from parent, subsidiaries and affiliates | 37,541 | | 37,541 | 965,194 |
| 24. Health care (\$.....3,107,891) and other amounts receivable | 3,315,878 | | 3,315,878 | 2,181,214 |
| 25. Aggregate write-ins for other than invested assets | 2,599,056 | 2,599,056 | | |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 226,479,765 | 3,691,728 | 222,788,037 | 234,052,374 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | | |
| 28. Total (Lines 26 and 27) | 226,479,765 | 3,691,728 | 222,788,037 | 234,052,374 |
| DETAILS OF WRITE-INS | | | | |
| 1101. | | | | |
| 1102. | | | | |
| 1103. | | | | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | | | | |
| 1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) | | | | |
| 2501. Prepaid & Other Current Assets | 2,599,056 | 2,599,056 | | |
| 2502. | | | | |
| 2503. | | | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | | | | |
| 2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) | 2,599,056 | 2,599,056 | | |

LIABILITIES, CAPITAL AND SURPLUS

| | Current Period | | | Prior Year |
|---|----------------|----------------|--------------|--------------|
| | 1 Covered | 2 Uncovered | 3 Total | 4 Total |
| 1. Claims unpaid (less \$.....0 reinsurance ceded) | 26,018,615 | | 26,018,615 | 34,498,492 |
| 2. Accrued medical incentive pool and bonus amounts | | | | |
| 3. Unpaid claims adjustment expenses | 948,930 | | 948,930 | 1,137,110 |
| 4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act | 11,500,000 | | 11,500,000 | 4,400,000 |
| 5. Aggregate life policy reserves | | | | |
| 6. Property/casualty unearned premium reserve | | | | |
| 7. Aggregate health claim reserves | | | | |
| 8. Premiums received in advance | 16,937,514 | | 16,937,514 | 8,488,470 |
| 9. General expenses due or accrued | 98,890 | | 98,890 | 2,417,244 |
| 10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses)) | | | | |
| 10.2 Net deferred tax liability | | | | |
| 11. Ceded reinsurance premiums payable | | | | |
| 12. Amounts withheld or retained for the account of others | 344,166 | | 344,166 | 331,459 |
| 13. Remittances and items not allocated | | | | |
| 14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) | | | | |
| 15. Amounts due to parent, subsidiaries and affiliates | 11,552,357 | | 11,552,357 | 27,758,033 |
| 16. Derivatives | | | | |
| 17. Payable for securities | 108,159 | | 108,159 | |
| 18. Payable for securities lending | | | | |
| 19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers) | | | | |
| 20. Reinsurance in unauthorized companies | | | | |
| 21. Net adjustments in assets and liabilities due to foreign exchange rates | | | | |
| 22. Liability for amounts held under uninsured plans | | | | |
| 23. Aggregate write-ins for other liabilities (including \$.....0 current) | 129,567,837 | | 129,567,837 | 126,794,138 |
| 24. Total liabilities (Lines 1 to 23) | 197,076,468 | | 197,076,468 | 205,824,946 |
| 25. Aggregate write-ins for special surplus funds | X X X | X X X | | |
| 26. Common capital stock | X X X | X X X | | |
| 27. Preferred capital stock | X X X | X X X | | |
| 28. Gross paid in and contributed surplus | X X X | X X X | 3,264 | 3,264 |
| 29. Surplus notes | X X X | X X X | 115,000,000 | 94,000,000 |
| 30. Aggregate write-ins for other than special surplus funds | X X X | X X X | | |
| 31. Unassigned funds (surplus) | X X X | X X X | (89,291,695) | (65,775,836) |
| 32. Less treasury stock, at cost: | | | | |
| 32.1 .....0 shares common (value included in Line 26 \$.....0) | X X X | X X X | | |
| 32.2 .....0 shares preferred (value included in Line 27 \$.....0) | X X X | X X X | | |
| 33. Total capital and surplus (Lines 25 to 31 minus Line 32) | X X X | X X X | 25,711,569 | 28,227,428 |
| 34. Total Liabilities, capital and surplus (Lines 24 and 33) | X X X | X X X | 222,788,037 | 234,052,374 |
| DETAILS OF WRITE-INS | | | | |
| 2301. Post Retirement | 45,320,600 | | 45,320,600 | 44,186,266 |
| 2302. Accrued Payroll and Related | 9,415,313 | | 9,415,313 | 10,462,429 |
| 2303. Professional and Public Liability | | | | |
| 2398. Summary of remaining write-ins for Line 23 from overflow page | 74,831,924 | | 74,831,924 | 72,145,443 |
| 2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) | 129,567,837 | | 129,567,837 | 126,794,138 |
| 2501. | X X X | X X X | | |
| 2502. | X X X | X X X | | |
| 2503. | X X X | X X X | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | X X X | X X X | | |
| 2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) | X X X | X X X | | |
| 3001. | X X X | X X X | | |
| 3002. | X X X | X X X | | |
| 3003. | X X X | X X X | | |
| 3098. Summary of remaining write-ins for Line 30 from overflow page | X X X | X X X | | |
| 3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) | X X X | X X X | | |

STATEMENT OF REVENUE AND EXPENSES

| | Current Year To Date | | Prior Year To Date | Prior Year Ended December 31 |
|---|----------------------|--------------|--------------------|------------------------------|
| | 1 Uncovered | 2 Total | 3 Total | 4 Total |
| 1. Member Months | X X X | 556,195 | 676,165 | 1,309,334 |
| 2. Net premium income (including \$.....0 non-health premium income) | X X X | 249,476,697 | 271,476,192 | 523,800,795 |
| 3. Change in unearned premium reserves and reserves for rate credits | X X X | | | |
| 4. Fee-for-service (net of \$.....0 medical expenses) | X X X | 1,299,127 | 974,422 | 2,311,363 |
| 5. Risk revenue | X X X | | | |
| 6. Aggregate write-ins for other health care related revenues | X X X | 321,457 | | 948,871 |
| 7. Aggregate write-ins for other non-health revenues | X X X | | | |
| 8. Total revenues (Lines 2 to 7) | X X X | 251,097,281 | 272,450,614 | 527,061,029 |
| Hospital and Medical: | | | | |
| 9. Hospital/medical benefits | | 72,126,610 | 85,785,750 | 157,401,648 |
| 10. Other professional services | | 35,137,825 | 38,554,614 | 68,299,684 |
| 11. Outside referrals | | 19,699,664 | 27,888,780 | 52,622,392 |
| 12. Emergency room and out-of-area | | 13,328,455 | 16,233,533 | 37,797,607 |
| 13. Prescription drugs | | 27,726,183 | 28,400,787 | 55,244,593 |
| 14. Aggregate write-ins for other hospital and medical | | 69,724,813 | 57,113,094 | 134,110,778 |
| 15. Incentive pool, withhold adjustments and bonus amounts | | | | |
| 16. Subtotal (Lines 9 to 15) | | 237,743,550 | 253,976,558 | 505,476,702 |
| Less: | | | | |
| 17. Net reinsurance recoveries | | | | |
| 18. Total hospital and medical (Lines 16 minus 17) | | 237,743,550 | 253,976,558 | 505,476,702 |
| 19. Non-health claims (net) | | | | |
| 20. Claims adjustment expenses, including \$.....3,129,764 cost containment expenses | | 5,435,365 | 6,292,750 | 12,669,998 |
| 21. General administrative expenses | | 24,649,536 | 23,903,075 | 55,967,750 |
| 22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) | | 7,100,000 | (9,200,000) | (7,300,000) |
| 23. Total underwriting deductions (Lines 18 through 22) | | 274,928,451 | 274,972,383 | 566,814,450 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23) | X X X | (23,831,170) | (2,521,769) | (39,753,421) |
| 25. Net investment income earned | | 656,812 | 923,570 | 2,501,001 |
| 26. Net realized capital gains (losses) less capital gains tax of \$.....0 | | 1,035,438 | 297,674 | 109,329 |
| 27. Net investment gains or (losses) (Lines 25 plus 26) | | 1,692,250 | 1,221,244 | 2,610,330 |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] | | | | |
| 29. Aggregate write-ins for other income or expenses | | 143,171 | 187,533 | 423,586 |
| 30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) | X X X | (21,995,749) | (1,112,992) | (36,719,505) |
| 31. Federal and foreign income taxes incurred | X X X | | | |
| 32. Net income (loss) (Lines 30 minus 31) | X X X | (21,995,749) | (1,112,992) | (36,719,505) |
| DETAILS OF WRITE-INS | | | | |
| 0601. Other Revenues | X X X | 321,457 | | 948,871 |
| 0602. | X X X | | | |
| 0603. | X X X | | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | X X X | | | |
| 0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) | X X X | 321,457 | | 948,871 |
| 0701. | X X X | | | |
| 0702. | X X X | | | |
| 0703. | X X X | | | |
| 0798. Summary of remaining write-ins for Line 7 from overflow page | X X X | | | |
| 0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above) | X X X | | | |
| 1401. Occupancy, Depreciation and Amortization | | 7,359,025 | 5,722,346 | 11,861,807 |
| 1402. Medical Office Facilities | | 16,213,263 | 14,817,890 | 32,156,294 |
| 1403. Professional Liability Insurance | | 2,509,033 | 1,577,310 | 3,176,428 |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | | 43,643,492 | 34,995,548 | 86,916,249 |
| 1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) | | 69,724,813 | 57,113,094 | 134,110,778 |
| 2901. Miscellaneous | | 143,171 | 187,533 | 423,586 |
| 2902. | | | | |
| 2903. | | | | |
| 2998. Summary of remaining write-ins for Line 29 from overflow page | | | | |
| 2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) | | 143,171 | 187,533 | 423,586 |

STATEMENT OF REVENUE AND EXPENSES (Continued)

| | 1 | 2 | 3 |
|--|-------------------------|-----------------------|------------------------------------|
| | Current Year To Date | Prior Year To Date | Prior Year Ended December 31 |
| CAPITAL & SURPLUS ACCOUNT | | | |
| 33. Capital and surplus prior reporting year | 28,227,428 | 42,096,085 | 42,096,085 |
| 34. Net income or (loss) from Line 32 | (21,995,749) | (1,112,992) | (36,719,505) |
| 35. Change in valuation basis of aggregate policy and claim reserves | | | |
| 36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 | | | |
| 37. Change in net unrealized foreign exchange capital gain or (loss) | | | |
| 38. Change in net deferred income tax | | | |
| 39. Change in nonadmitted assets | (1,212,268) | (2,313,569) | 306,961 |
| 40. Change in unauthorized reinsurance | | | |
| 41. Change in treasury stock | | | |
| 42. Change in surplus notes | 21,000,000 | 5,000,000 | 34,000,000 |
| 43. Cumulative effect of changes in accounting principles | | | |
| 44. Capital Changes: | | | |
| 44.1 Paid in | | | |
| 44.2 Transferred from surplus (Stock Dividend) | | | |
| 44.3 Transferred to surplus | | | |
| 45. Surplus adjustments: | | | |
| 45.1 Paid in | | | |
| 45.2 Transferred to capital (Stock Dividend) | | | |
| 45.3 Transferred from capital | | | |
| 46. Dividends to stockholders | | | |
| 47. Aggregate write-ins for gains or (losses) in surplus | (307,842) | 848,692 | (11,456,113) |
| 48. Net change in capital and surplus (Lines 34 to 47) | (2,515,859) | 2,422,131 | (13,868,657) |
| 49. Capital and surplus end of reporting period (Line 33 plus 48) | 25,711,569 | 44,518,216 | 28,227,428 |
| DETAILS OF WRITE-INS | | | |
| 4701. Change in Restricted Donations | | | (8,779) |
| 4702. Additional minimum liability Pension | | 848,692 | (11,447,334) |
| 4703. Reduction in ARO Liability | (307,842) | | |
| 4798. Summary of remaining write-ins for Line 47 from overflow page | | | |
| 4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) | (307,842) | 848,692 | (11,456,113) |

CASH FLOW

| | 1 Current Year To Date | 2 Prior Year To Date | 3 Prior Year Ended December 31 |
|--|---------------------------------|-------------------------------|---|
| Cash from Operations | | | |
| 1. Premiums collected net of reinsurance | 265,461,337 | 261,094,119 | 515,825,343 |
| 2. Net investment income | 975,631 | 1,311,307 | 3,231,667 |
| 3. Miscellaneous income | 742,898 | (87,216) | 2,638,984 |
| 4. Total (Lines 1 to 3) | 267,179,866 | 262,318,210 | 521,695,994 |
| 5. Benefit and loss related payments | 253,323,427 | 247,740,367 | 500,784,505 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 32,448,261 | 31,060,939 | 67,875,796 |
| 8. Dividends paid to policyholders | | | |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) | | | |
| 10. Total (Lines 5 through 9) | 285,771,688 | 278,801,306 | 568,660,301 |
| 11. Net cash from operations (Line 4 minus Line 10) | (18,591,822) | (16,483,096) | (46,964,307) |
| Cash from Investments | | | |
| 12. Proceeds from investments sold, matured or repaid: | | | |
| 12.1 Bonds | 37,755,607 | 29,012,135 | 46,509,800 |
| 12.2 Stocks | | | |
| 12.3 Mortgage loans | | | |
| 12.4 Real estate | | | |
| 12.5 Other invested assets | | | |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | | | |
| 12.7 Miscellaneous proceeds | 2,585,457 | 2,260,001 | 6,477,550 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 40,341,064 | 31,272,136 | 52,987,350 |
| 13. Cost of investments acquired (long-term only): | | | |
| 13.1 Bonds | 36,513,503 | 29,122,283 | 52,422,609 |
| 13.2 Stocks | | | |
| 13.3 Mortgage loans | | | |
| 13.4 Real estate | 1,281,326 | 1,086,129 | 1,755,046 |
| 13.5 Other invested assets | | | |
| 13.6 Miscellaneous applications | | 46,042 | 400,841 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 37,794,829 | 30,254,454 | 54,578,496 |
| 14. Net increase (or decrease) in contract loans and premium notes | | | |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) | 2,546,235 | 1,017,682 | (1,591,146) |
| Cash from Financing and Miscellaneous Sources | | | |
| 16. Cash provided (applied): | | | |
| 16.1 Surplus notes, capital notes | 21,000,000 | 5,000,000 | 34,000,000 |
| 16.2 Capital and paid in surplus, less treasury stock | | | |
| 16.3 Borrowed funds | | | |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | | | |
| 16.5 Dividends to stockholders | | | |
| 16.6 Other cash provided (applied) | (12,643,910) | (38,664,239) | (4,985,557) |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6) | 8,356,090 | (33,664,239) | 29,014,443 |
| 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) | (7,689,497) | (49,129,653) | (19,541,010) |
| 19. Cash, cash equivalents and short-term investments: | | | |
| 19.1 Beginning of year | 49,520,309 | 69,061,320 | 69,061,320 |
| 19.2 End of period (Line 18 plus Line 19.1) | 41,830,812 | 19,931,667 | 49,520,309 |

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

| | | | | |
|---------|--|--|--|--|
| 20.0001 | | | | |
|---------|--|--|--|--|

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

| | 1 Total | Comprehensive (Hospital & Medical) | | 4 Medicare Supplement | 5 Vision Only | 6 Dental Only | 7 Federal Employees Health Benefit Plan | 8 Title XVIII Medicare | 9 Title XIX Medicaid | 10 Other |
|---|-------------|------------------------------------|-------------|--------------------------|------------------|------------------|--|---------------------------|-------------------------|-------------|
| | | 2 Individual | 3 Group | | | | | | | |
| Total Members at end of: | | | | | | | | | | |
| 1. Prior Year | 103,503 | 4,832 | 70,607 | | | | 7,937 | 18,961 | | 1,166 |
| 2. First Quarter | 94,275 | 5,433 | 64,366 | | | | 7,586 | 16,890 | | |
| 3. Second Quarter | 91,123 | 5,418 | 61,486 | | | | 7,492 | 16,727 | | |
| 4. Third Quarter | | | | | | | | | | |
| 5. Current Year | | | | | | | | | | |
| 6. Current Year Member Months | 556,195 | 33,081 | 377,096 | | | | 45,416 | 100,602 | | |
| Total Member Ambulatory Encounters for Period: | | | | | | | | | | |
| 7. Physician | 248,552 | 12,479 | 136,881 | | | | 21,259 | 77,933 | | |
| 8. Non-Physician | 69,752 | 3,303 | 40,075 | | | | 6,389 | 19,985 | | |
| 9. Total | 318,304 | 15,782 | 176,956 | | | | 27,648 | 97,918 | | |
| 10. Hospital Patient Days Incurred | | | | | | | | | | |
| 11. Number of Inpatient Admissions | 4,888 | 195 | 1,809 | | | | 368 | 2,516 | | |
| 12. Health Premiums Written (a) | 249,476,697 | 8,846,629 | 140,931,244 | | | | 20,976,127 | 78,721,911 | | 786 |
| 13. Life Premiums Direct | | | | | | | | | | |
| 14. Property/Casualty Premiums Written | | | | | | | | | | |
| 15. Health Premiums Earned | 249,476,697 | 8,846,629 | 140,931,244 | | | | 20,976,127 | 78,721,911 | | 786 |
| 16. Property/Casualty Premiums Earned | | | | | | | | | | |
| 17. Amount Paid for Provision of Health Care Services | 246,223,427 | 8,690,550 | 149,234,430 | | | | 21,536,488 | 66,745,963 | | 15,996 |
| 18. Amount Incurred for Provision of Health Care Services | 237,743,549 | 8,340,522 | 144,256,827 | | | | 21,468,864 | 63,659,076 | | 18,260 |

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....54,554,384.

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**Aging Analysis of Unpaid Claims**

| 1 Account | 2 1 - 30 Days | 3 31 - 60 Days | 4 61 - 90 Days | 5 91 - 120 days | 6 Over 120 Days | 7 Total |
|--|------------------|-------------------|-------------------|--------------------|--------------------|------------|
| Individually Listed Claims Unpaid | | | | | | |
| Due to Ohio Permanente Medical Group | 7,676,484 | 461,410 | | | | 8,137,894 |
| 0199999 Individually Listed Claims Unpaid | 7,676,484 | 461,410 | | | | 8,137,894 |
| 0299999 Aggregate Accounts Not Individually Listed - Uncovered | | | | | | |
| 0399999 Aggregate Accounts Not Individually Listed - Covered | 5,832,784 | | | | | 5,832,784 |
| 0499999 Subtotals | 13,509,268 | 461,410 | | | | 13,970,678 |
| 0599999 Unreported claims and other claim reserves | | | | | | 12,047,936 |
| 0699999 Total Amounts Withheld | | | | | | |
| 0799999 Total Claims Unpaid | | | | | | 26,018,614 |
| 0899999 Accrued Medical Incentive Pool And Bonus Amounts | | | | | | |

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

| | Claims Paid Year to Date | | Liability End of Current Quarter | | 5 | 6 |
|---|---|------------------------------------|---------------------------------------|------------------------------------|--|--|
| | 1 | 2 | 3 | 4 | Claims Incurred in Prior Years (Columns 1+3) | Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year |
| | On Claims Incurred Prior to January 1 of Current Year | On Claims Incurred During the Year | On Claims Unpaid Dec 31 of Prior Year | On Claims Incurred During the Year | | |
| 1. Comprehensive (hospital & medical) | 24,187,624 | 133,737,357 | 1,443,625 | 15,879,312 | 25,631,249 | 22,650,570 |
| 2. Medicare Supplement | | | | | | |
| 3. Dental only | | | | | | |
| 4. Vision only | | | | | | |
| 5. Federal Employees Health Benefits Plan | 3,270,958 | 18,265,530 | 233,246 | 2,484,045 | 3,504,204 | 2,784,915 |
| 6. Title XVIII - Medicare | 4,852,468 | 61,893,495 | 251,683 | 5,724,785 | 5,104,151 | 9,063,355 |
| 7. Title XIX - Medicaid | | | | | | |
| 8. Other health | 2,053 | 13,942 | 305 | 1,614 | 2,358 | (347) |
| 9. Health subtotal (Lines 1 to 8) | 32,313,103 | 213,910,324 | 1,928,859 | 24,089,756 | 34,241,962 | 34,498,493 |
| 10. Healthcare receivables (a) | | | | | | |
| 11. Other non-health | | | | | | |
| 12. Medical incentive pools and bonus amounts | | | | | | |
| 13. Totals (Lines 9 - 10 + 11 + 12) | 32,313,103 | 213,910,324 | 1,928,859 | 24,089,756 | 34,241,962 | 34,498,493 |

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

Notes to Financial Statement

Kaiser Foundation Health Plan of Ohio

Notes to Financial Statements

For the Six Months Ended June 30, 2012 and the Year Ended December 31, 2011

1) Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying statutory financial statements of Kaiser Foundation Health Plan of Ohio (“Health Plan”) have been prepared in conformity with the National Association of Insurance Commissioners’ (“NAIC”) *Accounting Practices and Procedures* manual, (“NAIC SAP”), the NAIC Annual Statement Instructions, and other accounting practices as prescribed or permitted by the State of Ohio – Ohio Department of Insurance (ODI). There were no reported differences to net income, statutory surplus, or risk-based capital for specific practices, prescribed or permitted by the State of Ohio, that deviate from NAIC SSAP in the reported periods.

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

The preparation of the statutory financial statements in conformity with NAIC SAP, the NAIC Annual Statement Instructions, and other accounting practices as prescribed or permitted by the ODI requires management to make estimates and assumptions that affect the reported amounts. The fair value of investments, allowance for uncollectible premiums and healthcare receivables, Medicare revenue accruals, Medicare payables and reserves, reserves for unpaid claims and adjustment expense, pension and other retirement liabilities, premium deficiency reserves, public and professional insurance liability, real estate, property and equipment impairment and useful lives, investment impairments and other charges represent significant estimates. Actual results could differ materially from those estimates. With respect to employee benefit plans, as occurs from time to time, negotiations with labor partners may result in changes to compensation and benefits. These changes are reflected in the statutory financial statements as appropriate when agreements are finalized.

C. Accounting Policies

Cash (Overdraft) and Short Term Investments

Cash (overdraft) and short-term investments include interest-bearing deposits purchased with an original maturity of twelve months or less. Cash and investments that are restricted per contractual or regulatory requirements are classified as bonds and other invested assets and excluded from cash (overdraft) and short-term investments.

Premiums and Health Care Receivable

Premiums and health care receivables exclude nonadmitted balances. Certain receivables are not admissible in accordance with the NAIC SAP. Nonadmitted amounts include all nongovernmental premiums and health care receivables greater than 90 days past due and other amounts deemed uncollectible. In addition, when premiums and health care receivables greater than 90 days past due are more than a de minimus portion of the entire premiums and health care receivables balance, the entire premiums and health care receivables balance is nonadmitted.

Bonds and Other Invested Assets

Bonds and other invested assets include U.S. Treasury and government-sponsored agencies, loan-backed and/or structured securities, industrial and miscellaneous bonds and all other government bonds. Recognized gains and losses are recorded on the specific identification basis. Interest income is included in net investment and other income.

Bonds are reported in accordance with NAIC Annual Statement Instructions (Statement Value). Accordingly, bonds that are designated highest quality, NAIC Designation 1 and 2, are reported at amortized cost using the effective interest method, and bonds that are classified as NAIC Designation 3 or lower are reported at lower of amortized cost or fair value.

Adjustments are made prospectively and repayment assumptions are obtained from a third party vendor data source for loan-backed and/or structured securities. The amortization method used is the scientific method.

Notes to Financial Statement

Investments are regularly reviewed for impairment and a charge is recognized when the fair value is below cost basis and is judged to be other-than-temporary. Impairment is included in net realized capital gains (losses). In its review of assets for impairment that is deemed other-than-temporary, management generally follows the following guidelines:

- Substantially all investments are managed by outside investment managers who do not need KFHP's management pre-approval for sales, therefore substantially all declines in value below amortized cost are recognized as impairment that other-than-temporary.
- For other securities, losses are recognized for known matters, such as bankruptcies, regardless of ownership period, and investments that have been continuously below book value for an extended period of time are evaluated for impairment that is other-than-temporary.

Health Plan's investment transactions are recorded on a trade-date basis.

Health Plan is required to keep investments on deposit in the State of Ohio, where it is licensed. At both June 30, 2012 and December 31, 2011, \$400 thousand in long-term U.S. Treasury notes were restricted to satisfy the state's regulatory requirements.

Real Estate, Property and Equipment

Real estate, property and equipment, which includes land, buildings and improvements, furniture, equipment and software, are stated at cost less accumulated depreciation and amortization. Interest is capitalized on facilities construction in progress and is added to the cost of the underlying asset, in accordance with Statement of Statutory Accounting Principles (SSAP) No. 44, *Capitalization of Interest Cost*. Depreciation begins when the project is substantially complete and ready for its intended use. Software is amortized on a straight-line basis over three years. Buildings and equipment are depreciated on a straight line basis over the shorter of the asset's useful life or the estimated useful lives of the various classes of assets, generally ranging from 3 to 33 years. Leasehold improvements are depreciated on a straight-line basis over the terms of the base period, generally 5 years.

Management evaluates alternatives for delivering services that may affect the current and future utilization of existing and planned assets and could result in an adjustment to the carrying values of such land, buildings, equipment and software in the future. Management evaluates and records impairment losses, where applicable, based on expected utilization, projected cash flows and recoverable values.

Maintenance and repairs are expensed as incurred. Major improvements that increase the estimated useful life of an asset are capitalized. Upon the sale or retirement of assets, recorded cost and related accumulated depreciation are removed from the accounts, and any gain or loss on disposal is reflected in operations.

Included in property and equipment are health care delivery assets representing pharmaceutical inventory, as well as medical center furniture, fixtures and equipment used in the direct delivery of care. Pharmaceutical inventory is included in the furniture and equipment category.

Pharmaceutical inventory is not subject to depreciation. Medical center furniture, fixtures and equipment used in the direct delivery of care are depreciated over their estimated useful lives but for a period not to exceed three years.

Self-Insured Risks

Costs associated with self-insured risks, primarily for workers' compensation, are charged to operations based upon actual and estimated claims. The estimate for incurred but not reported self-insured claims is based on actuarial projections of costs using historical claims and other relevant data. Estimates are monitored and reviewed and, as settlements were made or estimates were revised, adjustments are reflected in current operations. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. While the ultimate payments for self-insured claims are dependent on future developments, management is of the opinion that the reserve for self-insured risks is adequate. Coverage, in excess of the per occurrence self-insured retention, has been secured with affiliated and unaffiliated insurers or reinsurers for specified amounts for workers' compensation liabilities. Decisions relating to the limit and scope of the self-insured layer and the amounts of excess insurance purchased are reviewed each year, subject to management's analysis of actuarial loss projections and the price and availability of acceptable commercial insurance.

Notes to Financial Statement

Reserves for Unpaid Claims and Claims Adjustment Expense

The cost of health care services is recognized in the period in which services are provided. Reserves for unpaid claims and claims adjustment expense consists of unpaid health care expenses, which include an estimate of the cost of services provided to Health Plan's members by third-party providers that have been incurred but not reported. The estimate for incurred but not reported claims is based on actuarial projections of costs using historical paid claims and other relevant data. Estimates are monitored and reviewed and, as settlements are made or estimates are revised, adjustments are reflected in current operations. Such estimates are subject to the impact of changes in the regulatory environment and economic conditions. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. While the ultimate amount of paid claims is dependent on future developments, management is of the opinion that the reserves for unpaid claims and claims adjustment expense are adequate to cover such claims. Negative amounts reported for incurred related to prior years result from claims being adjudicated and paid for amounts less than originally estimated.

The Ohio Permanente Medical Group, P.C. (Medical Group) cooperates with Health Plan in conducting the Kaiser Permanente Medical Care Program. Health Plan contracts with the Medical Group to provide or arrange for hospital and medical services for members. Contract payments to the Medical Group represent a substantial portion of the expenses for medical services reported in the statutory financial statements. Included in the reserves for unpaid claims and claims adjustment expense is Health Plan's due to associated medical group. Due to associated medical group consists primarily of unpaid medical expenses owed to the Medical Group for medical services provided to members under a medical services agreement with Health Plan. Under the agreement, Health Plan reimburses the Medical Group for the cost of physician services provided by Medical Group and claims expense for referred medical services. The cost of medical services, including an estimate of claims incurred but not reported, is recognized by Health Plan in the period in which services are provided and is reflected as a component of medical and hospital expenses.

The payable to the Medical Group was \$8.1 million and \$13.2 million as of June 30, 2012 and December 31, 2011. Based upon the terms of the agreement with the Medical Group, Health Plan paid \$42.2 million and \$95.6 million to the Medical Group for the six months ended June 30, 2012 and the year ended December 31, 2011, respectively.

Premium Deficiency Reserves

Premium deficiency reserves and the related expense are recognized when it is probable that expected future health care and maintenance costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries over the contract period. Expected investment income and interest expense is included in the calculation for premium deficiency reserves, as appropriate. The level at which contracts are grouped for evaluation purposes is generally by geographic region. The methods for making such estimates and for establishing the resulting reserves are reviewed and updated, and any resulting adjustments are reflected in current operations. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided.

Receivables and Payables for Securities

Receivables and payables for securities represent current amounts for unsettled securities purchases or sales.

Donations and Grants Made or Received

Donations and grants made are recognized at fair value in the period in which a commitment is made, provided the payment of the donation or grant is probable and the amount is determinable. Donations or grants received, including research grants, are recognized at fair value in the period the donation or grant was committed unconditionally by the grantor or in the period the donation or grant requirements are met, if later.

Revenue Recognition

Net premium revenue includes premiums from employer groups, individuals and Medicare. Revenue is recognized over the period in which the members are entitled to health care services.

The majority of Health Plan's Medicare revenues are paid based on cost, with interim payments using pre-established rates, and the final settlement is made after the end of the fiscal year. Estimates of final settlements of the cost report are recorded by Health Plan. In connection with Health Plan's Medicare cost contract, Health Plan recorded allowances and

Notes to Financial Statement

reserves for adjustments of recorded revenues in the amount of \$31.8 million and \$28.5 million at June 30, 2012 and December 31, 2011, respectively. For the six months ended June 30, 2012 and the year ended December 31, 2011, Medicare revenues increased approximately \$2.1 million and decreased approximately \$11.8 million, respectively, due to prior year retroactive adjustments different than amounts previously estimated.

In addition, Medicare benefits include a voluntary prescription drug benefit (Part D). Revenues for Part D include capitated payments made from Medicare adjusted for health risk factor scores. Revenues also include amounts to reflect a portion of the health care costs for low-income Medicare beneficiaries and a risk-sharing arrangement to limit the exposure to unexpected expenses. Related accruals are recognized monthly based on cumulative experience and membership data. Part D revenue is finalized after all data is submitted to Medicare, and the final settlement is made after the end of the fiscal year.

Medicare Cost revenue and Medicare Part D revenue are subject to governmental audits and potential payment adjustments. The Centers for Medicare & Medicaid Services (CMS) performs coding audits to validate the supporting documentation maintained by Health Plan and its care providers.

Estimates of retrospective adjustments resulting from coding audits, cost reports and other contractual adjustments are recorded in the time period in which members are entitled to health care services. Actual retroactive adjustments may differ from initial estimates.

Premiums collected in advance are deferred and recorded as premiums received in advance. Revenue is adjusted to reflect estimates of collectability, including retroactive membership adjustment trends and economic conditions. Revenue and related receivables are exclusive of charity care. A portion of revenues derived under contracts with the United States Office of Personnel Management is subject to audit and potential retrospective adjustments.

Pension and Other Postretirement Benefits

Health Plan participates in defined benefit pension and postretirement plans that are administered by KFHP. The plans are accounted for within the framework of SSAP No. 89, *Accounting for Pensions, A Replacement of SSAP No. 8*, and SSAP No. 14, *Postretirement Benefits Other Than Pensions*, respectively. The plans are actuarially evaluated and involve various assumptions. Critical assumptions include the discount rate and the expected rate of return on plan assets (for pension), which are important elements of expense and/or liability measurement. Other assumptions involve demographic factors such as retirement age, mortality, turnover and the rate of compensation increases. KFHP evaluates assumptions annually and modifies them as appropriate. Pension and postretirement costs are allocated over the service period of the employees in the plan.

KFHP uses a discount rate to determine the present value of the future benefit obligations. The discount rate is established based on rates available for high-quality fixed-income debt at the measurement date whose maturity dates match the expected cash flows of the retirement plans.

To determine the expected long-term rate of return on pension plan assets, KFHP considers the current and expected asset allocation, as well as historical and expected returns for each plan asset class. Any difference between actual and expected plan experience, in excess of a 10% corridor around the larger of assets or liabilities, is recognized in the net periodic pension calculation over the expected average future service of the current employees, which is approximately 13 years.

Cost Allocations

For reporting lines of business activity, expenses are allocated based on utilization and experience.

2) Accounting Changes and Corrections of Errors

No significant changes from the 2011 annual statement.

3) Business Combinations and Goodwill

No significant changes from the 2011 annual statement.

4) Discontinued Operations

No significant changes from the 2011 annual statement.

Notes to Financial Statement

5) Investments

A -C, E -G

At June 30, 2012, Health Plan had no investments in mortgage loans, restructured debt, reverse mortgages, repurchase agreements, property held exclusively for sale, or low-income housing tax credits.

D) Loan-Backed Securities

(1) & (2) Fair Values and Concentrations of Credit Risk

Health Plan's accounting policies regarding investments, including prepayment assumptions, are described in Note 1, "Summary of Significant Accounting Policies."

At June 30, 2012, Health Plan held loan-backed securities with the following fair values and concentrations credit risk (in thousands):

| <u>Type</u> | <u>Class</u> | <u>Book Value</u> | <u>Fair Value</u> |
|--|-------------------|-------------------|-------------------|
| Commercial Mortgage-Backed and Other Loan-Backed and Structured Securities | Industrial & Misc | \$ 10,313 | \$ 10,378 |
| Total | | <u>\$10,313</u> | <u>\$10,378</u> |

Other-than-temporary impairment (OTTI) recognized for the six months ended June 30, 2012 related to loan-backed securities is as follows (in thousands):

| <u>Classification</u> | <u>Amortized cost before OTTI</u> | <u>Recognized OTTI</u> | <u>Fair value at Time of OTTI</u> |
|--|-----------------------------------|------------------------|-----------------------------------|
| Inability or lack of intent to retain - Q1 | \$ 354 | \$ (1) | \$ 353 |
| Inability or lack of intent to retain - Q2 | \$ 852 | \$ (2) | \$ 850 |
| Total | <u>\$ 1,206</u> | <u>\$ (3)</u> | <u>\$ 1,203</u> |

(3) Loan-backed securities held as of June 30, 2012 with a 2012 recognized other-than-temporary impairment are as follows (in thousands):

| <u>CUSIP</u> | <u>Book/Adj Carrying Value</u> | <u>Recognized other-than-temporary impairment</u> | <u>Amortized Cost after other-than-temporary impairment</u> | <u>Fair Value at Time of OTTI</u> | <u>Date of Financial Statement Where Reported</u> |
|--------------|--------------------------------|---|---|-----------------------------------|---|
| 36828QHK5 | \$354 | (1) | \$353 | \$353 | 3/31/2012 |
| 36828QHK5 | \$351 | (1) | \$350 | \$350 | 6/30/2012 |
| 34529VAD4 | \$501 | (1) | \$500 | \$500 | 6/30/2012 |

F) Real Estate

There were no impairment losses on real estate for the six months ended June 30, 2012.

6) Joint Ventures, Partnerships & Limited Liability Companies

No significant changes from the 2011 annual statement.

7) Investment Income

No significant changes from the 2011 annual statement.

8) Derivative Instruments

No significant changes from the 2011 annual statement.

Notes to Financial Statement

9) Income Taxes

No significant changes from the 2011 annual statement.

10) Information Concerning Parent, Subsidiaries and Affiliates

Health Plan is a subsidiary of Kaiser Foundation Health Plan, Inc. (KFHP). KFHP is affiliated with Kaiser Foundation Hospitals (Hospitals) because their governing boards and management are substantially the same. Health Plan contracts with Kaiser Foundation Hospitals to provide or arrange hospital services to members. Based upon the terms of the Hospital Service Agreement, Health Plan was charged \$28.4 million and \$59.3 million by Hospitals for the six months ended June 30, 2012 and the year ended December 31, 2011, respectively.

Costs of services provided by KFHP and Hospitals to Health Plan were based on the actual cost incurred to provide those services. Services provided include, but are not limited to the following: information technology, treasury, general management, administrative support, and transaction processing. Charges for costs of services provided by KFHP and Hospitals were approximately \$29.3 million and \$59.1 million for the six months ended June 30, 2012 and the year ended December 31, 2011, respectively. Health Plan received \$4 thousand of investment income from Hospitals for the six months ended June 30, 2012 and \$60 thousand for the year ended December 31, 2011. In addition, Health Plan was charged interest expense of \$62 thousand and \$115 thousand by KFHP and Hospitals with respect to amounts paid by KFHP and Hospitals on behalf of Health Plan for the six months ended June 30, 2012 and the year ended December 31, 2011, respectively.

Additionally, Health Plan purchased professional liability and other insurance from affiliated organizations primarily Lokahi Assurance, Ltd. (Lokahi). Health Plan's premium expense under these arrangements for the six months ended June 30, 2012 and the year ended December 31, 2011 was \$2.6 million and \$3.3 million, respectively.

Health Plan contracts with Kaiser Permanente Insurance Company, a subsidiary of KFHP, to provide administrative services including, but not limited to, product development, rating and underwriting, marketing and sales, advertising, claims adjudication, member services, utilization management, and premium billing and collection. Pursuant to this contract, Health Plan received revenues of \$321 thousand and \$931 thousand for the six months ended June 30, 2012 and the year ended December 31, 2011, respectively. In addition, Health Plan and KPIC cooperate in the delivery of services under Point of Service products. Under this arrangement, premiums from customers are allocated between Health Plan and KPIC based on prospective estimates of utilization. Pursuant to this arrangement, Health Plan received \$9.3 million and \$30.8 million in premium revenue from KPIC for the six months ended June 30, 2012 and the year ended December 31, 2011, respectively.

Health Plan has also entered into reciprocal business relationships with KFHP whereby Health Plan and KFHP and its subsidiaries provided medical services to visiting members. Net revenue recorded for services provided by Health Plan for the six months ended June 30, 2012 and the year ended December 31, 2011 was \$459 thousand and \$986 thousand, respectively. Net expense for services provided to Health Plan members in the six months ended June 30, 2012 and the year ended December 31, 2011 was \$476 thousand and \$1.1 million, respectively.

Health Plan has a guaranty agreement with the parent, KFHP and affiliates, in which the parent and Hospitals, without exception, guarantees all obligations of Health Plan, including a guarantee to provide health care services to Health Plan's subscribers, enrollees and dependents in the event that Health Plan is discontinued prior to the expiration of Health Plan's contracts. In addition, Hospitals has loaned certain subordinated debt to Health Plan as described in the footnote *Minimum Capital and Surplus*.

Due from Hospitals generally represents amounts held and invested by affiliated organizations for the benefit of Health Plan in accordance with an agreement to manage excess funds. Due to Hospitals generally represents funds transferred by Hospitals to Health Plan to satisfy Health Plan's operational requirements. Due to Hospitals included a liability for payment of Hospitals' reserves for unpaid claims of \$7.6 million and \$10.4 million as of June 30, 2012 and December 31, 2011, respectively. Hospitals' claims expense was included in Health Plan's total expenses, primarily hospital and medical expenses.

Health Plan participates in the Intercompany Lending Agreement, whereby funds are loaned to Health Plan from affiliates as needed and settled on a periodic basis. In the

Notes to Financial Statement

second quarter of 2012, Health Plan used proceeds from the sale of short-term investments to settle \$28.9 million due Hospitals under the lending agreement.

Due from (due to) affiliated organizations – net at June 30, 2012 and December 31, 2011 were as follows (in thousands):

| | <u>6/30/2012</u> | <u>12/31/2011</u> |
|-------------------------------------|------------------|-------------------|
| Due to Related Parties: | | |
| Kaiser Foundation Health Plan, Inc. | \$ 6,359 | \$ 8,655 |
| Kaiser Foundation Hospitals | 4,051 | 17,065 |
| Kaiser Permanente Insurance Corp | 803 | 1,607 |
| Other Related Parties | 339 | 431 |
| Total Due to Related Parties | <u>\$ 11,552</u> | <u>\$ 27,758</u> |
| Due from Related Parties: | | |
| Lokahi Assurance, Ltd. | 38 | 965 |
| Total Due from Related Parties | <u>\$ 38</u> | <u>\$ 965</u> |

11) Debt

No significant changes from the 2011 annual statement.

12) Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences, and Post-retirement Benefit Plans

No significant changes from the 2011 annual statement.

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

In January and May of 2012, Health Plan issued subordinated notes (the Notes) to Hospitals in the amounts of \$11.0 million and \$10 million, respectively, with interest payable annually at 7.5%. The Notes are payable seven years from issuance and are due in January and May of 2019. Payment of principal or interest of the Notes are subject to approval by the Ohio Department of Insurance, and are subordinated to the prior payment of all general liabilities of Health Plan and the claims of its policyholders and all classes of creditors. Unapproved interest payable at June 30, 2012 and December 31, 2011 totaled \$11.5 million and \$7.5 million, respectively. The Notes, which were issued to maintain risk-based capital requirements, have been recorded as an increase to capital for statutory purposes. Unapproved interest payable is not accrued for statutory purposes.

14) Contingencies

No significant changes from the 2011 annual statement.

15) Leases

No significant changes from the 2011 annual statement.

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

No significant changes from the 2011 annual statement.

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

Health Plan has no transactions subject to the disclosure requirements of this footnote during the reporting period. Health Plan had no transfers of receivables or transfers of financial assets. SSAP No. 91R, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities (SSAP No.91R)*, paragraph 100 requires a reporting

Notes to Financial Statement

entity to disclose any wash sales involving securities with a NAIC designation of 3 or below. Health Plan's investment strategy does not include purchasing any securities with a NAIC designation of 3 or below. During 2012 and 2011, Health Plan did not participate in any wash sale as defined by SSAP No. 91.

- 18) Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans.

Health Plan had no ASO or ASC plans on which to report. See Revenue Recognition in Note 1C – Accounting Policies.

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

No significant changes from the 2011 annual statement.

- 20) Fair Value Measurements

Health Plan utilizes a three-level valuation hierarchy for fair value measurements. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. For instruments classified in Level 1 of the hierarchy, valuation inputs are quoted prices for identical instruments in active markets at the measurement date. For instruments classified in Level 2 of the hierarchy, valuation inputs are directly observable but do not qualify as Level 1 inputs. Examples of Level 2 inputs include: quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in inactive markets; other observable inputs such as interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates; and market-correlated inputs that are derived principally from or corroborated by observable market data. For instruments classified in Level 3 of the hierarchy, valuation inputs are unobservable inputs for the instrument. Level 3 inputs incorporate assumptions about the factors that market participants would use in pricing the instrument.

Investments are reported at lower of amortized cost or fair value, with impairment recorded if amortized cost is greater than fair value. If amortized cost is greater than fair value, amortized cost is written down to fair value. Valuation is primarily determined by external pricing agencies over which management exercises oversight to ensure materially accurate valuations. The fair values of investments are based on quoted market prices, if available, or estimated using quoted market prices for similar investments. If listed prices or quotes are not available, fair value is based upon other observable inputs or models that primarily use market-based or independently sourced market parameters as inputs. In addition to market information, models also incorporate transaction details such as maturity. Fair value adjustments, including credit, liquidity and other factors, are included, as appropriate, to arrive at a fair value measurement.

Investments at statement value and estimated fair value at June 30, 2012 included (in thousands):

Notes to Financial Statement

| June 30, 2012 | Statement value | Estimated fair value | Level 1 | Level 2 | Level 3 |
|--|----------------------------|---------------------------------|----------------|-------------------|----------------|
| Short-term investments: | | | | | |
| Money market funds | \$ 23,898 | \$ 23,898 | \$ — | \$ 23,898 | \$ — |
| Total short-term investments | <u>23,898</u> | <u>23,898</u> | <u>—</u> | <u>23,898</u> | <u>—</u> |
| Bonds and other invested assets: | | | | | |
| U.S. Treasury and government-sponsored agencies | 7,853 | 7,941 | — | 7,941 | — |
| All other government bonds | 17,562 | 18,007 | — | 18,007 | — |
| Loan-backed and/or structured securities | 10,313 | 10,378 | — | 10,378 | — |
| Industrial and miscellaneous bonds | <u>66,213</u> | <u>67,862</u> | <u>—</u> | <u>67,862</u> | <u>—</u> |
| Total bonds and other invested assets | <u>101,941</u> | <u>104,188</u> | <u>—</u> | <u>104,188</u> | <u>—</u> |
| Total investments | <u>\$ 125,839</u> | <u>\$ 128,086</u> | <u>\$ —</u> | <u>\$ 128,086</u> | <u>\$ —</u> |

21) Other Items

No significant changes from the 2011 annual statement.

Notes to Financial Statement

22) Events Subsequent

No significant changes from the 2011 annual statement.

Notes to Financial Statement

23) Reinsurance

No significant changes from the 2011 annual statement.

24) Retrospectively Rated Contracts

No significant changes from the 2011 annual statement.

25) Change in Incurred Claims and Claim Adjustment Expenses

Analysis of claims activity as of and for the six months ended June 30, 2012 and the year ended December 31, 2011(in thousands):

| | 6/30/2012 | 12/31/2011 |
|--|------------------|-------------------|
| Claims Payable: | | |
| Balance at Beginning of Period | \$34,498 | \$37,106 |
| Balance at End of Period | <u>26,019</u> | <u>34,498</u> |
| Change in Claims Payable - Increase (Decrease) | <u>(8,479)</u> | <u>(2,608)</u> |
| Incurred Claims: | | |
| Insured Events of Current Year | 238,001 | 506,630 |
| Increase/(Decrease) Insured Events of Prior Year | <u>(257)</u> | <u>(1,153)</u> |
| Total Incurred Claims | <u>237,744</u> | <u>505,477</u> |
| Payment of Claims: | | |
| Claims Incurred in Prior Years | 32,313 | 35,230 |
| Claims Incurred in Current Year | <u>213,910</u> | <u>472,855</u> |
| Total Claims Paid | <u>\$246,223</u> | <u>\$508,085</u> |

No additional premiums or return premiums have been accrued as a result of the prior-year effects.

26) Intercompany Pooling Arrangements

No significant changes from the 2011 annual statement.

27) Structured Settlements

No significant changes from the 2011 annual statement.

28) Health Care Receivables

No significant changes from the 2011 annual statement.

29) Participating Policies

No significant changes from the 2011 annual statement.

30) Premium Deficiency Reserves

At June 30, 2012, Health Plan established premium deficiency reserves of \$11.5 million related to 2012 and 2013 expected losses on contracts. The liability was established based on evaluation of contracts at June 30, 2012. Anticipated investment income was utilized in the calculation of expected losses.

31) Anticipated Salvage and Subrogation

No significant changes from the 2011 annual statement.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes[X] No[]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes[X] No[] N/A[]

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

- 3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes[] No[X]
If yes, complete the Schedule Y - Part 1 - organizational chart.

- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 4.2 If yes, provide the name of 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 |
|---------------------|------------------------|------------------------|
| | | |

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes[] No[] N/A[X]
If yes, attach an explanation.

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2010.....
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2010.....
- 6.3 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).07/09/2012.....
- 6.4 By what department or departments?
Ohio Department of Insurance
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes[] No[] N/A[X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[] No[] N/A[X]

- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[] No[X]
- 7.2 If yes, give full information

- 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 below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

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

- 9.1 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.
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended? Yes[] No[X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[] No[X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

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

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes[] No[X]
- 11.2 If yes, give full and complete information relating thereto:

- 12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$..... 0
- 13. Amount of real estate and mortgages held in short-term investments: \$..... 0

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes[] No[X]
- 14.2 If yes, please complete the following:

GENERAL INTERROGATORIES (Continued)

| | 1 Prior Year-End Book/Adjusted Carrying Value | 2 Current Quarter Book/Adjusted Carrying Value |
|--|--|---|
| 14.21 Bonds | | |
| 14.22 Preferred Stock | | |
| 14.23 Common Stock | | |
| 14.24 Short-Term Investments | | |
| 14.25 Mortgages Loans on Real Estate | | |
| 14.26 All Other | | |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) | | |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above | | |

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes[] No[X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes[] No[] N/A[X]

16. 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[]

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

| 1 Name of Custodian(s) | 2 Custodian Address |
|---|---|
| Key Bank Association | PO Box 94718 Cleve OH 44114 |
| State Street Bank and Trust Company | 444 South Flower Street, 45th Floor, Los Angeles, California 90071 |

16.2 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) |
|--------------|------------------|------------------------------|
| | | |

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes[] No[X]

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

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

16.5 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 | 2 Name(s) | 3 Address |
|---|--------------------------------|---|
| 104973 | Wells Capital Management | 525 Market St, 10th Fl, San Francisco, CA 94510 |

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[]

17.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 2 - HEALTH

| | |
|--|---------------|
| 1. Operating Percentages: | |
| 1.1 A&H loss percent | 99.000% |
| 1.2 A&H cost containment percent | 1.000% |
| 1.3 A&H expense percent excluding cost containment expenses | 11.000% |
| 2.1 Do you act as a custodian for health savings accounts? | Yes[] No[X] |
| 2.2 If yes, please provide the amount of custodial funds held as of the reporting date. | \$..... 0 |
| 2.3 Do you act as an administrator for health savings accounts? | Yes[] No[X] |
| 2.4 If yes, please provide the balance of the funds administered as of the reporting date. | \$..... 0 |

SCHEDULE S - CEDED REINSURANCE
Showing All New Reinsurance Treaties - Current Year to Date

| 1 NAIC Company Code | 2 Federal ID Number | 3 Effective Date | 4 Name of Reinsurer | 5 Domiciliary Jurisdiction | 6 Type of Reinsurance Ceded | 7 Is Insurer Authorized? (Yes or No) |
|------------------------------|------------------------------|------------------------|------------------------|----------------------------------|--------------------------------------|---|
| | | | NONE | | | |
| | | | | | | |

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**Current Year to Date - Allocated by States and Territories**

| State, Etc. | 1 Active Status | Direct Business Only | | | | | | | |
|---|--------------------|-----------------------------------|---------------------------|-------------------------|---|---|---------------------------------|--------------------------------|-----------------------------|
| | | 2 Accident and Health Premiums | 3 Medicare Title XVIII | 4 Medicaid Title XIX | 5 Federal Employees Health Benefits Program Premiums | 6 Life and Annuity Premiums and Other Considerations | 7 Property/Casualty Premiums | 8 Total Columns 2 Through 7 | 9 Deposit-Type Contracts |
| 1. Alabama (AL) | N | | | | | | | | |
| 2. Alaska (AK) | N | | | | | | | | |
| 3. Arizona (AZ) | N | | | | | | | | |
| 4. Arkansas (AR) | N | | | | | | | | |
| 5. California (CA) | N | | | | | | | | |
| 6. Colorado (CO) | N | | | | | | | | |
| 7. Connecticut (CT) | N | | | | | | | | |
| 8. Delaware (DE) | N | | | | | | | | |
| 9. District of Columbia (DC) | N | | | | | | | | |
| 10. Florida (FL) | N | | | | | | | | |
| 11. Georgia (GA) | N | | | | | | | | |
| 12. Hawaii (HI) | N | | | | | | | | |
| 13. Idaho (ID) | N | | | | | | | | |
| 14. Illinois (IL) | N | | | | | | | | |
| 15. Indiana (IN) | N | | | | | | | | |
| 16. Iowa (IA) | N | | | | | | | | |
| 17. Kansas (KS) | N | | | | | | | | |
| 18. Kentucky (KY) | N | | | | | | | | |
| 19. Louisiana (LA) | N | | | | | | | | |
| 20. Maine (ME) | N | | | | | | | | |
| 21. Maryland (MD) | N | | | | | | | | |
| 22. Massachusetts (MA) | N | | | | | | | | |
| 23. Michigan (MI) | N | | | | | | | | |
| 24. Minnesota (MN) | N | | | | | | | | |
| 25. Mississippi (MS) | N | | | | | | | | |
| 26. Missouri (MO) | N | | | | | | | | |
| 27. Montana (MT) | N | | | | | | | | |
| 28. Nebraska (NE) | N | | | | | | | | |
| 29. Nevada (NV) | N | | | | | | | | |
| 30. New Hampshire (NH) | N | | | | | | | | |
| 31. New Jersey (NJ) | N | | | | | | | | |
| 32. New Mexico (NM) | N | | | | | | | | |
| 33. New York (NY) | N | | | | | | | | |
| 34. North Carolina (NC) | N | | | | | | | | |
| 35. North Dakota (ND) | N | | | | | | | | |
| 36. Ohio (OH) | L | 172,981,821 | 54,554,384 | | 21,940,492 | | 249,476,697 | | |
| 37. Oklahoma (OK) | N | | | | | | | | |
| 38. Oregon (OR) | N | | | | | | | | |
| 39. Pennsylvania (PA) | N | | | | | | | | |
| 40. Rhode Island (RI) | N | | | | | | | | |
| 41. South Carolina (SC) | N | | | | | | | | |
| 42. South Dakota (SD) | N | | | | | | | | |
| 43. Tennessee (TN) | N | | | | | | | | |
| 44. Texas (TX) | N | | | | | | | | |
| 45. Utah (UT) | N | | | | | | | | |
| 46. Vermont (VT) | N | | | | | | | | |
| 47. Virginia (VA) | N | | | | | | | | |
| 48. Washington (WA) | N | | | | | | | | |
| 49. West Virginia (WV) | N | | | | | | | | |
| 50. Wisconsin (WI) | N | | | | | | | | |
| 51. Wyoming (WY) | N | | | | | | | | |
| 52. American Samoa (AS) | N | | | | | | | | |
| 53. Guam (GU) | N | | | | | | | | |
| 54. Puerto Rico (PR) | N | | | | | | | | |
| 55. U.S. Virgin Islands (VI) | N | | | | | | | | |
| 56. Northern Mariana Islands (MP) | N | | | | | | | | |
| 57. Canada (CN) | N | | | | | | | | |
| 58. Aggregate other alien (OT) | X X X | | | | | | | | |
| 59. Subtotal | X X X | 172,981,821 | 54,554,384 | | 21,940,492 | | 249,476,697 | | |
| 60. Reporting entity contributions for Employee Benefit Plans | X X X | | | | | | | | |
| 61. Total (Direct Business) | (a) 1 | 172,981,821 | 54,554,384 | | 21,940,492 | | 249,476,697 | | |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 5801. | X X X | | | | | | | | |
| 5802. | X X X | | | | | | | | |
| 5803. | X X X | | | | | | | | |
| 5898. Summary of remaining write-ins for Line 58 from overflow page | X X X | | | | | | | | |
| 5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above) | X X X | | | | | | | | |

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

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

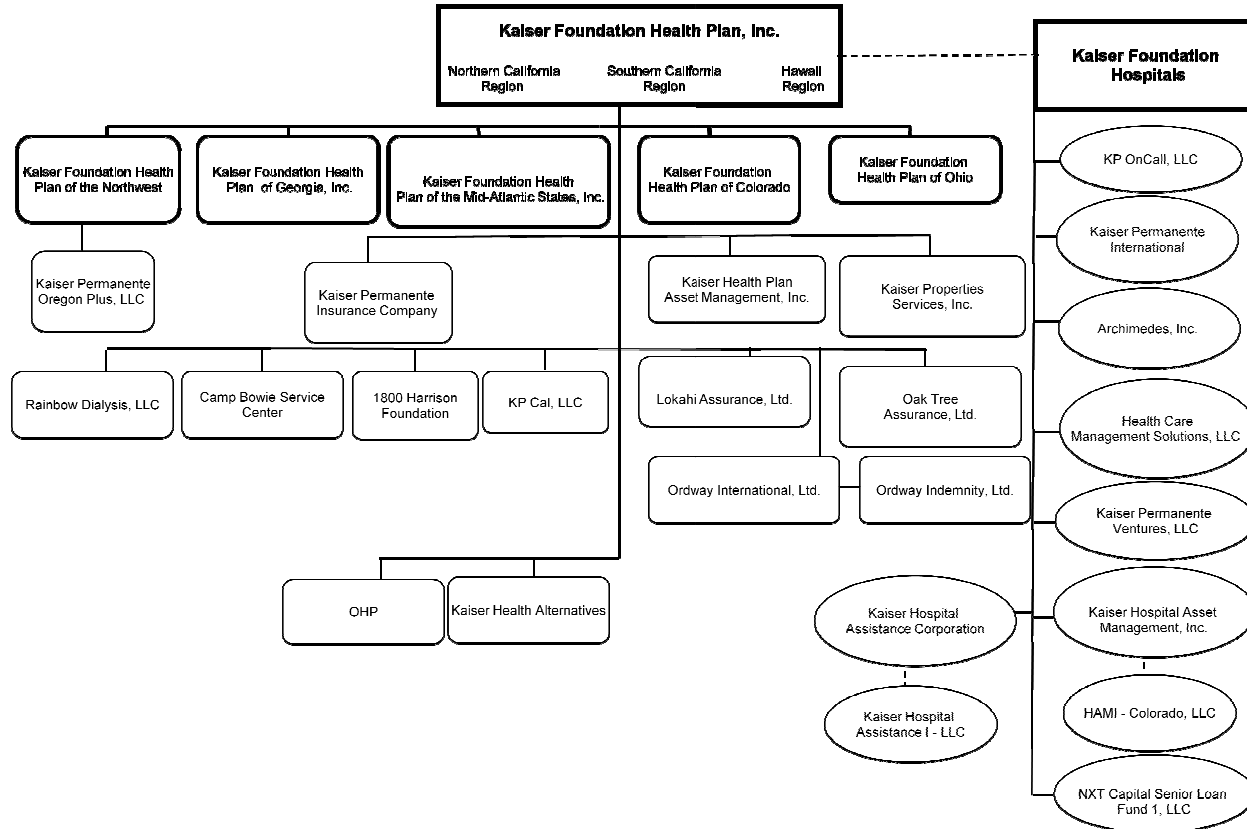
PART 1 - ORGANIZATIONAL CHART

KAISER FOUNDATION HEALTH PLAN, INC. AND KAISER FOUNDATION HOSPITALS

SUSIDIARIES AND AFFILIATED CORPORATIONS

JUNE 30, 2012

Q15



SCHEDULE Y**PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|------------|-------------------------------------|-------------------|-------------------|--------------|-----|--|---|----------------------|----------------------------------|--|--|--|--|----|
| Group Code | Group Name | NAIC Company Code | Federal ID Number | FEDERAL RSSD | CIK | Name of Securities Exchange if Publicly Traded (U.S. or International) | Name of Parent Subsidiaries or Affiliates | Domiciliary Location | Relationship to Reporting Entity | Directly Controlled by (Name of Entity / Person) | Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other) | If Control is Ownership Provide Percentage | Ultimate Controlling Entity(ies) / Person(s) | * |
| 0601 | KAISER FOUNDATION HEALTH PLAN INC. | 95669 | 84-0591617 | | | | KAISER FOUNDATION HLTH PLAN OF Colorado | CO | NIA | KPHP | Ownership | 100.0 | KFHP | |
| 0601 | KAISER FOUNDATION HEALTH PLAN INC. | 00000 | 03-0329760 | | | | Oak Tree Assurance, Ltd. | VT | OTH | KFHP | Ownership | 100.0 | KFHP | 1 |
| 0601 | KAISER FOUNDATION HEALTH PLAN INC. | 95639 | 52-0954463 | | | | KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES INC. | MD | NIA | KFHP | Ownership | 100.0 | KFHP | |
| 0601 | KAISER FOUNDATION HEALTH PLAN INC. | 96237 | 58-1592076 | | | | KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC. | GA | NIA | KFHP | Ownership | 100.0 | KFHP | |
| 0601 | KAISER FOUNDATION HEALTH PLAN INC. | 95204 | 34-0922268 | | | | KAISER FOUNDATION HEALTH PLAN OF OHIO | OH | | KFHP | Ownership | 100.0 | KFHP | |
| 0601 | KAISER FOUNDATION HEALTH PLAN INC. | 00000 | 94-3299124 | | | | KAISER HEALTH PLAN ASSET MANAGEMENT, INC. | CA | NIA | KFHP | Ownership | 100.0 | KFHP | |
| 0601 | KAISER FOUNDATION HEALTH PLAN INC. | 60053 | 94-3203402 | | | | KAISER PERMANENTE INS CO | CA | IA | KFHP | Ownership | 100.0 | KFHP | 2 |
| 0601 | KAISER FOUNDATION HEALTH PLAN INC. | 00000 | 94-1340523 | | | | KAISER FOUNDATION HEALTH PLAN, INC. ("KFHP") | CA | UDP | | Board of Directors | | KFHP | |
| 0601 | KAISER FOUNDATION HEALTH PLAN INC. | 95540 | 93-0798039 | | | | KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST ("KFHP-NW") | OR | NIA | KFHP | Ownership | 100.0 | KFHP | |
| | KAISER FOUNDATION HEALTH PLAN INC. | 00000 | 94-3259432 | | | | KAISER PROPERTIES SERVICES, INC. | CA | NIA | KFHP | Ownership | 100.0 | KFHP | |
| | KAISER FOUNDATION HEALTH PLAN INC. | 00000 | 93-0954562 | | | | KAISER HEALTH ALTERNATIVES | OR | NIA | KFHP | Ownership | 100.0 | KFHP | |
| | KAISER FOUNDATION HOSPITALS | 00000 | 94-3245176 | | | | KAISER PERMANENTE INTERNATIONAL | CA | NIA | KFH | Ownership | 100.0 | KFH | |
| | KAISER FOUNDATION HOSPITALS | 00000 | 94-3299125 | | | | KAISER HOSPITAL ASSET MANAGEMENT, INC. | CA | NIA | KFH | Ownership | 100.0 | KFH | |
| | KAISER FOUNDATION HEALTH PLAN, INC. | 00000 | 94-3299123 | | | | CAMP BOWIE SERVICE CENTER | CA | NIA | KFHP | Ownership | 100.0 | KFHP | |
| | KAISER FOUNDATION HOSPITALS | 00000 | 94-1105628 | | | | KAISER FOUNDATION HOSPITALS ("KFH") | CA | NIA | | Board of Directors | | KFH | |
| | KAISER FOUNDATION HEALTH PLAN, INC. | 00000 | 91-2171891 | | | | LOKAHI ASSURANCE LTD | HI | OTH | KFHP | Ownership | 100.0 | KFHP | 1 |
| | KAISER FOUNDATION HEALTH PLAN INC. | 00000 | 20-2712661 | | | | KP CAL, LLC | CA | NIA | KFHP | Ownership | 100.0 | KFHP | |
| | KAISER FOUNDATION HEALTH PLAN INC. | 00000 | 90-0031974 | | | | ORDWAY INDEMNITY, LTD | BM | OTH | KFHP | Ownership | 100.0 | KFHP | 1 |
| | KAISER FOUNDATION HEALTH PLAN INC. | 00000 | | | | | ORDWAY INTERNATIONAL, LTD. | BM | OTH | KFHP | Ownership | 100.0 | KFHP | 3 |
| | KAISER FOUNDATION HEALTH PLAN INC. | 00000 | 93-0480268 | | | | OHP | WA | NIA | KFHP | Ownership | 100.0 | KFHP | |
| | KAISER FOUNDATION HOSPITALS | 00000 | 94-3299124 | | | | HAMI-COLORADO, LLC | DE | NIA | KAISER HOSPITAL ASSET MANAGEMENT, INC. | Management | | KFH | |
| | KAISER FOUNDATION HEALTH PLAN INC. | 00000 | 20-2396517 | | | | KAISER PERMANENTE OREGON PLUS, LLC | OR | NIA | KFHP-NW | Ownership | 100.0 | KFHP | |
| | KAISER FOUNDATION HOSPITALS | 00000 | 20-3774729 | | | | ARCHIMEDES, INC. | CA | NIA | KFH | Board of Directors & Ownership (Majority) | 94.9 | KFH | 4 |
| | KAISER FOUNDATION HOSPITALS | 00000 | 20-3924985 | | | | HEALTH CARE MANAGEMENT SOLUTIONS, LLC | CA | NIA | KFH | Ownership | 83.0 | KFH | 5 |

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|------------|---|-------------------|-------------------|--------------|-------|--|--|----------------------|----------------------------------|--|--|--|--|---------|
| Group Code | Group Name | NAIC Company Code | Federal ID Number | FEDERAL RSSD | CIK | Name of Securities Exchange if Publicly Traded (U.S. or International) | Name of Parent Subsidiaries or Affiliates | Domiciliary Location | Relationship to Reporting Entity | Directly Controlled by (Name of Entity / Person) | Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other) | If Control is Ownership Provide Percentage | Ultimate Controlling Entity(ies) / Person(s) | * |
| ..... | KAISER FOUNDATION HOSPITALS | 00000 | 91-2166347 ..... | ..... | ..... | ..... | KP ONCALL, LLC | CA | NIA | KFH | Ownership | 100.0 | KFH ..... | ..... |
| ..... | KAISER FOUNDATION HEALTH PLAN INC. | 00000 | 94-3317484 ..... | ..... | ..... | ..... | 1800 HARRISON FOUNDATION KAISER PERMANENTE VENTURES, LLC | CA | NIA | KFHP | Board of Directors ..... | ..... | KFHP ..... | ..... |
| ..... | KAISER FOUNDATION HOSPITALS | 00000 | 27-2252521 ..... | ..... | ..... | ..... | RAINBOW DIALYSIS, LLC | DE | NIA | KFH | Ownership | 100.0 | KFH ..... | ..... |
| ..... | KAISER FOUNDATION HEALTH PLAN INC. | 00000 | 27-0473737 ..... | ..... | ..... | ..... | KAISER HOSPOITAL ASSISTANCE CORPORATION | CA | NIA | KFH | Ownership | 100.0 | KFH ..... | ..... |
| ..... | KAISER FOUNDATION HOSPITALS | 00000 | 31-1779500 ..... | ..... | ..... | ..... | KAISER HOSPITAL ASSISTANCE I-LLC | CA | NIA | KFH | Ownership | 100.0 | KFH ..... | ..... |
| ..... | KAISER FOUNDATION HOSPITALS | 00000 | 00-0000000 ..... | ..... | ..... | ..... | NXT CAPITAL SENIOR LOAN FUND1, LLC | DE | NIA | KFH | Ownership | 75.1 | KFH | 6 |

Q16.1

| Asterisk | Explanation |
|----------|--|
| 0000001 | Relation to reporting entity-captive insurance company controlled by KFHP |
| 0000002 | 100% of preferred stock owned by KFHP, 50% of voting stock owned by KFHP and 50% owned by Permanente Medical Groups |
| 0000003 | Relation to reporting entity - holding company - holds 100% of the shares of Ordway Indemnity, Ltd. |
| 0000004 | Remaining ownership interest of 5.058% is held by The Permanente Federation LLC |
| 0000005 | KFH owns 100% of the preferred shares of HCMS. In addition, KFHP owns 50% of the common shares and The Permanente Federation LLC owns the remaining 50% of the common shares of HCMS. |
| 0000006 | KFH and the Kaiser Permanente Group Trust are the Participation members of this LLC, and KFHP owns 75.1% and Kaiser Permanente Group Trust owns 24.9%. Kaiser Foundation Health Plan, Inc. is the fiduciary of Kaiser Permanente Group Trust. NXT Capital Loan Servicing, LLC is the Designated member. |

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

No

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



95204201236500002

2012

Document Code: 365

OVERFLOW PAGE FOR WRITE-INS

LIABILITIES, CAPITAL AND SURPLUS

| | Current Period | | | Prior Year |
|--|----------------|----------------|------------|------------|
| | 1 Covered | 2 Uncovered | 3 Total | 4 Total |
| 2304. Workers Comp | 3,410,153 | | 3,410,153 | 3,343,248 |
| 2305. Rent Payable | 454,378 | | 454,378 | 352,448 |
| 2306. Pension Liability | 46,614,356 | | 46,614,356 | 42,653,372 |
| 2307. Medicare Reserves / Payables | 24,353,037 | | 24,353,037 | 25,796,375 |
| 2308. | | | | |
| 2309. | | | | |
| 2397. Summary of remaining write-ins for Line 23 (Lines 2304 through 2396) | 74,831,924 | | 74,831,924 | 72,145,443 |

STATEMENT OF REVENUE AND EXPENSES

| | Current Year To Date | | Prior Year To Date | Prior Year Ended December 31 |
|--|----------------------|------------|--------------------|------------------------------|
| | 1 Uncovered | 2 Total | 3 Total | 4 Total |
| 0604. | X X X | | | |
| 0605. | X X X | | | |
| 0606. | X X X | | | |
| 0607. | X X X | | | |
| 0608. | X X X | | | |
| 0609. | X X X | | | |
| 0610. | X X X | | | |
| 0611. | X X X | | | |
| 0612. | X X X | | | |
| 0613. | X X X | | | |
| 0614. | X X X | | | |
| 0697. Summary of remaining write-ins for Line 6 (Lines 0604 through 0696) | X X X | | | |
| 1404. Medical Administration | | 35,341,055 | 30,113,575 | 70,726,079 |
| 1405. Other Benefits (Home Care, Hospice, Admn Excep, DME) excluding payroll | | 2,741,084 | 2,738,612 | 5,122,712 |
| 1406. Community Service | | 5,561,353 | 2,143,361 | 11,067,458 |
| 1407. | | | | |
| 1408. | | | | |
| 1409. | | | | |
| 1410. | | | | |
| 1411. | | | | |
| 1412. | | | | |
| 1413. | | | | |
| 1414. | | | | |
| 1497. Summary of remaining write-ins for Line 14 (Lines 1404 through 1496) | | 43,643,492 | 34,995,548 | 86,916,249 |

STATEMENT OF REVENUE AND EXPENSES (Continued)

| | 1 Current Year To Date | 2 Prior Year To Date | 3 Prior Year Ended December 31 |
|--|---------------------------|-------------------------|-----------------------------------|
| 4704. | | | |
| 4705. | | | |
| 4706. | | | |
| 4707. | | | |
| 4708. | | | |
| 4797. Summary of remaining write-ins for Line 47 (Lines 4704 through 4796) | | | |

STATEMENT AS OF **June 30, 2012** OF THE **KAISER FOUNDATION HEALTH PLAN OF OHIO**
SCHEDULE A - VERIFICATION

Real Estate

| | 1 | 2 |
|--|--------------|---------------------------------|
| | Year To Date | Prior Year Ended December 31 |
| 1. Book/adjusted carrying value, December 31 of prior year | 51,707,113 | 55,994,212 |
| 2. Cost of acquired | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | | |
| 3. Current year change in encumbrances | 1,281,326 | 1,789,610 |
| 4. Total gain (loss) on disposals | | |
| 5. Deduct amounts received on disposals | | |
| 6. Total foreign exchange change in book/adjusted carrying value | | |
| 7. Deduct current year's other than temporary impairment recognized | | |
| 8. Deduct current year's depreciation | 2,040,805 | 6,076,709 |
| 9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8) | 50,947,634 | 51,707,113 |
| 10. Deduct total nonadmitted amounts | | |
| 11. Statement value at end of current period (Line 9 minus Line 10) | 50,947,634 | 51,707,113 |

SCHEDULE B - VERIFICATION

Mortgage Loans

| | 1 | 2 |
|---|--------------|---------------------------------|
| | Year To Date | Prior Year Ended December 31 |
| 1. Book value/recorded investment excluding accrued interest, December 31 of prior year | | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | | |
| 3. Capitalized deferred interest and other | | |
| 4. Accrual of discount | | |
| 5. Unrealized valuation increase (decrease) | | |
| 6. Total gain (loss) on disposals | | |
| 7. Deduct amounts received on disposals | | |
| 8. Deduct amortization of premium and mortgage interest paid | | |
| 9. Total foreign exchange change in book value/recorded investment | | |
| 10. Deduct current year's other than temporary impairment recognized | | |
| 11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) | | |
| 12. Total valuation allowance | | |
| 13. Subtotal (Line 11 plus Line 12) | | |
| 14. Deduct total nonadmitted amounts | | |
| 15. Statement value at end of current period (Line 13 minus Line 14) | | |

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

| | 1 | 2 |
|--|--------------|---------------------------------|
| | Year To Date | Prior Year Ended December 31 |
| 1. Book/adjusted carrying value, December 31 of prior year | | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | | |
| 3. Capitalized deferred interest and other | | |
| 4. Accrual of discount | | |
| 5. Unrealized valuation increase (decrease) | | |
| 6. Total gain (loss) on disposals | | |
| 7. Deduct amounts received on disposals | | |
| 8. Deduct amortization of premium and depreciation | | |
| 9. Total foreign exchange change in book/adjusted carrying value | | |
| 10. Deduct current year's other than temporary impairment recognized | | |
| 11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) | | |
| 12. Deduct total nonadmitted amounts | | |
| 13. Statement value at end of current period (Line 11 minus Line 12) | | |

NONE

SCHEDULE D - VERIFICATION

Bonds and Stocks

| | 1 | 2 |
|---|--------------|---------------------------------|
| | Year To Date | Prior Year Ended December 31 |
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year | 102,847,727 | 97,544,695 |
| 2. Cost of bonds and stocks acquired | 36,513,503 | 52,422,609 |
| 3. Accrual of discount | 48,137 | 82,464 |
| 4. Unrealized valuation increase (decrease) | | |
| 5. Total gain (loss) on disposals | 656,812 | 510,170 |
| 6. Deduct consideration for bonds and stocks disposed of | 37,755,607 | 46,509,800 |
| 7. Deduct amortization of premium | 311,792 | 801,570 |
| 8. Total foreign exchange change in book/adjusted carrying value | | |
| 9. Deduct current year's other than temporary impairment recognized | 57,867 | 400,841 |
| 10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) | 101,940,913 | 102,847,727 |
| 11. Deduct total nonadmitted amounts | | |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 101,940,913 | 102,847,727 |

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity During the Current Quarter for all Bonds and Preferred Stock by Rating Class

| | 1 Book/Adjusted Carrying Value Beginning of Current Quarter | 2 Acquisitions During Current Quarter | 3 Dispositions During Current Quarter | 4 Non-Trading Activity During Current Quarter | 5 Book/Adjusted Carrying Value End of First Quarter | 6 Book/Adjusted Carrying Value End of Second Quarter | 7 Book/Adjusted Carrying Value End of Third Quarter | 8 Book/Adjusted Carrying Value December 31 Prior Year |
|---|---|--|--|--|---|--|---|---|
| BONDS | | | | | | | | |
| 1. Class 1 (a) | 128,203,846 | 54,954,974 | 76,319,036 | (102,456) | 128,203,846 | 106,737,328 | | 119,509,551 |
| 2. Class 2 (a) | 20,049,286 | 5,990,397 | 3,304,796 | (33,156) | 20,049,286 | 22,701,731 | | 15,935,015 |
| 3. Class 3 (a) | | | | | | | | |
| 4. Class 4 (a) | | | | | | | | |
| 5. Class 5 (a) | | | | | | | | |
| 6. Class 6 (a) | | | | | | | | |
| 7. Total Bonds | 148,253,132 | 60,945,371 | 79,623,832 | (135,612) | 148,253,132 | 129,439,059 | | 135,444,566 |
| PREFERRED STOCK | | | | | | | | |
| 8. Class 1 | | | | | | | | |
| 9. Class 2 | | | | | | | | |
| 10. Class 3 | | | | | | | | |
| 11. Class 4 | | | | | | | | |
| 12. Class 5 | | | | | | | | |
| 13. Class 6 | | | | | | | | |
| 14. Total Preferred Stock | | | | | | | | |
| 15. Total Bonds & Preferred Stock | 148,253,132 | 60,945,371 | 79,623,832 | (135,612) | 148,253,132 | 129,439,059 | | 135,444,566 |

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....3,599,690; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

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SCHEDULE DA - PART 1**Short - Term Investments**

| | 1 Book/Adjusted Carrying Value | 2 Par Value | 3 Actual Cost | 4 Interest Collected Year To Date | 5 Paid for Accrued Interest Year To Date |
|-----------------------|---|----------------|---------------------|---|---|
| 9199999. Totals | 23,898,456 | X X X | 23,898,456 | 1,037 | |

SCHEDULE DA - Verification**Short-Term Investments**

| | 1 Year To Date | 2 Prior Year Ended December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year | 32,596,839 | 55,313,919 |
| 2. Cost of short-term investments acquired | 68,248,267 | 75,560,571 |
| 3. Accrual of discount | 434 | 3,850 |
| 4. Unrealized valuation increase (decrease) | | |
| 5. Total gain (loss) on disposals | | |
| 6. Deduct consideration received on disposals | 76,947,084 | 98,281,501 |
| 7. Deduct amortization of premium | | |
| 8. Total foreign exchange change in book/adjusted carrying value | | |
| 9. Deduct current year's other than temporary impairment recognized | | |
| 10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) | 23,898,456 | 32,596,839 |
| 11. Deduct total nonadmitted amounts | | |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 23,898,456 | 32,596,839 |

SI04 Schedule DB - Part A Verification NONE

SI04 Schedule DB - Part B Verification NONE

SI05 Schedule DB Part C Section 1 NONE

SI06 Schedule DB Part C Section 2 NONE

SI07 Schedule DB - Verification NONE

SCHEDULE E - Verification
(Cash Equivalents)

| | | 1 | 2 |
|-----|--|--------------|---------------------------------|
| | | Year To Date | Prior Year Ended December 31 |
| 1. | Book/adjusted carrying value, December 31 of prior year | | |
| 2. | Cost of cash equivalents acquired | 14,198,904 | |
| 3. | Accrual of discount | 786 | |
| 4. | Unrealized valuation increase (decrease) | | |
| 5. | Total gain (loss) on disposals | | |
| 6. | Deduct consideration received on disposals | 10,600,000 | |
| 7. | Deduct amortization of premium | | |
| 8. | Total foreign exchange change in book/adjusted carrying value | | |
| 9. | Deduct current year's other than temporary impairment recognized | | |
| 10. | Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) | 3,599,690 | |
| 11. | Deduct total nonadmitted amounts | | |
| 12. | Statement value at end of current period (Line 10 minus Line 11) | 3,599,690 | |

E01 Schedule A Part 2 NONE

E01 Schedule A Part 3 NONE

E02 Schedule B Part 2 NONE

E02 Schedule B Part 3 NONE

E03 Schedule BA Part 2 NONE

E03 Schedule BA Part 3 NONE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|---|---------|---------------|--------------------------|------------------------------|-------------|---------------|--|---|
| CUSIP Identification | Description | Foreign | Date Acquired | Name of Vendor | Number of Shares of Stock | Actual Cost | Par Value | Paid for Accrued Interest and Dividends | NAIC Designation or Market Indicator (a) |
| Bonds - U.S. Governments | | | | | | | | | |
| 912828SM3 | US Treasury N/B 1.000% 03/31/17 | | 04/23/2012 | Morgan Stanley Co | X X X | 2,195,221 | 2,175,000.00 | 1,426 | 1 |
| 0599999 Subtotal - Bonds - U.S. Governments | | | | | X X X | 2,195,221 | 2,175,000.00 | 1,426 | X X X |
| Bonds - Industrial and Miscellaneous (Unaffiliated) | | | | | | | | | |
| 021441AD2 | Altera Corp 1.750% 05/15/17 | | 05/01/2012 | Oppenheimert Co Inc | X X X | 1,123,279 | 1,125,000.00 | | 1FE |
| 031162BQ2 | Amgen Inc 2.125% 05/15/17 | | 05/10/2012 | Chase Securities | X X X | 549,016 | 550,000.00 | | 2FE |
| 032095AA9 | Amphenol Corp 4.750% 11/15/14 | | 04/18/2012 | Jeffries & Co | X X X | 543,045 | 500,000.00 | 10,424 | 2FE |
| 149123BY6 | Caterpillar Inc 0.950% 06/26/15 | | 06/26/2012 | Cantor Fitzgerald | X X X | 1,201,452 | 1,200,000.00 | 95 | 1FE |
| 14912L5D9 | Caterpillar Financial Services MTN 1.1 | | 06/27/2012 | Cantor Fitzgerald | X X X | 1,206,576 | 1,200,000.00 | 1,063 | 1FE |
| 202795HW3 | Commonwealth Edison 1.625% 01/15/14 | | 04/04/2012 | US Bank NA | X X X | 203,206 | 200,000.00 | 767 | 1FE |
| 25459HBE4 | Directv Holdings/Fing 2.400% 03/15/17 | | 05/09/2012 | Tax Free Exchange | X X X | 1,070,602 | 1,080,000.00 | 4,392 | 2FE |
| 277432AM2 | Eastman Chemical Co 2.400% 06/01/17 | | 05/30/2012 | Various | X X X | 498,562 | 500,000.00 | | 2FE |
| 34529VAD4 | Ford Credit Auto Lease Trust Ser 2012-1 | | 04/26/2012 | RBS SECURITIES INC. | X X X | 501,602 | 500,000.00 | 189 | 1FE |
| 487836BH0 | Kellogg Co 1.750% 05/17/17 | | 05/14/2012 | Barclays Capital Inc | X X X | 646,477 | 650,000.00 | | 2FE |
| 50076QAH9 | Kraft Foods Inc 144A 1.625% 06/04/15 | | 05/30/2012 | Chase Securities | X X X | 972,475 | 975,000.00 | | 2FE |
| 53217VAB5 | Life Technologies Corp 4.400% 03/01/15 | | 06/28/2012 | Loop Capital Markets Inc | X X X | 106,668 | 100,000.00 | 1,491 | 2FE |
| 709599AC8 | Penske Truck Leasing/PTL 144A 3.125% 0 | | 05/08/2012 | Various | X X X | 374,854 | 375,000.00 | | 2FE |
| 816851AQ2 | Sempra Energy 2.000% 03/15/14 | | 05/14/2012 | US Bank NA | X X X | 773,726 | 760,000.00 | 2,618 | 2FE |
| 92343VBA1 | Verizon Communications 1.950% 03/28/14 | | 05/18/2012 | US Bank NA | X X X | 816,688 | 800,000.00 | 2,383 | 1FE |
| 055451AJ7 | BHP Billiton Fin USA Ltd 1.125% 11/21/ | F | 04/04/2012 | US Bank NA | X X X | 402,644 | 400,000.00 | 1,738 | 1FE |
| 22303QAM2 | Covidien Intl Finance Sa 1.350% 05/29/ | F | 05/22/2012 | Citigroup Global Markets | X X X | 414,867 | 415,000.00 | | 1FE |
| 92852TAA0 | Vivendi Sa 144A 2.400% 04/10/15 | F | 04/03/2012 | Citigroup Global Markets | X X X | 454,973 | 455,000.00 | | 2FE |
| 3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated) | | | | | X X X | 11,860,712 | 11,785,000.00 | 25,160 | X X X |
| 8399997 Subtotal - Bonds - Part 3 | | | | | X X X | 14,055,933 | 13,960,000.00 | 26,586 | X X X |
| 8399998 Summary Item from Part 5 for Bonds (N/A to Quarterly) | | | | | X X X | X X X | X X X | X X X | X X X |
| 8399999 Subtotal - Bonds | | | | | X X X | 14,055,933 | 13,960,000.00 | 26,586 | X X X |
| 8999998 Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly) | | | | | X X X | X X X | X X X | X X X | X X X |
| 9799998 Summary Item from Part 5 for Common Stocks (N/A to Quarterly) | | | | | X X X | X X X | X X X | X X X | X X X |
| 9899999 Subtotal - Preferred and Common Stocks | | | | | X X X | | X X X | | X X X |
| 9999999 Total - Bonds, Preferred and Common Stocks | | | | | X X X | 14,055,933 | X X X | 26,586 | X X X |

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

QE04

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stocks Sold, Redeemed or Otherwise Disposed of During the Current Quarter

| 1 CUSIP Identification | 2 Description | 3 F o r e i g n | 4 Disposal Date | 5 Name of Purchaser | 6 Number of Shares of Stock | 7 Consideration | 8 Par Value | 9 Actual Cost | 10 Prior Year Book/ Adjusted Carrying Value | Change in Book/Adjusted Carrying Value | | | | | 16 Book/ Adjusted Carrying Value at Disposal Date | 17 Foreign Exchange Gain (Loss) on Disposal | 18 Realized Gain (Loss) on Disposal | 19 Total Gain (Loss) on Disposal | 20 Bond Interest/ Stock Dividends Received During Year | 21 Stated Contractual Maturity Date | 22 NAIC Designation or Market Indicator (a) | |
|--|--|--------------------------------------|-----------------------|---------------------------|--------------------------------------|--------------------|-------------------|---------------------|--|--|--|---|---|--|--|---|--|---|---|---|---|-------|
| | | | | | | | | | | 11 Unrealized Valuation Increase/ (Decrease) | 12 Current Year's (Amortization)/ Accretion | 13 Current Year's Other Than Temporary Impairment Recognized | 14 Total Change in B./A.C.V. (11 + 12 - 13) | 15 Total Foreign Exchange Change in B./A.C.V. | | | | | | | | |
| Bonds - U.S. Special Revenue, Special Assessment | | | | | | | | | | | | | | | | | | | | | | |
| 31331GYP8 | Federal Farm Credit Bank 2.125% 06/18/06 | | 05/17/2012 | Various | X X X | 5,511,275 | 5,500,000.00 | 5,609,835 | 5,524,199 | | (18,905) | | (18,905) | | 5,505,294 | | 5,981 | 5,981 | 46,514 | 06/18/2012 | 1 | |
| 31331GYP8 | Federal Farm Credit Bank 2.125% 06/18/06 | | 06/18/2012 | Maturity | X X X | 2,000,000 | 2,000,000.00 | 2,039,940 | 2,008,800 | | (8,800) | | (8,800) | | 2,000,000 | | | | 21,250 | 06/18/2012 | 1 | |
| 3199999 Subtotal - Bonds - U.S. Special Revenue, Special Assessment | | | | | X X X | 7,511,275 | 7,500,000.00 | 7,649,775 | 7,532,999 | | (27,705) | | (27,705) | | 7,505,294 | | 5,981 | 5,981 | 67,764 | X X X | X X X | |
| Bonds - Industrial and Miscellaneous (Unaffiliated) | | | | | | | | | | | | | | | | | | | | | | |
| 12513EAF1 | Citigroup/Deutsche Bank Comm Ser 2005-CD | | 06/01/2012 | Paydown | X X X | 35,475 | 35,475.00 | 37,311 | 37,171 | | (1,695) | | (1,695) | | 35,475 | | | | 757 | 07/01/2044 | 1FM | |
| 126408GL1 | Csx Corp 5.750% 03/15/13 | | 05/30/2012 | Barclays Capital Inc | X X X | 495,574 | 477,000.00 | 514,356 | 501,407 | | (8,421) | | (8,421) | | 492,987 | | 2,588 | 2,588 | 19,504 | 03/15/2013 | 2FE | |
| 149123BY6 | Caterpillar Inc 0.950% 06/26/15 | | 06/27/2012 | Cantor Fitzgerald | X X X | 1,201,800 | 1,200,000.00 | 1,201,452 | | | | | | 1,201,452 | | 348 | 348 | 95 | 06/26/2015 | 1FE | | |
| 166751AH0 | Chevron Corp 3.950% 03/03/14 | | 05/31/2012 | MIZUHO SECURITIES USA INC | X X X | 1,887,601 | 1,780,000.00 | 1,869,851 | 1,828,249 | | (9,300) | | (9,300) | | 1,818,949 | | 68,652 | 68,652 | 53,123 | 03/03/2014 | 1FE | |
| 20047AAD2 | Commercial Mortgage Pass-Thru Ser 2004- | | 06/01/2012 | Paydown | X X X | 5,875 | 5,875.00 | 6,152 | 6,103 | | (229) | | (229) | | 5,875 | | | | 116 | 03/10/2039 | 1FM | |
| 25459HBC8 | Directv Holdings/Fing 144A 2.400% 03/10/09 | | 05/09/2012 | Tax Free Exchange | X X X | 1,070,602 | 1,080,000.00 | 1,070,420 | | | 187 | | (8,274) | | 1,070,602 | | | | 4,392 | 03/15/2017 | 2FE | |
| 36828QDN3 | GE Capital Commercial Mortgage Ser 2004- | | 06/01/2012 | Paydown | X X X | 8,660 | 8,660.00 | 9,022 | 8,948 | | (288) | | (288) | | 8,660 | | | | 166 | 11/10/2038 | 1FM | |
| 36828QRX6 | GE Capital Commercial Mortgage Ser 2006- | | 06/01/2012 | Paydown | X X X | 23,447 | 23,447.00 | 24,315 | 24,251 | | (804) | | (804) | | 23,447 | | | | 529 | 03/01/2044 | 1FM | |
| 59023BAD6 | Merrill Lynch Mortgage Trust Ser 2006-C1 | | 06/01/2012 | Paydown | X X X | 18,178 | 18,178.00 | 19,292 | 19,218 | | (1,040) | | (1,040) | | 18,178 | | | | 439 | 05/01/2039 | 1FM | |
| 61747YDD4 | Morgan Stanley 3.800% 04/29/16 | | 05/03/2012 | Various | X X X | 374,841 | 385,000.00 | 354,704 | 354,704 | | 1,945 | | 1,945 | | 356,649 | | 18,192 | 18,192 | 7,190 | 04/29/2016 | 1FE | |
| 68233JAB0 | Oncor Electric Delivery 5.950% 09/01/16 | | 06/18/2012 | Call 106.2235 | X X X | 451,450 | 425,000.00 | 463,650 | 451,951 | | (501) | | (501) | | 451,450 | | | | 20,160 | 09/01/2013 | 2FE | |
| 842587CH8 | Southern Co 1.950% 09/01/16 | | 05/30/2012 | Jeffries & Co | X X X | 714,602 | 700,000.00 | 696,808 | 696,961 | | 264 | | 264 | | 697,225 | | 17,377 | 17,377 | 10,655 | 09/01/2016 | 1FE | |
| 907818CY2 | Union Pacific Corp 5.450% 01/31/13 | | 05/15/2012 | Barclays Capital Inc | X X X | 827,264 | 800,000.00 | 871,472 | 828,732 | | (10,063) | | (10,063) | | 818,669 | | 8,595 | 8,595 | 34,880 | 01/31/2013 | 2FE | |
| 942683AD5 | Watson Pharmaceuticals Inc 5.000% 08/15/11 | | 04/18/2012 | Goldman Sachs Co | X X X | 326,560 | 305,000.00 | 326,542 | | | 200 | | (1,571) | | 326,097 | | 464 | 464 | 2,711 | 08/15/2014 | 2FE | |
| 92852TAA0 | Vivendi Sa 144A 2.400% 04/10/15 | F | 04/13/2012 | Barclays Capital Inc | X X X | 145,777 | 145,000.00 | 144,991 | | | | | | | 144,991 | | 786 | 786 | 58 | 04/10/2015 | 2FE | |
| 3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated) | | | | | X X X | 7,587,706 | 7,388,635.00 | 7,610,338 | 4,757,695 | | (31,316) | 8,661 | (39,977) | | 7,470,706 | | 117,002 | 117,002 | 154,775 | X X X | X X X | |
| 8399997 Subtotal - Bonds - Part 4 | | | | | X X X | 15,098,981 | 14,888,635.00 | 15,260,113 | 12,290,694 | | (59,021) | 8,661 | (67,682) | | 14,976,000 | | 122,983 | 122,983 | 222,539 | X X X | X X X | |
| 8399998 Summary Item from Part 5 for Bonds (N/A to Quarterly) | | | | | X X X | X X X | X X X | X X X | X X X | | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X |
| 8399999 Subtotal - Bonds | | | | | X X X | 15,098,981 | 14,888,635.00 | 15,260,113 | 12,290,694 | | (59,021) | 8,661 | (67,682) | | 14,976,000 | | 122,983 | 122,983 | 222,539 | X X X | X X X | |
| 8999998 Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly) | | | | | X X X | X X X | X X X | X X X | X X X | | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X |
| 9799998 Summary Item from Part 5 for Common Stocks (N/A to Quarterly) | | | | | X X X | X X X | X X X | X X X | X X X | | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X |
| 9899999 Subtotal - Preferred and Common Stocks | | | | | X X X | X X X | X X X | X X X | X X X | | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X |
| 9999999 Total - Bonds, Preferred and Common Stocks | | | | | X X X | 15,098,981 | X X X | 15,260,113 | 12,290,694 | | (59,021) | 8,661 | (67,682) | | 14,976,000 | | 122,983 | 122,983 | 222,539 | X X X | X X X | |

QE05

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

E06 Schedule DB Part A Section 1 NONE

E07 Schedule DB Part B Section 1 NONE

E08 Schedule DB Part D NONE

E09 Schedule DL - Part 1 - Securities Lending Collateral Assets NONE

E10 Schedule DL - Part 2 - Securities Lending Collateral Assets NONE

SCHEDULE E - PART 1 - CASH**Month End Depository Balances**

| 1 Depository | 2 Code | 3 Rate of Interest | 4 Amount of Interest Received During Current Quarter | 5 Amount of Interest Accrued at Current Statement Date | Book Balance at End of Each Month During Current Quarter | | | 9 * |
|---|-----------|-----------------------|---|---|--|--------------|-------------|--------|
| | | | | | 6 | 7 | 8 | |
| | | | | | First Month | Second Month | Third Month | |
| open depositories | | | | | | | | |
| Citibank General 1078 | | | | | (4,967,235) | (7,021,967) | (6,525,817) | X X X |
| Key Bank Concentration 1000 | | | | | 2,306,290 | 688,699 | 823,087 | X X X |
| Misc Cash 1101 Key Bank | | | | | 20,000,000 | 20,000,000 | 20,000,000 | X X X |
| 0199998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository - open depositories | X X X | X X X | | | | | | X X X |
| 0199999 Totals - Open Depositories | X X X | X X X | | | 17,339,055 | 13,666,731 | 14,297,270 | X X X |
| 0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository - suspended depositories | X X X | X X X | | | | | | X X X |
| 0299999 Totals - Suspended Depositories | X X X | X X X | | | | | | X X X |
| 0399999 Total Cash On Deposit | X X X | X X X | | | 17,339,055 | 13,666,731 | 14,297,270 | X X X |
| 0499999 Cash in Company's Office | X X X | X X X | X X X | X X X | 35,396 | 35,396 | 35,396 | X X X |
| 0599999 Total Cash | X X X | X X X | | | 17,374,451 | 13,702,127 | 14,332,666 | X X X |

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|------|------------------|------------------|------------------|------------------------------|----------------------------------|-----------------------------|
| Description | Code | Date Acquired | Rate of Interest | Maturity Date | Book/Adjusted Carrying Value | Amount of Interest Due & Accrued | Amount Received During Year |
| Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations | | | | | | | |
| ENI Coordination Center | | 06/25/2012 | 0.000 | 07/02/2012 | 1,999,970 | | 180 |
| Novartis Secs Invest Ltd Series 144A | | 06/27/2012 | 0.170 | 08/07/2012 | 1,599,720 | | 30 |
| 3299999 Subtotals - Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations | | | | | 3,599,690 | | 210 |
| 3899999 Subtotals - Industrial & Miscellaneous (Unaffiliated) | | | | | 3,599,690 | | 210 |
| 7799999 Subtotals - Issuer Obligations | | | | | 3,599,690 | | 210 |
| 8399999 Subtotals - Bonds | | | | | 3,599,690 | | 210 |
| 8499999 Sweep Accounts | | | | | | | |
| 8599999 Other Cash Equivalents | | | | | | | |
| 8699999 Total - Cash Equivalents | | | | | 3,599,690 | | 210 |

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