



ANNUAL STATEMENT

For the Year Ending December 31, 2012

OF THE CONDITION AND AFFAIRS OF THE

Summa Insurance Company, Inc.

NAIC Group Code	3259 <small>(Current Period)</small>	3259 <small>(Prior Period)</small>	NAIC Company Code	10649	Employer's ID Number	34-1809108
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[] Dental Service Corporation[] Other[]	Property/Casualty[X] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]	Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[]			
Incorporated/Organized	08/07/1995		Commenced Business	02/01/1996		
Statutory Home Office	10 North Main Street <small>(Street and Number)</small>		Akron, OH, 44308 <small>(City or Town, State, Country and Zip Code)</small>			
Main Administrative Office	Akron, OH, 44308 <small>(City or Town, State, Country and Zip Code)</small>		10 North Main Street <small>(Street and Number)</small>		(330)996-8410 <small>(Area Code) (Telephone Number)</small>	
Mail Address	P.O. Box 3620 <small>(Street and Number or P.O. Box)</small>		Akron, OH, 44309 <small>(City or Town, State, Country and Zip Code)</small>			
Primary Location of Books and Records	Akron, OH, 44308 <small>(City or Town, State, Country and Zip Code)</small>		10 North Main Street <small>(Street and Number)</small>		(330)996-8410 <small>(Area Code) (Telephone Number)</small>	
Internet Website Address	SummaCare.com					
Statutory Statement Contact	Roy Douglas Hall <small>(Name)</small>		(330)996-8410-62057 <small>(Area Code)(Telephone Number)(Extension)</small>			
	hallroy@summacare.com <small>(E-Mail Address)</small>		(330)996-8553 <small>(Fax Number)</small>			

OFFICERS

Name	Title
Martin Paul Hauser	President, CEO
William Armstrong Powel III	Secretary
Thomas Gene Knoll	Chairman
Kathleen Tirbovich Geier	Vice Chairman
Judith Ann Macro	Assistant Secretary
James Edward McNutt	Assistant Treasurer
Brian Keith Derrick	Treasurer #

OTHERS

Anne Armao, VP - Marketing & Product Development Keith Johnson, VP - Third Party Administrator Judith Macro, VP - Corporate Services, Compliance Officer Donald Novosel, VP - Contracting & Network Development Claude Vincenti, Senior Vice President, COO	Kevin Cavalier, VP - Sales James Loveless, VP - Individual Product Line James McNutt, VP - Finance, CFO Annette Ruby, VP - Health Services Management Mumtaz Ibrahim M.D., Chief Medical Officer #
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DIRECTORS OR TRUSTEES

Martin Paul Hauser Vincent Hadar Johnson Jr. M.D. Dale Paterson Murphy M.D. Richard Allen Merolla Kenneth Eugene Berkovitz M.D. Richard Howard Marsh Rajiv Vishnu Taliwal M.D.	Thomas Gene Knoll Thomas Joseph Strauss John Byron Silvers Ph.D. Jay Curtis Williamson M.D. Bradley Hall Crombie M.D. Kathleen Tirbovich Geier Norman E. Wells Jr. #
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State of Ohio
 County of Summit ss

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

_____ <small>(Signature)</small> Martin Paul Hauser <small>(Printed Name)</small> 1. President, CEO <small>(Title)</small>	_____ <small>(Signature)</small> Claude Maurius Vincenti <small>(Printed Name)</small> 2. Senior Vice President, COO <small>(Title)</small>	_____ <small>(Signature)</small> James Edward McNutt <small>(Printed Name)</small> 3. Vice President - Finance, CFO <small>(Title)</small>
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Subscribed and sworn to before me this
28th day of February, 2013

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

Yes[X] No[]

(Notary Public Signature)

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1-2)	4 Net Admitted Assets
1. Bonds (Schedule D)	15,043,516		15,043,516	14,645,194
2. Stocks (Schedule D)				
2.1 Preferred stocks				
2.2 Common Stocks	52,197,316		52,197,316	48,490,049
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....19,260,049 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....1,763,762 Schedule DA)	21,023,811		21,023,811	10,243,381
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				5,942,464
9. Receivables for securities				
10. Securities Lending Reinvested Collateral Assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	88,264,643		88,264,643	79,321,088
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	98,057		98,057	85,072
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	772,433	26,408	746,025	671,832
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	350,123		350,123	310,408
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts	16,210		16,210	33,196
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	639,872		639,872	869,881
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	2,133,318	488,401	1,644,917	1,518,995
21. Furniture and equipment, including health care delivery assets (\$.....0)	177,982	177,982		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				12,109
24. Health care (\$.....3,272,571) and other amounts receivable	3,820,770	548,199	3,272,571	2,964,064
25. Aggregate write-ins for other than invested assets	91,384	91,384		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	96,364,792	1,332,374	95,032,418	85,786,645
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	96,364,792	1,332,374	95,032,418	85,786,645
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 Expenses	91,384	91,384		
2502. Deferred gain on sale of bonds to SummaCare				
2503. Pharmacy Rebates				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	91,384	91,384		

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	21,157,500		21,157,500	17,145,575
2. Accrued medical incentive pool and bonus amounts	128,000		128,000	56,640
3. Unpaid claims adjustment expenses	291,396		291,396	218,512
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	1,128,000		1,128,000	
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	5,936,530		5,936,530	5,543,201
9. General expenses due or accrued	1,976,416		1,976,416	2,349,130
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))	148,825		148,825	1,571,049
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
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	4,606,014		4,606,014	3,867,878
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....1,494,001 unauthorized reinsurers and \$.....0 certified reinsurers)	1,494,001		1,494,001	1,113,858
20. Reinsurance in unauthorized and certified (\$.....0) 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)				7,579
24. TOTAL Liabilities (Lines 1 to 23)	36,866,682		36,866,682	31,873,422
25. Aggregate write-ins for special surplus funds	X X X	X X X		
26. Common capital stock	X X X	X X X	2,500,062	2,500,062
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X	33,589,064	33,589,064
29. Surplus notes	X X X	X X X		
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	22,130,189	17,877,676
32. Less treasury stock, at cost:				
32.10 shares common (value included in Line 26 \$.....0)	X X X	X X X	53,579	53,579
32.20 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	58,165,736	53,913,223
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	95,032,418	85,786,645
DETAILS OF WRITE-INS				
2301. Minority Interest				
2302. Deferred gain on sale of bonds to SummaCare, Inc.				7,579
2303. Miscellaneous				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				7,579
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		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	663,646	576,335
2. Net premium income (including \$.....0 non-health premium income)	X X X	205,246,012	175,692,634
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$.....0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. TOTAL Revenues (Lines 2 to 7)	X X X	205,246,012	175,692,634
Hospital and Medical:			
9. Hospital/medical benefits		155,566,679	123,792,057
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area			
13. Prescription drugs		28,381,614	30,957,000
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts		201,106	69,602
16. Subtotal (Lines 9 to 15)		184,149,399	154,818,659
Less:			
17. Net reinsurance recoveries		2,581,103	1,414,417
18. TOTAL Hospital and Medical (Lines 16 minus 17)		181,568,296	153,404,242
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....331,089 cost containment expenses		1,547,276	1,375,852
21. General administrative expenses		25,493,258	22,517,199
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23. TOTAL Underwriting Deductions (Lines 18 through 22)		208,608,830	177,297,293
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(3,362,818)	(1,604,659)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		326,288	320,984
26. Net realized capital gains (losses) less capital gains tax of \$.....0		(45,984)	
27. Net investment gains (losses) (Lines 25 plus 26)		280,304	320,984
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		29,826	4,519
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	(3,052,688)	(1,279,156)
31. Federal and foreign income taxes incurred	X X X	(1,429,203)	(1,098,812)
32. Net income (loss) (Lines 30 minus 31)	X X X	(1,623,485)	(180,344)
DETAILS OF WRITE-INS			
0601.	X X X		
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		
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 (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901. Gain on the sale of fixed assets		57,762	
2902. Miscellaneous Income		(27,936)	4,519
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)		29,826	4,519

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	53,913,223	48,237,105
34.	Net income or (loss) from Line 32	(1,623,485)	(180,344)
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	3,321,522	4,824,902
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	(230,009)	(77,667)
39.	Change in nonadmitted assets	2,770,420	1,113,219
40.	Change in unauthorized and certified reinsurance		
41.	Change in treasury stock		(13,916)
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus	14,065	9,924
48.	Net change in capital and surplus (Lines 34 to 47)	4,252,513	5,676,118
49.	Capital and surplus end of reporting year (Line 33 plus 48)	58,165,736	53,913,223
DETAILS OF WRITE-INS			
4701.	Deferred gain on sale of bonds to SummaCare, Inc.	14,064	9,923
4702.	Retired treasury stock		
4703.	2008 adjustments to minority interest & federal taxes		
4798.	Summary of remaining write-ins for Line 47 from overflow page	1	1
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	14,065	9,924

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	205,565,148	176,383,866
2.	Net investment income	328,714	322,554
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	205,893,862	176,706,420
5.	Benefit and loss related payments	176,379,740	153,396,477
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	27,368,300	23,592,333
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	(6,979)	(2,090,384)
10.	Total (Lines 5 through 9)	203,741,061	174,898,426
11.	Net cash from operations (Line 4 minus Line 10)	2,152,801	1,807,994
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	4,090,000	4,500,000
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets	8,086,075	
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds	45,984	
12.8	Total investment proceeds (Lines 12.1 to 12.7)	12,222,059	4,500,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	4,485,469	3,474,688
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	4,485,469	3,474,688
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	7,736,590	1,025,312
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		(13,916)
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)	891,039	(522,325)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	891,039	(536,241)
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)	10,780,430	2,297,065
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	10,243,381	7,946,316
19.2	End of year (Line 18 plus Line 19.1)	21,023,811	10,243,381

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

20.0001			
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	205,246,012	203,989,365	107,577						1,149,070	
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$.....0 medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues										X X X
6. Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. TOTAL Revenues (Lines 1 to 6)	205,246,012	203,989,365	107,577						1,149,070	
8. Hospital/medical benefits	155,566,679	155,493,612	73,067							X X X
9. Other professional services										X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area										X X X
12. Prescription drugs	28,381,614	28,321,102							60,512	X X X
13. Aggregate write-ins for other hospital and medical										X X X
14. Incentive pool, withhold adjustments and bonus amounts	201,106	201,106								X X X
15. Subtotal (Lines 8 to 14)	184,149,399	184,015,820	73,067						60,512	X X X
16. Net reinsurance recoveries	2,581,103	2,581,103								X X X
17. TOTAL Hospital and Medical (Lines 15 minus 16)	181,568,296	181,434,717	73,067						60,512	X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$.....331,089 cost containment expenses	1,547,276	1,546,138	622						516	
20. General administrative expenses	25,493,258	25,474,503	10,259						8,496	
21. Increase in reserves for accident and health contracts										X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. TOTAL Underwriting Deductions (Lines 17 to 22)	208,608,830	208,455,358	83,948						69,524	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(3,362,818)	(4,465,993)	23,629						1,079,546	
DETAILS OF WRITE-INS										
0501.										X X X
0502.										X X X
0503.										X X X
0598. Summary of remaining write-ins for Line 5 from overflow page										X X X
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										X X X
0601.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.										X X X
1302.										X X X
1303.										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical)	206,921,580		2,932,215	203,989,365
2. Medicare Supplement	107,577			107,577
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan				
6. Title XVIII - Medicare				
7. Title XIX - Medicaid				
8. Other health	1,149,070			1,149,070
9. Health subtotal (Lines 1 through 8)	208,178,227		2,932,215	205,246,012
10. Life				
11. Property/casualty				
12. TOTALS (Lines 9 to 11)	208,178,227		2,932,215	205,246,012

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	179,936,368	179,412,889	75,434						448,045	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	2,541,390	2,541,390								
1.4 Net	177,394,978	176,871,499	75,434						448,045	
2. Paid medical incentive pools and bonuses	129,746	129,746								
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	21,157,500	21,146,558	10,942							
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	21,157,500	21,146,558	10,942							
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	128,000	128,000								
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year	350,123	350,123								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	17,145,575	16,744,732	13,310						387,533	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	17,145,575	16,744,732	13,310						387,533	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	56,640	56,640								
11. Amounts recoverable from reinsurers December 31, prior year	310,410	310,410								
12. Incurred benefits:										
12.1 Direct	183,948,293	183,814,715	73,066						60,512	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	2,581,103	2,581,103								
12.4 Net	181,367,190	181,233,612	73,066						60,512	
13. Incurred medical incentive pools and bonuses	201,106	201,106								

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct										
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net										
2. Incurred but Unreported:										
2.1 Direct	21,157,500	21,146,558	10,942							
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	21,157,500	21,146,558	10,942							
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	21,157,500	21,146,558	10,942							
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	21,157,500	21,146,558	10,942							

UNDERWRITING AND INVESTMENT EXHIBIT

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

	Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (hospital and medical)	15,429,000	161,402,786	4,000	21,142,558	15,433,000	16,744,732
2.	Medicare Supplement	15,000	60,434		10,942	15,000	13,310
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid						
8.	Other health	30,623	417,422			30,623	387,533
9.	Health subtotal (Lines 1 to 8)	15,474,623	161,880,642	4,000	21,153,500	15,478,623	17,145,575
10.	Healthcare receivables (a)						
11.	Other non-health						
12.	Medical incentive pool and bonus amounts	129,746			128,000	129,746	56,640
13.	TOTALS (Lines 9 - 10 + 11 + 12)	15,604,369	161,880,642	4,000	21,281,500	15,608,369	17,202,215

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

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

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	16,662	16,662	16,662	16,662	16,662
2.	2008	103,569	103,569	103,569	103,569	103,569
3.	2009	X X X	121,702	137,899	137,926	137,926
4.	2010	X X X	X X X	119,199	132,510	132,510
5.	2011	X X X	X X X	X X X	140,039	155,643
6.	2012	X X X	X X X	X X X	X X X	161,880

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	16,662	16,662	16,662	16,662	16,662
2.	2008	118,533	103,762	103,569	103,569	103,569
3.	2009	X X X	140,005	137,926	137,926	137,926
4.	2010	X X X	X X X	136,348	132,511	132,510
5.	2011	X X X	X X X	X X X	157,240	155,647
6.	2012	X X X	X X X	X X X	X X X	183,162

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2008	132,972	103,569	17,169	16.577	120,738	90.800			120,738	90.800
2. 2009	145,849	137,926	15,910	11.535	153,836	105.476			153,836	105.476
3. 2010	153,981	132,510	1,259	0.950	133,769	86.874			133,769	86.874
4. 2011	175,693	155,643	1,376	0.884	157,019	89.371	4		157,023	89.374
5. 2012	205,246	161,880	1,276	0.788	163,156	79.493	21,282	291	184,729	90.004

12 Total

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

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	16,662	16,662	16,662	16,662	16,662
2.	2008	103,569	103,569	103,569	103,569	103,569
3.	2009	X X X	121,702	137,899	137,926	137,926
4.	2010	X X X	X X X	119,161	132,465	132,465
5.	2011	X X X	X X X	X X X	136,245	151,804
6.	2012	X X X	X X X	X X X	X X X	161,403

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	16,662	16,662	16,662	16,662	16,662
2.	2008	118,533	103,762	103,569	103,569	103,569
3.	2009	X X X	140,005	137,926	137,926	137,926
4.	2010	X X X	X X X	136,307	132,466	132,465
5.	2011	X X X	X X X	X X X	153,045	151,808
6.	2012	X X X	X X X	X X X	X X X	182,674

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

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2008	132,972	103,569	17,169	16.577	120,738	90.800			120,738	90.800
2.	2009	145,849	137,926	15,910	11.535	153,836	105.476			153,836	105.476
3.	2010	153,909	132,465	1,256	0.948	133,721	86.883			133,721	86.883
4.	2011	171,706	151,804	1,346	0.887	153,150	89.193	4		153,154	89.196
5.	2012	203,989	161,403	1,270	0.787	162,673	79.746	21,271	291	184,235	90.316

12 Hospital and Medical

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

Medicare Supplement
Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	X X X				
4. 2010	X X X	X X X	38	45	45
5. 2011	X X X	X X X	X X X	42	57
6. 2012	X X X	X X X	X X X	X X X	60

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	X X X				
4. 2010	X X X	X X X	41	45	45
5. 2011	X X X	X X X	X X X	55	57
6. 2012	X X X	X X X	X X X	X X X	71

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2008										
2. 2009										
3. 2010	72	45	0	0.349	45	62.718			45	62.718
4. 2011	95	57	1	1.794	58	61.077			58	61.077
5. 2012	108	60	1	1.367	61	56.315	11		72	66.500

12 Medicare Supplement

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

Dental Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	X X X				
4. 2010	X X X	X X X			
5. 2011	X X X	X X X	X X X		
6. 2012	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	X X X				
4. 2010	X X X	X X X			
5. 2011	X X X	X X X	X X X		
6. 2012	X X X	X X X	X X X	X X X	

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2008										
2. 2009										
3. 2010										
4. 2011										
5. 2012										

12 Dental Only

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

Vision Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	X X X				
4. 2010	X X X	X X X			
5. 2011	X X X	X X X	X X X		
6. 2012	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	X X X				
4. 2010	X X X	X X X			
5. 2011	X X X	X X X	X X X		
6. 2012	X X X	X X X	X X X	X X X	

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2008										
2. 2009										
3. 2010										
4. 2011										
5. 2012										

12 Vision Only

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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	X X X				
4. 2010	X X X	X X X			
5. 2011	X X X	X X X	X X X		
6. 2012	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	X X X				
4. 2010	X X X	X X X			
5. 2011	X X X	X X X	X X X		
6. 2012	X X X	X X X	X X X	X X X	

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2008										
2. 2009										
3. 2010										
4. 2011										
5. 2012										

12 Fed Emp HBPP

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

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	X X X				
4. 2010	X X X	X X X			
5. 2011	X X X	X X X	X X X		
6. 2012	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	X X X				
4. 2010	X X X	X X X			
5. 2011	X X X	X X X	X X X		
6. 2012	X X X	X X X	X X X	X X X	

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2008										
2. 2009										
3. 2010										
4. 2011										
5. 2012										

12 Title XVIII-Medicare

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

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	X X X				
4. 2010	X X X	X X X			
5. 2011	X X X	X X X	X X X		
6. 2012	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	X X X				
4. 2010	X X X	X X X			
5. 2011	X X X	X X X	X X X		
6. 2012	X X X	X X X	X X X	X X X	

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2008										
2. 2009										
3. 2010										
4. 2011										
5. 2012										

12 Title XIX-Medicaid

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

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	X X X				
4. 2010	X X X	X X X			
5. 2011	X X X	X X X	X X X	3,752	3,782
6. 2012	X X X	X X X	X X X	X X X	417

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	X X X				
4. 2010	X X X	X X X			
5. 2011	X X X	X X X	X X X	4,140	3,782
6. 2012	X X X	X X X	X X X	X X X	417

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2008										
2. 2009										
3. 2010			3		3				3	
4. 2011	3,892	3,782	29	0.758	3,811	97.910			3,811	97.910
5. 2012	1,149	417	5	1.256	422	36.748			422	36.748

12 Other

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)	1,128,000	1,128,000							
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income)									
5. Aggregate write-ins for other policy reserves									
6. TOTALS (Gross)	1,128,000	1,128,000							
7. Reinsurance ceded									
8. TOTALS (Net) (Page 3, Line 4)	1,128,000	1,128,000							
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. TOTALS (Gross)									
13. Reinsurance ceded									
14. TOTALS (Net) (Page 3, Line 7)									
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)									
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)									

(a) Includes \$.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building)		68,911	390,498		459,409
2. Salaries, wages and other benefits	268,894	363,488	5,878,497		6,510,879
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)			10,067,718		10,067,718
4. Legal fees and expenses			10,315		10,315
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	1,715	821	428,684		431,220
7. Traveling expenses	2,281	110	52,043		54,434
8. Marketing and advertising	3,630		887,487		891,117
9. Postage, express and telephone	9,488	102,733	471,820		584,041
10. Printing and office supplies	3,864	156	373,243		377,263
11. Occupancy, depreciation and amortization		29,332	166,847		196,179
12. Equipment			93,744		93,744
13. Cost or depreciation of EDP equipment and software	8,269	34	1,368,449		1,376,752
14. Outsourced services including EDP, claims, and other services	8,134	627,774	919,811		1,555,719
15. Boards, bureaus and association fees	650	74	7,476		8,200
16. Insurance, except on real estate			170,294		170,294
17. Collection and bank service charges			1,413	36,110	37,523
18. Group service and administration fees	6,098		2,602,626		2,608,724
19. Reimbursements by uninsured plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes			1,278,064		1,278,064
23.3 Regulatory authority licenses and fees					
23.4 Payroll taxes	18,066	22,754	303,658		344,478
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses			20,571		20,571
26. TOTAL Expenses Incurred (Lines 1 to 25)	331,089	1,216,187	25,493,258	36,110	(a) 27,076,644
27. Less expenses unpaid December 31, current year		291,396	1,976,416		2,267,812
28. Add expenses unpaid December 31, prior year		218,512	2,349,130		2,567,642
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	331,089	1,143,303	25,865,972	36,110	27,376,474
DETAILS OF WRITE-INS					
2501. Miscellaneous Expenses			20,571		20,571
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)			20,571		20,571

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 355,188	355,188
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 7,210	7,210
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	362,398	362,398
11. Investment expenses		(g) 36,110
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		36,110
17. Net Investment income (Line 10 minus Line 16)		326,288

DETAILS OF WRITE-INS

0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

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

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates				3,707,267	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets	(45,984)		(45,984)	(385,745)	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	(45,984)		(45,984)	3,321,522	

DETAILS OF WRITE-INS

0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)		2,575,340	2,575,340
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)		2,575,340	2,575,340
13. Title plants (for Title insurers only)			
14. Invested income due and accrued			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	26,408	51,097	24,689
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	488,401	161,968	(326,433)
21. Furniture and equipment, including health care delivery assets	177,982	235,026	57,044
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable	548,199	1,007,250	459,051
25. Aggregate write-ins for other than invested assets	91,384	72,113	(19,271)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,332,374	4,102,794	2,770,420
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	1,332,374	4,102,794	2,770,420
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 Expenses	91,384	72,113	(19,271)
2502. Deferred gain on bonds sold to SummaCare			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	91,384	72,113	(19,271)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations	51,093	54,440	55,503	55,768	56,247	663,646
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	51,093	54,440	55,503	55,768	56,247	663,646
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

Summa Insurance Company's (the Company or SIC) statutory financial statements are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance (ODI).

The ODI recognizes only statutory accounting practices prescribed or permitted by the State of Ohio (the State) for determining its solvency under Ohio Insurance Law. NAIC SAP has been adopted as a component of the prescribed or permitted practices by the State with some modifications. These modifications include a five-year life on Electronic Data Processing (EDP) equipment and a 90-day limitation on collection of affiliate balances. Accordingly, the admitted assets, liabilities, capital and surplus of the Company as of December 31, 2012 and December 31, 2011 and the results of its operations and its cash flow for the years then ended have been determined in accordance with accounting principles prescribed or permitted by the ODI. Management believes the difference in capital and surplus between NAIC SAP and accounting principles prescribed or permitted by the ODI is not material.

	State of Domicile	2012	2011
<u>Net Income</u>			
1) SummaCare state basis (Page 4, Line 32, Columns 2 & 3)	OH	(1,623,485)	(180,344)
2) State Prescribed Practices that increase / (decrease) NAIC SAP	OH	-	-
3) State Permitted Practices that increase / (decrease) NAIC SAP:	OH	-	-
4) NAIC SAP	OH	(1,623,485)	(180,344)
<u>Surplus</u>			
5) SummaCare state basis (Page 3, Line 33, Columns 3 & 4)	OH	58,165,736	53,913,223
6) State Prescribed Practices that increase / (decrease) NAIC SAP	OH	-	-
7) State Permitted Practices that increase / (decrease) NAIC SAP:	OH	-	-
8) NAIC SAP	OH	58,165,736	53,913,223

B. Use of Estimates

The preparation of financial statements in conformity with NAIC SAP, the NAIC Annual Statement Instructions and other accounting practices prescribed or permitted by the ODI requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

C. Accounting Policy

The Company uses the following accounting policies:

1) Cash and Short-Term Investments

Cash and short-term investments include cash on hand, cash held in bank accounts (including overdrafts), interest bearing deposits, and money market instruments purchased with an original maturity of one year or less. Short-term investments are stated at amortized cost.

2) Bonds not backed by other loans are stated at amortized cost using the interest method.

3) Common stocks

The Company owns 100% of the common stock of its subsidiary SummaCare, Inc.

4) Preferred stocks – None.

5) Mortgage loans on real estate – None.

6) Loan backed securities – None.

7) Investments in subsidiaries, controlled and affiliated entities

The Company carries its subsidiaries SummaCare, Inc. at audited statutory equity.

8) Investments in joint ventures, partnerships and limited liability companies – None.

9) Accounting policy for derivatives – The Company does not invest in derivative instruments.

10) The Company anticipates investment income as a factor in premium deficiency calculation, in accordance with SSAP No. 54, Individual Group Accident and Health Contracts.

11) The cost of healthcare services is recognized in the period in which services are provided. Healthcare expenses also include an estimate of the cost of services provided to SIC members by third party providers, which have been incurred but not reported to SIC. The estimate for incurred but not reported claims is based on actuarial projections of costs using historical paid claims data. Estimates are continually monitored and reviewed and, as settlements are made or estimates are adjusted, differences are reflected in current operations. Such estimates are subject to the impact of changes in the regulatory environment and economic conditions. Given the inherent

Notes to Financial Statements

variability of such estimates, the actual liability could differ significantly from the amounts provided. While the ultimate amount of claims paid are dependent on future developments, management is of the opinion that the reserves for claims and the cost to process claims make a reasonable and appropriate provision to cover such claims.

- 12) The Company's capitalization policy and predefined thresholds have not changed from the prior period.
- 13) Pharmaceutical rebates are reported as a reduction of prescription drug expense. Receivables related to pharmaceutical rebates are recorded in accordance with SSAP No. 84, Certain Health Care Receivables and Receivables Under Government Insured Plans. Pharmacy rebates receivable are estimated by multiplying the most recent rebate received by three (three quarters).

2. Accounting Changes and Corrections of Errors

A. Material Changes in accounting principles and / or corrections of errors include – None.

3. Business Combinations and Goodwill

On December 31, 1999, SIC acquired the net assets of SummaCare, Inc. (SC), which is a for-profit Health Insuring Corporation. This business combination was accounted for as a statutory purchase pursuant to SSAP No. 68. SC's net assets were acquired in exchange for 277,000 shares of SIC Class B common stock. The cost of acquiring the net assets was less than SC's book value, accordingly, negative goodwill was recorded as a contra asset in the accompanying financial statements as of December 31, 1999.

4. Discontinued Operations

- 1) The Company entered into an agreement dated July 31, 2012 to sell its subsidiaries, Apex Benefits Services and Summa Insurance Agency, LLC, to Summa Integrated Services Organization for \$8,086,075 in cash. The loss from the disposal is \$45,984.
- 2) The sale was completed on September 30, 2012.
- 3) Apex Benefits Services and Summa Insurance Agency were single members LLC's with Summa Insurance Company being the sole member. Summa Insurance Company transferred its membership to Summa Integrated Services Organization on the disposal date. This sale was approved by the Ohio Department of Insurance.
- 4) As of the balance sheet date, there are no remaining assets or liabilities of Apex Benefits Services, LLC or Summa Insurance Agency, LLC.
- 5) The amounts related to Discontinued Operations and the effect on the Company's Balance Sheet and Statement of Revenue and Expenses is as follows:

Balance Sheet as of December 31, 2012

Assets

a. Line 5	Cash	\$8,086,075
b. Line 8	Other invested assets	<u>(\$8,132,059)</u>
c. Line 28	Totals	(\$45,984)

Liabilities

d. Line 24	Total Liabilities	(\$15,634)
e. Line 33	Total Capital and Surplus	<u>(\$30,350)</u>
f. Line 34	Total	(\$45,984)

Statement of Revenue and Expenses as of December 31, 2012

i. Line 31	Federal income tax benefit	\$15,634
j. Line 26	Net realized capital loss	<u>(\$45,984)</u>
k. Line 32	Net income (loss)	(\$30,350)

5. Investments

- A. Mortgage Loans – None.**
- B. Debt Restructuring – None.**
- C. Reverse Mortgages – None.**
- D. Loan Backed Securities – None.**
- E. Repurchase Agreements – None.**
- F. Real Estate - None.**
- G. Investments in Low-Income Housing Tax Credits – None.**

Notes to Financial Statements

6. Joint Ventures, Partnerships and Limited Liability Companies

A. For investments in joint ventures, partnerships and limited liability companies that exceed 10% of the admitted assets of the insurer.

- 1) The Company owns 100% of SummaCare, Inc.
- 2) The investment in SummaCare, Inc. is reported as common stock and valued at audited statutory equity.
- 3) There is no difference in the amount at which the investment in SummaCare, Inc. is carried and the amount of underlying equity in net assets.
- 4) There is no quoted market price available for SummaCare, Inc.
- 5) Summarized statutory financial information for SummaCare, Inc. as of December 31, 2012:

Assets - \$88,247,856
Liabilities - \$36,050,540
Net Income - \$3,874,917

B. Impaired investments in joint ventures, partnerships and limited liability companies – None.

7. Investment Income

A. The basis, by category of investment income, for excluding (nonadmitting) any investment income due and accrued.

All accrued investment income was admitted for the period.

8. Derivative Instruments – None.

9. Income Taxes

A. The components of deferred tax asset / liability at December 31, 2012 and December 31, 2011 are as follows:

	12/31/12			12/31/2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
1.									
(a) Gross Deferred Tax Assets	\$1,417,749	\$0	\$1,417,749	\$1,618,225	\$0	\$1,618,225	(\$200,476)	\$0	(\$200,476)
(b) Statutory Valuation Allowance Adjustments	\$0	\$0	\$0	\$517,781	\$0	\$517,781	(\$517,781)	\$0	(\$517,781)
(c) Adjusted Gross DTA's (1a-1b)	\$1,417,749	\$0	\$1,417,749	\$1,100,444	\$0	\$1,100,444	\$317,305	\$0	\$317,305
(d) DTA's Nonadmitted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(e) Subtotal Net DTA's (1c-1d)	\$1,417,749	\$0	\$1,417,749	\$1,100,444	\$0	\$1,100,444	\$317,305	\$0	\$317,305
(f) Deferred Tax Liabilities	\$777,877	\$0	\$777,877	\$230,563	\$0	\$230,563	\$547,314	\$0	\$547,314
(g) Net Admitted DTA / Net DTL (1e-1f)	\$639,872	\$0	\$639,872	\$869,881	\$0	\$869,881	(\$230,009)	\$0	(\$230,009)
2.									
Admission Calculation Components SSAP No. 101									
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$189,992	\$0	\$189,992	\$208,551	\$0	\$208,551	(\$18,559)	\$0	(\$18,559)
(b) Adjusted Gross DTA's Expected to be Realized (Excluding The Amount of DTA's From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2 (b) 1 and 2 (b) 2 Below)	\$1,227,757	\$0	\$1,227,757	\$891,893	\$0	\$891,893	\$335,864	\$0	\$335,864
1. Adjusted Gross DTA's Expected to be Realized Following the Balance Sheet Date.	\$1,227,757	\$0	\$1,227,757	\$891,893	\$0	\$891,893	\$335,864	\$0	\$335,864
2. Adjusted Gross DTA's Allowed Per Limitation Threshold.	XXX	XXX	\$8,512,198	XXX	XXX	\$7,921,917	XXX	XXX	\$590,281
(c) Adjusted Gross DTA's (Excluding The Amount of DTA's from 2 (a) and 2 (b) above) Offset by Gross DTL's.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(d) DTA's Admitted as the result of application of SSAP No. 101. Total (2(a)+2(b)+2(c))	\$1,417,749	\$0	\$1,417,749	\$1,100,444	\$0	\$1,100,444	\$317,305	\$0	\$317,305
3.									
(a) Ratio Percentage used To Determine Recovery Period And Threshold Limitation Amount.	2012 472%	2011 467%							
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2 (b) 2 Above.	\$56,747,987	\$52,812,779							
	12/31/2012			12/31/2011			Change		
	Ordinary Percent	Capital Percent	Total Percent	Ordinary Percent	Capital Percent	Total Percent	Ordinary Percent	Capital Percent	Total Percent
4.									
Impact of Tax-Planning Strategies									
(a) Adjusted Gross DTA's (% of Total Adjusted Gross DTA's)	0%	0%	0%	0%	0%	0%	0%	0%	0%
(b) Net Admitted Adjusted Gross DTA's (% of Total Net Admitted Adj. Gross DTA's)	0%	0%	0%	0%	0%	0%	0%	0%	0%
(c) Does the Company's tax-planning strategies include the use of reinsurance?	Yes	No	X						

B. Regarding deferred tax liabilities not recognized – None.

Notes to Financial Statements

C. Current income taxes incurred consist of the following components:

	12/31/2012	12/31/2011	Change
1. Current Income Tax			
(a) Federal	(\$1,429,203)	(\$1,038,812)	(\$330,391)
(b) Foreign	\$0	\$0	\$0
(c) Subtotal	(\$1,429,203)	(\$1,038,812)	(\$330,391)
(d) Federal Income Tax on Net Capital Gains	\$0	\$0	\$0
(e) Utilization of Capital Loss Carry Forwards	\$0	\$0	\$0
(f) Other	\$0	\$0	\$0
(g) Federal and Foreign Income Taxes Incurred	(\$1,429,203)	(\$1,038,812)	(\$330,391)
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Unpaid Losses	\$109,156	\$116,779	(\$7,623)
(2) Unearned Premium Reserve	\$403,684	\$376,338	\$26,746
(3) Policyholder Reserves	\$0	\$0	\$0
(4) Investments	\$0	\$0	\$0
(5) Deferred Acquisition Costs	\$0	\$0	\$0
(6) Policyholder Dividends Accrual	\$0	\$0	\$0
(7) Fixed Assets	\$204,357	\$101,165	\$103,192
(8) Compensation and Benefits Accrual	\$470,685	\$606,727	(\$136,042)
(9) Pension Accrual	\$0	\$0	\$0
(10) Receivables - Nonadmitted	\$226,437	\$403,422	(\$176,985)
(11) Net Operating Loss Carry-Forward	\$0	\$0	\$0
(12) Other (Including items < 5% of total ordinary assets)	\$3,430	\$13,195	(\$9,765)
Subtotal	\$1,417,749	\$1,618,225	(\$200,476)
(b) Statutory Valuation Allowance	\$0	\$517,781	(\$517,781)
(c) Nonadmitted	\$0	\$0	\$0
(d) Admitted Ordinary Deferred Tax Assets	\$1,417,749	\$1,100,444	\$317,305
(e) Capital			
(1) Investments	\$0	\$0	\$0
(2) Net Capital Loss Carry-Forward	\$0	\$0	\$0
(3) Real Estate	\$0	\$0	\$0
(4) Other	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0
(f) Statutory Valuation Allowance Adjustment	\$0	\$0	\$0
(g) Nonadmitted	\$0	\$0	\$0
(h) Admitted Capital Deferred Tax Assets	\$0	\$0	\$0
(i) Admitted Deferred Tax Assets	\$1,417,749	\$1,100,444	\$317,305
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$431,983	\$2,577	\$489,406
(2) Fixed Assets	\$285,834	\$227,986	\$57,908
(3) Deferred and Uncollected Premium	\$0	\$0	\$0
(4) Policyholder Reserves	\$0	\$0	\$0
(5) Other	\$0	\$0	\$0
Subtotal	\$717,817	\$230,563	\$547,314
(b) Capital			
(1) Investments	\$0	\$0	\$0
(2) Real Estate	\$0	\$0	\$0
(3) Other	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0
(c) Deferred Tax Liabilities	\$717,817	\$230,563	\$547,314
4. Net Deferred Tax Assets / Liabilities	\$639,872	\$869,881	(\$230,009)

D. The provision for federal income taxes incurred is different than that which would be obtained by applying the statutory federal income tax rate to income before taxes. The significant items causing this difference are as follows:

	<u>December 31, 2012</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	(\$1,037,914)	34.0%
Change in deferred income taxes	(\$230,009)	7.5%
Change in valuation allowance	(\$517,781)	17.0%
Change in nonadmitted assets	\$554,318	-18.2%
Subsidiary tax	(\$198,717)	6.5%
Other Adjustments	\$900	0.0%
Total statutory income taxes incurred	<u>(\$1,429,203)</u>	<u>46.8%</u>

E. Amounts of operating loss and tax credit carry-forwards available for tax purposes

- The company does not have net operating loss or tax credit carry-forwards as of December 31, 2012.
- The following are income taxes incurred in the current and prior year that will be available for recoupment in the event of future net losses:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
2011	-	-	-
2010	108,992	-	108,992

- The Company has no protective tax deposits reported as admitted assets under Section 6603 of the internal Revenue Service Code as of December 31, 2012 and December 31, 2011.

Notes to Financial Statements

F. Consolidation of Federal Income Tax Return

Summa Health System Corporation files a consolidated federal income tax which includes the following entities: SummaCare, Inc., Summa Insurance Company, Summa Integrated Services Organization, Apex Benefits Services, LLC, Summa Insurance Agency, LLC, Wadsworth-Rittman Professional Services Corporation, Ohio Health Choice, Summa Management Services Organization, Health Care Center Physicians, Patient Centered Collaborative and Cornerstone Medical Services. Allocation of federal income taxes is based upon separate income tax return calculations with credit for net losses that can be used on a consolidated basis.

10. Information Concerning Parent, Subsidiaries, and Affiliates

A. Nature of the Relationships

Summa Insurance Company, Inc. (SIC or Company) was incorporated as a domestic stock property and casualty company. As such, SIC offers groups preferred provider products through which enrolled members elect to receive care from a Summa Preferred Provider (“network provider”) or a non-network provider at the member’s option. Subsidiaries and affiliated organizations of SHS include Summa Health System Corporation (SHSC), Summa Akron City & St. Thomas Hospitals (SACH/STH), Summa Health Network LLC (SHN), SummaCare, Inc. (SC), Apex Benefits Services, LLC (Apex), Summa Insurance Agency, LLC (SIA), Summa Cuyahoga Falls General Hospital (CFGH), Summa Barberton Hospital (BCH), Summa Wadsworth-Rittman Hospital (WRH), Wadsworth-Rittman Professional Services Corporation, Crystal Clinic Orthopedic Center, LLC, Summa Physicians, Inc. (SPI), Summa Foundation, Health Care Center Physicians Inc. (HCCP), Middlebury Assurance Corp. (MAC), Summa Enterprise Group (SEG), Summa Enterprise Group Properties (SEG Properties), Summa Rehabilitation Hospital, LLC, Ohio Health Choice, Inc. (OHC), Cornerstone Medical Services (Cornerstone), ARIS Teleradiology LLC (ARIS), Summa Western Reserve Hospital (SWRH), Ohio Sleep Disorders, Summa Accountable Care Organization (ACO), Akron Endoscopy Associates (Akron Endoscopy) Summa Integrated Services Organization (SISO), Summa Management Services Organization (SMSO), Patient Centered Collaborative, Health Innovations Ohio, LLC, and Medina-Summit ASC, LLC.

SummaCare is a majority owned subsidiary of SIC, with 100% of the voting stock owned by SIC and preferred stock being held by SHS. SummaCare is licensed in the State of Ohio as a health-insuring corporation (HIC) under Chapter 1751 of the Ohio Revised Code. SummaCare contracts with providers to provide comprehensive health care services to a defined enrolled population (members) for a predetermined, monthly fee. The population from which SummaCare draws its membership is predominately in Northeast Ohio.

B. & C. Transactions with Affiliated Organizations

The operating activities with affiliated entities as of December 31, 2012 and December 31, 2011 are as follows:

	2012	2011
Premiums earned from affiliated entities:		
SC	—	4,427
Claims paid to affiliated entities:		
SACH/STH	21,808,247	17,459,220
SPI	2,078,293	1,703,914
BCH	3,007,046	2,992,040
WRH	849,581	840,475
Cornerstone	1,404,158	1,169,724
ARIS	16,159	18,295
Management fees charged to SIC from SC	12,283,564	10,417,790
Management fees charged to SIC from Apex	312,648	353,112
Corporate expense allocation paid to SHS	1,500,000	1,629,069

D. Balance outstanding with affiliated entities as of December 31, 2012 and December 31, 2011:

	Due from		Due to	
	2012	2011	2012	2011
SummaCare	—	—	3,935,185	3,484,358
Apex	—	—	496,960	383,520
SHN	—	—	—	—
SACH/STH	—	—	173,869	—
CFGH	—	2,109	—	—
WRH	—	10,000	—	—
	\$ —	12,109	4,606,014	3,867,878

E. Guarantees or undertakings – None.

F. SIC members receive various medical services from SACH/STH and other SHS subsidiaries. Certain members of the board of directors of the Company are members of the board of trustees of SACH/STH’s and SHS’s subsidiary and

Notes to Financial Statements

affiliated organizations. During 2011, SIC earned premiums from SC associated with the indemnity portion on specific SC insurance plans. The Company has also contracted to receive administrative and claims processing services from SC.

- G. All outstanding shares of Class A and Class C common stock are owned by the parent, Summa Health System. Outstanding shares Class B common stock is owned by various physicians. Outstanding shares of Class B common stock represent approximately 1% of all outstanding shares of common stock.
- H. Investments in upstream intermediate entities or ultimate parent – None.
- I. The Company owns a 100% interest in SummaCare, whose carrying value exceeds 10% of the admitted assets of The Company.
- J. Investments in impaired SCA entities – None.
- K. Investments in foreign insurance subsidiaries – None.
- L. Investment in downstream noninsurance holding company – None.

11. Debt

SIC has no debt as of December 31, 2012.

12. Retirement Plans – None.

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

- 1.) As of December 31, 2012, SHS owned all of the 100 authorized and outstanding shares of SIC Class A common stock. Physician shareholders, who are participating providers of SHN, own all of the 6,617 outstanding shares of SIC Class B common stock with a par value of \$.0001 per share. SHS also owns all of the 606,463 outstanding shares of SIC Class C common stock with a par value of \$.0001 per share.
- 2.) Dividend rate, liquidation value and redemption schedule of preferred stock issues - None
- 3.) Dividend restrictions – In accordance with the Ohio Revised Code, the Company must receive approval from ODI to pay a dividend or distribution during 2013, which when combined with the dividends or distributions paid within the preceding 12 months exceeds the greater of either (a) 10% of the Company's capital and surplus as of December 31, 2012, or (b) the Company's net gain from operations for the year ended December 31, 2012. Accordingly, during 2013, prior approval from the ODI is required for any dividend or distribution payment which exceeds \$5,828,519.
- 4.) Dates and amounts of dividends paid – None.
- 5.) Portion of reporting entities profits that may be paid as ordinary dividends - Reference number 3 above.
- 6.) Restrictions on unassigned funds – None.
- 7.) Mutual Reciprocal - None.
- 8.) Stock held by the Company for special purposes – None.
- 9.) Special surplus funds – None.
- 10.) The portion of unassigned funds represented or reduced by :
 - Nonadmitted Asset Values – \$1,332,374
 - Unrealized Gains (Losses) - \$571,440
- 11.) Surplus notes – None.
- 12.) Restatement in a quasi-reorganization – Not applicable
- 13.) Quasi-reorganization – Not applicable.

14. Contingencies

The Company is involved in various legal proceedings arising, for the most part, in the ordinary course of business operations. Such lawsuits include professional and employment litigation, consistent with the health care industry.

The Company's business practices are subject to review by various state insurance and health care regulatory authorities and other state and federal authorities. These reviews may result in changes to or clarifications of business practices, and may result in fines, penalties or other sanctions.

Notes to Financial Statements

In the opinion of management, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the financial position or results of operations of the Company. Where appropriate, reserves have been established in accordance with SSAP No. 5.

- A. Contingent commitments – None.
- B. Assessments – None
- C. Gain contingencies – None.
- D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits – None.
- E. All other contingencies – None.

15. Leases – None.

16. Information Regarding Off-Balance Sheet Risk – Not applicable.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liability – Not applicable.

18. Gains or Loss to the Reporting Entity from Uninsured Plans – Not applicable.

19. Direct Premium Written / Produced by Managing General Agents / Third Party Administrators -
Not applicable.

20. Fair Value Measurement – Not applicable.

21. Other Items

Stock Option Plan

Under the 2000 Summa Insurance Company, Inc. Nonqualified Stock Option Plan (the Plan), the Company granted options to certain SHN (formerly Akron City Health System) physicians for the purchase of up to 38,190 restricted shares of Class B common stock. Under the Plan, the exercise price of each option is \$50, and an option's maximum term is 10 years. Options were granted on January 1, 2000 and vested immediately as there is no requirement for future performance. The Plan also has a mandatory redemption period of three years, in which during the first 10 days of December 2001, 2002, and 2003, each participant has the right to require the Company to purchase all or part of the shares held by the participant, which are free of restrictions, at a purchase price equal to the fair market value of the shares at September 30 of the year during which the right is exercised. For participants that retire, resign from SHN or die during the year, the shares held by the participant are redeemed at the current market value. In 2012, no shares were redeemed or exercised. In 2011, 145 shares were redeemed at a fair market value of \$13,917. No options were exercised during 2011.

22. Events Subsequent – None.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes () No (X)

If yes, give full details.

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?

Notes to Financial Statements

Yes () No (X)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes () No (X)

- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. \$ _____
- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement? \$ _____

- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under reinsurance policies?

Yes () No (X)

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes () No (X)

If yes, what is the amount of the reinsurance credits, whether an asset or a reduction of a liability, taken for such new agreements or amendments? \$ _____

B. **Uncollectible Reinsurance** – None.

C. **Commutation of Ceded Reinsurance** – None.

24. **Retrospectively Rated Contracts & Contracts Subject to Redetermination** – None.

25. **Changes in Incurred Claims and Claims Adjustment Expenses**

Activity in claims unpaid is summarized as follows:

Notes to Financial Statements

	2012	2011
Balance at January 1	\$ 17,145,575	16,973,286
Prior Year Adjustment - Reinsurance	—	—
Incurred related to:		
Current year	183,034,142	157,183,640
Prior years	(1,666,952)	(3,849,000)
Total	181,367,190	153,334,640
Paid related to:		
Current year	161,880,642	140,039,351
Prior years	15,474,623	13,123,000
Total	177,355,265	153,162,351
Balance at End of Period	\$ 21,157,500	17,145,575

Reserves as of December 31, 2011 were \$17,145,575. As of December 31, 2012, \$15,474,623 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years are \$4,000 as a result of re-estimation of unpaid claims principally on the PPO lines of insurance. Therefore, there has been \$1,666,952 in favorable experience from December 31, 2011 to December 31, 2012. This favorable experience is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements – None.

27. Structured Settlements – None.

28. Healthcare Receivables

The company receives pharmacy rebates on a quarterly basis. As of December 31, 2012, a receivable was recorded equal to three quarters of rebates. Pharmacy rebates receivable are estimated by multiplying the most recent rebate received by three (three quarters). Pharmacy rebates receivable are recorded as nonadmitted assets in accordance with SSAP No. 84.

<u>Quarter</u>	<u>Estimated Pharmacy Rebates as Reported on Financial Statements</u>	<u>Pharmacy Rebates as Billed or Otherwise Confirmed</u>	<u>Actual Rebates Received Within 90 Days of Billing</u>	<u>Actual Rebates Received Within 91 to 180 Days of Billing</u>	<u>Actual Rebates Received More Than 180 Days After Billing</u>
12/31/2012	\$624,017	\$75,818	\$0	\$0	\$75,818
9/30/2012	\$556,521	\$243,421	\$0	\$0	\$243,421
6/30/2012	\$719,351	\$504,535	\$0	\$0	\$504,535
3/31/2012	\$533,731	\$428,717	\$0	\$0	\$428,717
12/31/2011	\$1,007,250	\$779,591	\$0	\$0	\$779,591
9/30/2011	\$919,063	\$840,010	\$0	\$0	\$840,010
6/30/2011	\$843,955	\$821,800	\$0	\$0	\$821,800
3/31/2011	\$842,961	\$834,830	\$0	\$0	\$834,830
12/31/2010	\$842,250	\$794,169	\$0	\$0	\$794,169
9/30/2010	\$546,875	\$849,583	\$0	\$0	\$849,583
6/30/2010	\$492,649	\$855,789	\$0	\$0	\$855,789
3/31/2010	\$492,649	\$857,126	\$0	\$0	\$857,126

29. Participating Policies – None.

30. Premium Deficiency Reserves

Premium deficiency losses are recognized when it is probable that expected claim expenses will exceed future premiums on existing health contracts. For purposes of premium deficiency losses, contracts are grouped in a manner consistent with the Company's method of acquiring, servicing and measuring the profitability of such contracts.

- | | |
|---|-------------------|
| 1. Liability carried for premium deficiency reserve: | \$1,128,000 |
| 2. Date of the most recent evaluation of this liability: | December 31, 2012 |
| 3. Was anticipated investment income utilized in the calculation? | YES |

31. Anticipated Salvage Value and Subrogation – Not applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[] N/A[]
- 1.3 State Regulating? Ohio
-
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[X] No[]
- 2.2 If yes, date of change: 06/21/2012
-
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2007
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 01/12/2009
- 3.4 By what department or departments?
Ohio Department of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[] No[] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[] No[] N/A[X]
-
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[] No[X]
- 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[] No[X]
- 4.22 renewals? Yes[] No[X]
-
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[] No[X]
- 6.2 If yes, give full information:
-
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[] No[X]
- 7.2 If yes, 0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young LLP, 925 Euclid Ave, Cleveland, OH 44115
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes[] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[] N/A[]
- 10.6 If the response to 10.5 is "NO" or "N/A" please explain:
-
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Michael Cellini, Actuary, Ernst & Young LLP, 5 Times Square, New York, NY 10036
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes[] No[X]

GENERAL INTERROGATORIES (Continued)

- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes[] No[] N/A[X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ 0
- 24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ 0
- 24.103 Total payable for securities lending reported on the liability page. \$ 0

- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes[] No[X]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$ 0
- 25.22 Subject to reverse repurchase agreements \$ 0
- 25.23 Subject to dollar repurchase agreements \$ 0
- 25.24 Subject to reverse dollar repurchase agreements \$ 0
- 25.25 Pledged as collateral \$ 0
- 25.26 Placed under option agreements \$ 0
- 25.27 Letter stock or securities restricted as to sale \$ 0
- 25.28 On deposit with state or other regulatory body \$ 0
- 25.29 Other \$ 0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[] No[X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[] No[] N/A[X]
If no, attach a description with this statement.

- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[] No[X]
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No[]
- 28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
FirstMerit Bank, N.A.	106 South Main St, Akron, OH 44308

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

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

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes[] No[X]
- 28.04 If yes, give full and complete information relating thereto:

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
FirstMerit Bank	Paul Brady	4481 Munson St NW, Suite 200, Canton OH 44718

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])? Yes[] No[X]
- 29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 Total		

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

GENERAL INTERROGATORIES (Continued)

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

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

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	15,043,516	15,614,956	571,440
30.2	Preferred stocks			
30.3	Totals	15,043,516	15,614,956	571,440

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

The values are based on the prices of assets at the close of the stock market on 12/31/2012 as determined by Interactive Data Corp.

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

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

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

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

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 0

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

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

34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ 0

35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes[X] No[]
- 1.2 If yes, indicate premium earned on U.S. business only: \$ 107,577
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ 0
- 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ 0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ 73,066
- 1.6 Individual policies - Most current three years:
- 1.61 Total premium earned \$ 107,577
- 1.62 Total incurred claims \$ 73,066
- 1.63 Number of covered lives 49
- All years prior to most current three years:
- 1.64 Total premium earned \$ 0
- 1.65 Total incurred claims \$ 0
- 1.66 Number of covered lives 0
- 1.7 Group policies - Most current three years:
- 1.71 Total premium earned \$ 0
- 1.72 Total incurred claims \$ 0
- 1.73 Number of covered lives 0
- All years prior to most current three years:
- 1.74 Total premium earned \$ 0
- 1.75 Total incurred claims \$ 0
- 1.76 Number of covered lives 0

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator	205,246,012	175,692,634
2.2 Premium Denominator	205,246,012	175,692,634
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4 Reserve Numerator	22,413,500	17,202,215
2.5 Reserve Denominator	22,413,500	17,202,215
2.6 Reserve Ratio (2.4 / 2.5)	1.000	1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes[] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes[X] No[]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes[] No[X] N/A[]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes[X] No[]
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical \$ 300,000
- 5.32 Medical Only \$ 0
- 5.33 Medicare Supplement \$ 0
- 5.34 Dental & Vision \$ 0
- 5.35 Other Limited Benefit Plan \$ 0
- 5.36 Other \$ 0
- 6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
The Company's provider contracts include insolvency provisions, continuity of care provisions and hold harmless language.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes[X] No[]
- 7.2 If no, give details:
- 8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 6,000
- 8.2 Number of providers at end of reporting year 6,000
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes[] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months 0
- 9.22 Business with rate guarantees over 36 months 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes[X] No[]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ 128,000
- 10.22 Amount actually paid for year bonuses \$ 129,746
- 10.23 Maximum amount payable withholds \$ 0
- 10.24 Amount actually paid for year withholds \$ 0
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes[] No[X]
- 11.13 An Individual Practice Association (IPA), or, Yes[] No[X]
- 11.14 A Mixed Model (combination of above)? Yes[X] No[]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes[X] No[]
- 11.3 If yes, show the name of the state requiring such net worth.
Ohio \$ 1,500,000
- 11.4 If yes, show the amount required. \$ 1,500,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes[] No[X]
- 11.6 If the amount is calculated, show the calculation.
- 12. List service areas in which the reporting entity is licensed to operate:

1 Name of Service Area
Summit
Portage
Cuyahoga
Geauga
Stark
Medina
Wayne
Ashtabula
Carroll

GENERAL INTERROGATORIES (Continued)

1 Name of Service Area
Lorain
Mahoning
Trumbull
Ottawa
Sandusky
Erie
Huron
Lake
Ashland
Holmes
Tuscarawas

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

Yes[] No[X]

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

\$ 0

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

Yes[] No[X]

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

\$ 0

FIVE-YEAR HISTORICAL DATA

	1 2012	2 2011	3 2010	4 2009	5 2008
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	95,032,418	85,786,645	75,133,883	69,368,679	43,807,018
2. TOTAL Liabilities (Page 3, Line 24)	36,866,682	31,873,422	26,896,778	28,601,475	21,599,051
3. Statutory surplus	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
4. TOTAL Capital and Surplus (Page 3, Line 33)	58,165,736	53,913,223	48,237,105	40,767,204	22,207,967
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	205,246,012	175,692,634	153,995,227	145,849,050	132,971,590
6. TOTAL Medical and Hospital Expenses (Line 18)	181,568,296	153,404,242	134,406,188	138,022,515	120,564,550
7. Claims adjustment expenses (Line 20)	1,547,276	1,375,852	1,258,824	15,664,527	17,341,359
8. TOTAL Administrative Expenses (Line 21)	25,493,258	22,517,199	19,701,317	4,623,480	3,774,151
9. Net underwriting gain (loss) (Line 24)	(3,362,818)	(1,604,659)	(1,371,102)	(12,461,472)	(8,708,470)
10. Net investment gain (loss) (Line 27)	280,304	320,984	678,724	367,991	418,724
11. TOTAL Other Income (Lines 28 plus 29)	29,826	4,519	6,689	2,370	5,168
12. Net income or (loss) (Line 32)	(1,623,485)	(180,344)	(773,958)	(7,357,826)	(6,806,519)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	2,152,801	1,807,994	2,162,395	(6,078,898)	(2,602,541)
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	58,165,736	53,913,223	48,237,105	40,767,204	22,207,967
15. Authorized control level risk-based capital	12,014,187	11,319,295	10,579,534	8,940,644	8,047,917
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	56,247	51,093	44,342	43,889	43,169
17. TOTAL Members Months (Column 6, Line 7)	663,646	576,335	514,784	513,842	502,858
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	88.5	87.3	87.3	94.6	90.7
20. Cost containment expenses	0.2	0.2	0.3	2.1	4.3
21. Other claims adjustment expenses	0.6	0.6	0.5	8.6	8.7
22. TOTAL Underwriting Deductions (Line 23)	101.6	100.9	100.9	108.5	106.5
23. TOTAL Underwriting Gain (Loss) (Line 24)	(1.6)	(0.9)	(0.9)	(8.5)	(6.5)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	15,608,369	13,338,962	16,230,466	12,982,000	16,662,000
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	17,202,215	17,175,286	18,495,714	14,964,365	14,630,647
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)	52,197,316	48,490,049	44,407,469	27,766,598	27,184,481
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated		5,942,464	4,189,443	2,697,626	902,012
32. TOTAL of Above Lines 26 to 31	52,197,316	54,432,513	48,596,912	30,464,224	28,086,493
33. TOTAL investment in parent included in Lines 26 to 31 above					

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

If no, please explain::

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

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1. Alabama (AL)	N								
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	208,178,227						208,178,227	
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	N								
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Marianas Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X	208,178,227						208,178,227	
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	(a) 1	208,178,227						208,178,227	
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								

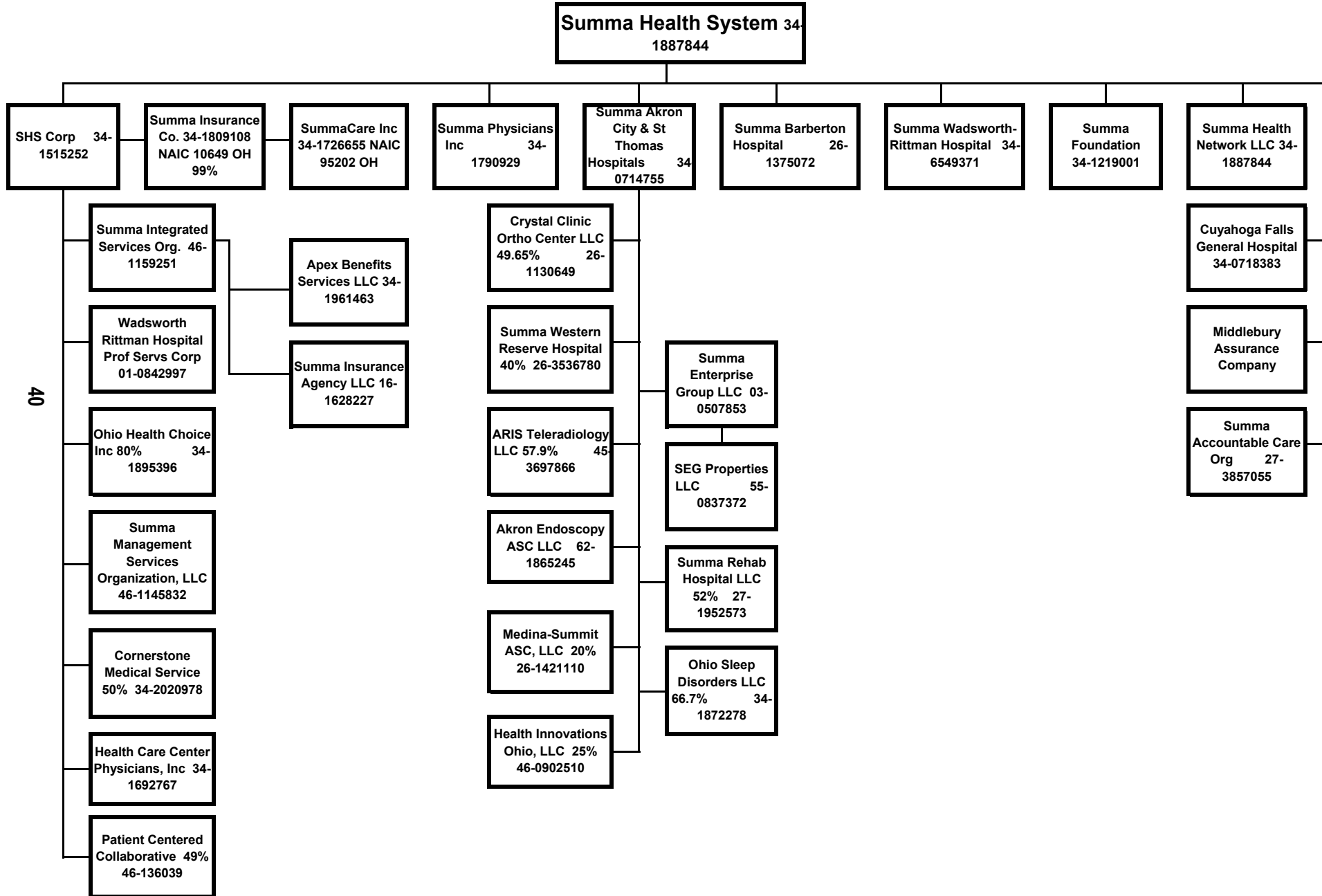
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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