



ANNUAL STATEMENT

For the Year Ending December 31, 2012

OF THE CONDITION AND AFFAIRS OF THE

PARAMOUNT INSURANCE COMPANY

NAIC Group Code 1212 , 1212 NAIC Company Code 11518 Employer's ID Number 010580404
(Current Period) (Prior Period)

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[X] Property/Casualty[] Hospital, Medical & Dental Service or Indemnity[]
 Dental Service Corporation[] Vision Service Corporation[] Health Maintenance Organization[]
 Other[] Is HMO Federally Qualified? Yes[] No[X] N/A[]

Incorporated/Organized 04/19/2002 Commenced Business 09/26/2002

Statutory Home Office 1901 Indian Wood Circle , Maumee, OH, US 43537
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 1901 Indian Wood Circle
(Street and Number)
Maumee, OH, US 43537 (419)887-2500
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 1901 Indian Wood Circle , Maumee, OH, US 43537
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 1901 Indian Wood Circle
(Street and Number)
Maumee, OH, US 43537 (419)887-2500
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.paramounthealthcare.com

Statutory Statement Contact Mary Kathereen Siefke, Mrs. (419)887-2909
(Name) (Area Code)(Telephone Number)(Extension)
mary.siefke@promedica.org (419)887-2020
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title
David Scott Hickman Mr.	Chairman #
John Charles Randolph Mr.	President
Kathleen Sheline Hanley Ms.	Treasurer
Jeffrey Craig Kuhn Mr.	Secretary

OTHERS

Jeffrey William Martin Mr., Vice President, Operations	John David Meier M.D., Vice President, Health Services
Mark Henry Moser Mr., Vice President, Marketing	Stacey Lee Bock Mrs., Vice President, Finance #

DIRECTORS OR TRUSTEES

Garry Walter Roberts Mr.	Dee Ann Bialecki-Haase MD. #
Richard Dean Heltzel Mr.	Cynthia Ann Geronimo Ms. #
John Charles Randolph Mr.	Stephen Peter Malia Mr. #
Russell Leo Dempsey Mr.	Steven R. Zirkel Mr.
Timothy Ingraham Martindale Mr.	Calvin Joseph Lawshe Mr.

State of Ohio
 County of Lucas ss

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

(Signature)
 John Charles Randolph

(Printed Name)
 1.
 President

(Title)

(Signature)
 Stacey Lee Bock

(Printed Name)
 2.
 Vice President, Finance

(Title)

(Signature)
 Jeffrey Craig Kuhn

(Printed Name)
 3.
 Secretary

(Title)

Subscribed and sworn to before me this _____ day of _____, 2013

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

(Notary Public Signature)

DIRECTORS OR TRUSTEES (continued)

Richard Lawrence Munk M.D.
Cathy Lynn Cantor M.D.
David Scott Hickman Mr.
Dale Joseph Seymour Mr.

Deborah Anne Dickenson Peters Ms.
Timothy Bublick Mr.
Mark Leslie Ferris Mr.
Daniel Sullivan Murtagh M.D. #

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)	350,110		350,110	350,219
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 (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 (\$.....16,701,081 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....54,453 Schedule DA)	16,755,534		16,755,534	17,822,227
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities Lending Reinvested Collateral Assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	17,105,644		17,105,644	18,172,446
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued				246
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	101,375	1,724	99,651	63,085
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	4,383		4,383	
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	205,269		205,269	153,079
18.1 Current federal and foreign income tax recoverable and interest thereon	1,034,366		1,034,366	544,156
18.2 Net deferred tax asset	98,291	1,646	96,645	118,763
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$.....0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				426,441
24. Health care (\$.....55,040) and other amounts receivable	61,316	6,276	55,040	87,797
25. Aggregate write-ins for other than invested assets	6,500	6,500		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	18,617,144	16,146	18,600,998	19,566,013
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	18,617,144	16,146	18,600,998	19,566,013
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. Prepays	6,500	6,500		
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)	6,500	6,500		

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	3,641,030		3,641,030	3,389,130
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	97,000		97,000	106,000
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	97,069		97,069	97,069
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	558,446		558,446	593,634
9. General expenses due or accrued	1,171,066		1,171,066	1,714,472
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
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	225,374		225,374	
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
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	29,145		29,145	14,420
23. Aggregate write-ins for other liabilities (including \$.....0 current)				
24. TOTAL Liabilities (Lines 1 to 23)	5,819,130		5,819,130	5,914,725
25. Aggregate write-ins for special surplus funds	X X X	X X X		
26. Common capital stock	X X X	X X X	1,000,000	1,000,000
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X	26,000,000	26,000,000
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	(14,218,132)	(13,348,712)
32. Less treasury stock, at cost:				
32.10 shares common (value included in Line 26 \$.....0)	X X X	X X X		
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	12,781,868	13,651,288
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	18,600,998	19,566,013
DETAILS OF WRITE-INS				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				
2501.	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	113,219	106,094
2. Net premium income (including \$.....0 non-health premium income)	X X X	26,909,243	23,015,623
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	26,909,243	23,015,623
Hospital and Medical:			
9. Hospital/medical benefits		19,974,745	15,711,102
10. Other professional services		31,199	31,686
11. Outside referrals			
12. Emergency room and out-of-area		442,352	336,474
13. Prescription drugs		3,872,047	3,445,877
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)		24,320,343	19,525,139
Less:			
17. Net reinsurance recoveries		254,893	38,898
18. TOTAL Hospital and Medical (Lines 16 minus 17)		24,065,450	19,486,241
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....430,623 cost containment expenses		585,034	251,163
21. General administrative expenses		3,646,171	2,624,750
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			(1,092,601)
23. TOTAL Underwriting Deductions (Lines 18 through 22)		28,296,655	21,269,553
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(1,387,412)	1,746,070
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		898	(674)
26. Net realized capital gains (losses) less capital gains tax of \$.....0			
27. Net investment gains (losses) (Lines 25 plus 26)		898	(674)
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			
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	(1,386,514)	1,745,396
31. Federal and foreign income taxes incurred	X X X	(490,210)	255,983
32. Net income (loss) (Lines 30 minus 31)	X X X	(896,304)	1,489,413
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.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	13,651,288	12,000,885
34.	Net income or (loss) from Line 32	(896,304)	1,489,413
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	(109)	(220)
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	(22,080)	(368,252)
39.	Change in nonadmitted assets	49,073	529,462
40.	Change in unauthorized and certified reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	(869,420)	1,650,403
49.	Capital and surplus end of reporting year (Line 33 plus 48)	12,781,868	13,651,288
DETAILS OF WRITE-INS			
4701.		
4702.		
4703.		
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	26,840,059	22,238,266
2.	Net investment income	1,253	(701)
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	26,841,312	22,237,565
5.	Benefit and loss related payments	23,740,185	19,228,584
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	4,821,076	2,870,264
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	109	(530,771)
10.	Total (Lines 5 through 9)	28,561,370	21,568,077
11.	Net cash from operations (Line 4 minus Line 10)	(1,720,058)	669,488
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds		350,000
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)		350,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds		350,438
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		219
13.7	Total investments acquired (Lines 13.1 to 13.6)		350,657
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)		(657)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	653,365	2,913,871
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	653,365	2,913,871
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)	(1,066,693)	3,582,702
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	17,822,227	14,239,525
19.2	End of year (Line 18 plus Line 19.1)	16,755,534	17,822,227

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	26,909,243	23,635,043	2,889,483						384,717	
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)	26,909,243	23,635,043	2,889,483						384,717	
8. Hospital/medical benefits	19,974,745	18,112,900	1,869,203						(7,358)	X X X
9. Other professional services	31,199	2,256	28,943							X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area	442,352	117,170	325,182							X X X
12. Prescription drugs	3,872,047	3,736,724							135,323	X X X
13. Aggregate write-ins for other hospital and medical										X X X
14. Incentive pool, withhold adjustments and bonus amounts										X X X
15. Subtotal (Lines 8 to 14)	24,320,343	21,969,050	2,223,328						127,965	X X X
16. Net reinsurance recoveries	254,893	254,893								X X X
17. TOTAL Hospital and Medical (Lines 15 minus 16)	24,065,450	21,714,157	2,223,328						127,965	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 \$.....430,623 cost containment expenses	585,034	524,304	55,560						5,170	
20. General administrative expenses	3,646,171	3,267,678	346,271						32,222	
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)	28,296,655	25,506,139	2,625,159						165,357	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(1,387,412)	(1,871,096)	264,324						219,360	
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)	23,987,190		352,147	23,635,043
2. Medicare Supplement	2,889,483			2,889,483
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan				
6. Title XVIII - Medicare				
7. Title XIX - Medicaid				
8. Other health	783,875		399,158	384,717
9. Health subtotal (Lines 1 through 8)	27,660,548		751,305	26,909,243
10. Life				
11. Property/casualty				
12. TOTALS (Lines 9 to 11)	27,660,548		751,305	26,909,243

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	23,990,695	21,652,858	2,273,699						64,138	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	250,510	250,510								
1.4 Net	23,740,185	21,402,348	2,273,699						64,138	
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	3,641,030	3,092,215	414,952						133,863	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	3,641,030	3,092,215	414,952						133,863	
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										
6. Net healthcare receivables (a)	(77,748)	(77,748)								
7. Amounts recoverable from reinsurers December 31, current year	4,383	4,383								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	3,389,130	2,853,771	465,323						70,036	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	3,389,130	2,853,771	465,323						70,036	
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										
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	24,320,343	21,969,050	2,223,328						127,965	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	254,893	254,893								
12.4 Net	24,065,450	21,714,157	2,223,328						127,965	
13. Incurred medical incentive pools and bonuses										

(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	1,027,121	951,717	75,404							
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	1,027,121	951,717	75,404							
2. Incurred but Unreported:										
2.1 Direct	2,613,909	2,140,498	339,548						133,863	
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	2,613,909	2,140,498	339,548						133,863	
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	3,641,030	3,092,215	414,952						133,863	
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	3,641,030	3,092,215	414,952						133,863	

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)	1,985,755	19,412,209	17,716	3,074,499	2,003,471	2,853,771
2.	Medicare Supplement	329,007	1,944,693		414,952	329,007	465,323
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid						
8.	Other health	19,825	44,313		133,863	19,825	70,036
9.	Health subtotal (Lines 1 to 8)	2,334,587	21,401,215	17,716	3,623,314	2,352,303	3,389,130
10.	Healthcare receivables (a)		61,316				139,064
11.	Other non-health						
12.	Medical incentive pool and bonus amounts						
13.	TOTALS (Lines 9 - 10 + 11 + 12)	2,334,587	21,339,899	17,716	3,623,314	2,352,303	3,250,066

(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	2,994	2,975	3,008	3,010	3,009
2.	2008	30,087	34,421	34,430	34,409	34,409
3.	2009	X X X	32,315	37,339	37,333	37,341
4.	2010	X X X	X X X	34,170	36,800	36,752
5.	2011	X X X	X X X	X X X	17,715	20,091
6.	2012	X X X	X X X	X X X	X X X	21,401

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	3,051	2,975	3,008	3,010	3,009
2.	2008	37,397	34,470	34,430	34,409	34,409
3.	2009	X X X	37,943	37,370	37,333	37,341
4.	2010	X X X	X X X	38,312	36,804	36,752
5.	2011	X X X	X X X	X X X	21,100	20,109
6.	2012	X X X	X X X	X X X	X X X	25,024

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	35,950	34,409	744	2.162	35,153	97.783			35,153	97.783
2. 2009	34,306	37,341	414	1.108	37,755	110.053			37,755	110.053
3. 2010	37,287	36,752	333	0.905	37,085	99.457			37,085	99.457
4. 2011	23,016	20,091	352	1.750	20,443	88.819	18		20,461	88.897
5. 2012	26,909	21,401	510	2.384	21,911	81.427	3,623	97	25,631	95.251

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	2,544	2,528	2,561	2,563	2,562
2.	2008	21,863	25,782	25,790	25,769	25,769
3.	2009	X X X	30,132	34,840	34,833	34,842
4.	2010	X X X	X X X	32,051	34,324	34,282
5.	2011	X X X	X X X	X X X	15,688	17,708
6.	2012	X X X	X X X	X X X	X X X	19,412

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	2,572	2,528	2,561	2,563	2,562
2.	2008	27,629	25,829	25,790	25,769	25,769
3.	2009	X X X	35,366	34,869	34,833	34,842
4.	2010	X X X	X X X	35,701	34,328	34,282
5.	2011	X X X	X X X	X X X	18,538	17,726
6.	2012	X X X	X X X	X X X	X X X	22,486

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	26,729	25,769	643	2.495	26,412	98.814			26,412	98.814
2. 2009	31,109	34,842	369	1.060	35,211	113.187			35,211	113.187
3. 2010	34,236	34,282	315	0.918	34,597	101.054			34,597	101.054
4. 2011	19,981	17,708	325	1.834	18,033	90.249	18		18,051	90.339
5. 2012	23,635	19,412	458	2.360	19,870	84.071	3,074	82	23,026	97.424

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	439	436	436	436	436
2. 2008	1,405	1,699	1,700	1,700	1,700
3. 2009	X X X	1,760	2,023	2,024	2,023
4. 2010	X X X	X X X	1,832	2,147	2,141
5. 2011	X X X	X X X	X X X	1,804	2,140
6. 2012	X X X	X X X	X X X	X X X	1,945

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	468	436	436	436	436
2. 2008	1,927	1,701	1,700	1,700	1,700
3. 2009	X X X	2,061	2,025	2,024	2,023
4. 2010	X X X	X X X	2,271	2,147	2,141
5. 2011	X X X	X X X	X X X	2,269	2,140
6. 2012	X X X	X X X	X X X	X X X	2,360

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	2,183	1,700	43	2.530	1,743	79.844			1,743	79.844
2. 2009	2,403	2,023	26	1.305	2,049	85.285			2,049	85.285
3. 2010	2,488	2,141	16	0.759	2,157	86.706			2,157	86.706
4. 2011	2,568	2,140	24	1.106	2,164	84.255			2,164	84.255
5. 2012	2,889	1,945	50	2.555	1,995	69.044	415	11	2,421	83.790

12 Medicare Supplement

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

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

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

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

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

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

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

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	X X X	166	209	209	209
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	209	209	209	209
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	249	209	3	1.435	212	85.141			212	85.141
3. 2010			1		1				1	
4. 2011										
5. 2012										

12 Fed Emp HBPP

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

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

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

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid NONE

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	11	11	11	11	11
2. 2008	6,819	6,940	6,940	6,940	6,940
3. 2009	X X X	257	267	267	267
4. 2010	X X X	X X X	287	329	329
5. 2011	X X X	X X X	X X X	223	243
6. 2012	X X X	X X X	X X X	X X X	44

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	11	11	11	11	11
2. 2008	7,841	6,940	6,940	6,940	6,940
3. 2009	X X X	307	267	267	267
4. 2010	X X X	X X X	340	329	329
5. 2011	X X X	X X X	X X X	293	243
6. 2012	X X X	X X X	X X X	X X X	178

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	7,038	6,940	58	0.836	6,998	99.432			6,998	99.432
2. 2009	545	267	15	5.618	282	51.743			282	51.743
3. 2010	563	329	0	0.149	329	58.524			329	58.524
4. 2011	467	243	3	1.311	246	52.716			246	52.716
5. 2012	385	44	2	5.284	46	12.032	134	4	184	47.877

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)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income)	97,069								97,069
5. Aggregate write-ins for other policy reserves									
6. TOTALS (Gross)	97,069								97,069
7. Reinsurance ceded									
8. TOTALS (Net) (Page 3, Line 4)	97,069								97,069
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)	3,417	2,448	24,738		30,603
2. Salaries, wages and other benefits	473,582	183,145	1,391,742		2,048,469
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)			1,278,480		1,278,480
4. Legal fees and expenses			104,136		104,136
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	49,639	6,422	791,709		847,770
7. Traveling expenses	2,773	356	10,576		13,705
8. Marketing and advertising			133,732		133,732
9. Postage, express and telephone	1,148	68	36,877		38,093
10. Printing and office supplies	2,940	344	38,705		41,989
11. Occupancy, depreciation and amortization	1,152	825	8,340		10,317
12. Equipment	93		81,817		81,910
13. Cost or depreciation of EDP equipment and software					
14. Outsourced services including EDP, claims, and other services	6,251	3	62,730		68,984
15. Boards, bureaus and association fees	191		4,845		5,036
16. Insurance, except on real estate					
17. Collection and bank service charges			86,096		86,096
18. Group service and administration fees	(110,563)	(39,200)	(875,145)		(1,024,908)
19. Reimbursements by uninsured plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes			26,893		26,893
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			38,790		38,790
23.2 State premium taxes			385,041		385,041
23.3 Regulatory authority licenses and fees					
23.4 Payroll taxes			12,580		12,580
23.5 Other (excluding federal income and real estate taxes)			3,489		3,489
24. Investment expenses not included elsewhere				3,037	3,037
25. Aggregate write-ins for expenses					
26. TOTAL Expenses Incurred (Lines 1 to 25)	430,623	154,411	3,646,171	3,037	(a) 4,234,242
27. Less expenses unpaid December 31, current year	67,900	29,100	1,171,066		1,268,066
28. Add expenses unpaid December 31, prior year	72,080	33,920	1,714,472		1,820,472
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)	434,803	159,231	4,189,577	3,037	4,786,648
DETAILS OF WRITE-INS					
2501.					
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)					

(a) Includes management fees of \$.....3,175,242 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) 2,624	2,627
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) 1,559	1,308
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	4,183	3,935
11. Investment expenses		(g) 3,037
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)		3,037
17. Net Investment income (Line 10 minus Line 16)		898

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 \$.....109 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 \$.....3,037 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				(109)	
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. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)				(109)	

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)			
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)			
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	1,724	4,294	2,570
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	1,646	1,608	(38)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates		50	50
24. Health care and other amounts receivable	6,276	51,267	44,991
25. Aggregate write-ins for other than invested assets	6,500	8,000	1,500
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	16,146	65,219	49,073
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	16,146	65,219	49,073
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. Prepays	6,500	8,000	1,500
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)	6,500	8,000	1,500

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations	7,165	7,909	7,709	7,693	7,791	93,467
4. Point of Service	45	44	44	43	42	518
5. Indemnity Only	146	138	170	189	193	2,007
6. Aggregate write-ins for other lines of business	1,503	1,392	1,449	1,441	1,446	17,227
7. TOTAL	8,859	9,483	9,372	9,366	9,472	113,219
DETAILS OF WRITE-INS						
0601. Stop loss	1,239	1,155	1,214	1,216	1,222	14,442
0602. PDP	264	237	235	225	224	2,785
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	1,503	1,392	1,449	1,441	1,446	17,227

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

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

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

	State of Domicile	2012	2011
NET INCOME	Ohio		
Paramount Insurance Company state basis		(896,304)	1,489,413
State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
State Permitted Practices that increase/(decrease) NAIC SAP		-	-
NAIC SAP		(896,304)	1,489,413
 SURPLUS			
Paramount Insurance Company state basis		12,781,868	13,651,288
State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
State Permitted Practices that increase/(decrease) NAIC SAP		-	-
NAIC SAP		12,781,868	13,651,288

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

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

C. Accounting Policy

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

In addition, the company uses the following accounting policies:

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

Notes to Financial Statements

9. The Company does not invest in derivatives.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54, Individual and Group Accident and Health Contracts.
11. The Company began operations on November 2, 2002. Unpaid losses and loss adjustment expenses include an amount from individual case estimates and loss reports and an amount, based on limited past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability is continually reviewed and any adjustments are reflected in the period determined.
12. The Company has not modified its capitalization policy from the prior period.
13. The Company estimates its pharmaceutical rebate receivables based on historical cash payments.

2. Accounting Changes and Corrections of Errors

-NOT APPLICABLE

3. Business Combinations and Goodwill

-NOT APPLICABLE

4. Discontinued Operations

-NOT APPLICABLE

5. Investments

- A. The company does not have any Mortgage Loan investments.
- B. The company is not a creditor for any Restructured Debt.
- C. The company does not have any reverse mortgages.
- D. The company does not have any loan-backed securities.
- E. The company does not have any re-purchase agreements.
- F. The company does not have any real estate investments.

6. Joint ventures, Partnerships and Limited Liability Companies

-NOT APPLICABLE

7. Investment Income

The Company does not have any nonadmitted accrued investment income.

8. Derivative Instruments

-NOT APPLICABLE

9. Income Taxes

The application of SSAP No. 101 requires a company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance if necessary to reduce the deferred tax asset to an amount which is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is

Notes to Financial Statements

necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the Company considers many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) the timing of reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry forwards; (5) the length of time that carryovers can be used; (6) unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Company would employ to avoid a tax benefit expiring unused. Although the realization is not assured, the Company believes it is more likely than not that the deferred tax assets, net of valuation allowances, will be realized. The Company has not recorded a valuation allowance as of December 31, 2012 and 2011.

- A. The components of DTAs and DTLs as of December 31 are as follows: The December 31, 2011 balances are the SSAP 10R amounts included in the current year SSAP 101 format.

	December 31, 2012			December 31, 2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
) Gross deferred tax assets	\$ 98,207	\$ 1,646	\$ 99,853	\$ 120,409	\$ 1,608	\$ 122,017	\$ (22,202)	\$ 38	\$ (22,164)
) Statutory valuation allowance							-	-	-
) Adjusted gross deferred tax assets	98,207	1,646	99,853	120,409	1,608	122,017	(22,202)	38	(22,164)
) Deferred tax assets nonadmitted		1,646	1,646		1,608	1,608	-	38	38
) Subtotal net admitted deferred tax assets	98,207		98,207	120,409	-	120,409	(22,202)	-	(22,202)
) Deferred tax liabilities	1,562		1,562				-	-	-
) Net admitted deferred tax asset	\$ 96,645	\$ -	\$ 96,645	\$ 120,409	\$ -	\$ 120,409	\$ (22,202)	\$ -	\$ (22,202)

	12/31/2012			12/31/2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission Calculation Components SSSAP No. 101									
(a) Federal Income Taxes Paid in Prior Years									
Recoverable Through Loss Carrybacks	\$ 98,207	\$ -	\$ 98,207	\$ 120,409	\$ -	\$ 120,409	\$ (22,202)	\$ -	\$ (22,202)
(b) Adjusted Gross Deferred Tax Assets									
Expected To Be Realized (Excluding The Amount of Deferred Tax Assets from 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	-	-	-	0	0	0	0	0	0
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	-	-	-	0	0	0	0	0	0
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			1,902,783			1,329,961			572,822
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	-	-	-	0	0	0	0	0	0
(d) Deferred Tax Assets Admitted as the Result of application of SSAP No. 101.									
Total	\$ 98,207	\$ -	\$ 98,207	\$ 120,409	\$ 0	\$ 120,409	\$ (22,202)	\$ 0	\$ (22,202)

- (a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount
- | | | |
|--|------|------|
| | 751% | 989% |
|--|------|------|
- (b) Amount of Adjusted Capital and Surplus Used To Determine Recovery Period And Threshold Limitation in 2(b)2 above
- | | | |
|--|------------|------------|
| | 12,685,223 | 13,532,525 |
|--|------------|------------|

Notes to Financial Statements

	2012			2011			Change	
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Total
Impact of tax planning strategies								
(a) Adjusted gross DTAs (% total adjusted gross DTAs)	0	0	0	0	0	0	0	0
(b) Net admitted adjusted gross DTAs (% of total net admitted adjusted gross DTAs)	0	0	0	0	0	0	0	0

The Company's tax-planning strategies does not include the use of reinsurance.

B. There are no temporary differences for deferred tax liabilities that are not recognized at December 31, 2012 and 2011.

C. -Current income taxes incurred consisted of the following major components:

	12/31/2012	12/31/2011	Change
1. Current Income Tax			
(a) Federal	\$ (494,192)	\$ 252,745	\$ (746,937)
(b) Federal income tax on capital gains	-	-	-
(c) Other	3,982	3,238	744
(d) Federal income taxes incurred	\$ (490,210)	\$ 255,983	\$ (746,193)
2. Deferred tax assets:			
(a) Ordinary			
(1) Discounting on claims payable	\$ 20,067	\$ 22,617	\$ (2,550)
(2) Unearned premiums	39,091	41,554	(2,463)
(3) Other accruals	33,974	33,974	-
(4) Other	5,075	22,264	(17,189)
Subtotal	98,207	120,409	(22,202)
(b) Statutory valuation allowance adjustment			
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets	98,207	120,409	(22,202)
(e) Capital			
(1) Other	1,646	1,608	38
Subtotal	1,646	1,608	38
(g) Nonadmitted	1,646	1,608	38
(h) Admitted capital deferred tax assets	-	-	-
(i) Admitted deferred tax assets	98,207	120,409	(22,202)
3. Deferred tax liabilities:			
(a) Ordinary			
(1) Discounted salvage & sub	1,562	1,646	(84)
Subtotal	1,562	1,646	(84)
(b) Capital			
(1) Unrealized gain	-	-	-
Subtotal	-	-	-
(c) Deferred tax liabilities	\$ 1,562	\$ 1,646	\$ (84)
4. Net deferred tax assets/liabilities	\$ 96,645	\$ 118,763	\$ (22,118)

Notes to Financial Statements

D.-Analysis of Actual Income Tax Expense

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

	2012	%	2011	%
Provision computed at statutory rate	\$ (485,280)	35 %	\$ 610,889	35 %
Other	<u>17,189</u>	<u>(1)</u>	<u>98</u>	<u></u>
Total	<u>\$ (468,091)</u>	<u>34 %</u>	<u>\$ 610,987</u>	<u>35 %</u>
Federal income taxes incurred	\$ (494,192)	35 %	\$ 255,983	15 %
Change in net deferred income taxes	22,118	(1)	368,252	21
Other	<u>3,983</u>	<u></u>	<u>(13,248)</u>	<u>(1)</u>
Total statutory income taxes	<u>\$ (468,091)</u>	<u>34 %</u>	<u>\$ 610,987</u>	<u>35 %</u>

E.-At December 31, 2012 and 2011, the Company had no operating loss carryforwards to utilize in future years.

The following is income tax incurred for 2010, 2011 and 2012 that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2010			
2011	\$ 256,728		\$ 256,728
2012			

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

G.-Accounting for tax contingencies

For the years ended December 31, 2012 and 2011, the Company did not have tax contingencies under the principles of SSAP No. 5, *Liabilities, Contingencies and Impairment of Assets*. This is subject to change but it is not expected to significantly increase in the 12 month period following the balance sheet date.

The Company is primarily subject to U.S. federal and various U.S. state and local tax authorities. Tax years subsequent to 2008 remain open to examination by the Internal Revenue Service, and 2007 remains open to other state and local tax authorities. As of December 31, 2012, there are no U.S. federal or state returns under examination.

10. Information Concerning Parent, Subsidiaries and Affiliates

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

Notes to Financial Statements

The Company shares employees, services and assets pursuant to a Management Services Sharing Agreement with PCI. The shared services include member services, sales, accounting, information systems, medical direction and management, claims processing, provider relations and community relations. The cost of shared services is allocated between the Company and PCI based upon the percentage of subscribers at the end of each calendar month. For the years ended December 31, 2012 and 2011 the Company was allocated general administrative expenses of \$2,309,132 and \$1,345,496, respectively.

ProMedica allocates corporate overhead to all ProMedica entities pursuant to a Cost Allocation Agreement. The Company was allocated \$866,110 and \$763,629 of overhead expense in 2012 and 2011, respectively. The amount is to compensate ProMedica for the services provided to the Company for corporate staff primarily in management, legal services, information services and investment management.

Balances outstanding with affiliated entities at December 31, 2012 and 2011

	<u>Due from</u> 2012	<u>Due from</u> 2011	<u>Due to</u> 2012	<u>Due to</u> 2011
Paramount Care, Inc.		\$ 424,556	(167,061)	
Paramount Care of Michigan		1,611	(58,313)	
Other		274		

Claims paid to affiliated entities during fiscal year 2012 and 2011

	2012	2011
	Paid	Paid
Bay Park Community Hospital	\$ 361,424	\$ 473,863
Defiance Hospital	167,400	139,099
ProMedica North Region	734,556	187,736
Flower Hospital	1,077,478	951,003
Fostoria Hospital	56,512	173,249
Lima Memorial Hospital	103,667	128,776
ProMedica Continuing Care Services	93,124	68,600
ProMedica Physicians Group	932,458	623,958
St. Lukes Hospital	602,436	545,213
The Toledo Hospital	3,332,282	2,273,693
	<u>\$ 7,461,337</u>	<u>\$ 5,565,190</u>

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

Tax payable/receivable amounts to affiliated entities as of 2012 and 2011:

Notes to Financial Statements

	2012	2011
Paramount Health Care	\$ 7,291,560	\$ 1,423,232
Paramount Care of Michigan	572,010	88,957
Paramount Benefits Agency	(4,274)	(48)
Paramount Preferred Options	(6,165)	(4,868)
Paramount Advantage	(5,460,775)	(310,660)
Paramount Insurance Company	1,034,366	564,386
Health Management Solutions	(481,316)	2,203
Paramount Enhanced Care Management	-	-
ProMedica Insurance Corporation	(2,945,406)	(1,763,202)

11. Debt

-NOT APPLICABLE

12. Retirement Plans, Deferred Compensation, Postemployment Benefits

-NOT APPLICABLE

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

- A. The Company has 1,000 shares authorized and 500 shares issued and outstanding.
- B. The Company has no preferred stock.
- C. Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, to an amount less than 10% of admitted capital (including all dividends within the prior 12 month period). Additionally, the Company must obtain prior approval for dividends not paid from earned surplus.
- D. Within the limitations of [C] above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- E. There were no restrictions placed on the Company's surplus.
- F. The Company did not receive any contributions from its parent company, ProMedica Insurance Corp in 2012 and 2011.
- G. There is no stock being held by the Company.
- H. The Company has no special surplus funds.
- I. The portion of unassigned funds (surplus) that has been represented or reduced by cumulative unrealized gains and losses is (109).
- J. The Company has no surplus debentures or other outstanding obligations.
- K. The Company was not involved in a quasi-reorganization during the year.

14. Contingencies

As of the date of this filing, Management is not aware of any contingent commitments, assessments or other contingencies that would materially impact the company.

Notes to Financial Statements

15. Leases

-NOT APPLICABLE

16. Off-Balance Sheet Risk

-NOT APPLICABLE

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

-NOT APPLICABLE

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

The gain from operations from Administrative Services Only (ASO) uninsured plans was as follows during 2012:

	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
Net reimbursement for administrative Expenses (including admin fees) in excess of actual expenses: \$	(54,219)		\$ (54,219)
Total net other income or expenses including interest paid to or received from plans	15,049		15,049
Total gain or (loss) from operations	(39,170)		(39,170)
Claim payments	24,840,826		24,840,826

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

-NOT APPLICABLE

20. Fair Value Measurement

C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicab (Carryin Value)
Short Term Investments	\$ 53,141	\$ 53,141	\$ 53,141			
Bonds	351,040	350,147	351,040			

21. Other Items

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

22. Subsequent Events

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

23. Reinsurance

A. Ceded Reinsurance Report

Section 1

Notes to Financial Statements

1. None of the reinsurers listed in Schedule S as non-affiliated, are owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee or director of the company.
2. None of the policies issued by the company have been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business.

Section 2

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

Section 3

1. The aggregate reduction in surplus for termination of all reinsurance agreements, by either party, as of the date of this statement is zero.
2. No new agreements have been executed or existing agreements amended since January 1, 2012 to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement.

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

C. The company had no commutation of reinsurance.

24. Retrospectively Rated Contracts

-NOT APPLICABLE

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2011 were \$3,495,130. As of December 31, 2012, \$2,417,587 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$17,716 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Commercial and Medicare supplement lines of insurance. Therefore, there has been a \$1,059,827 favorable prior-year development since December 31, 2011 to December 31, 2012. The decrease is generally a result of ongoing analysis of recent development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

-NOT APPLICABLE

27. Structured Settlements

-NOT APPLICABLE

28. Health Care Receivables

Notes to Financial Statements

Quarter	Estimated Pharmacy Rebates	Pharmacy Rebates as Billed	Actual Rebates Received within 90 days of billing	Actual Rebates Received within 91-180 days of billing	Actual Rebates Received More than 180 days after billing
12/31/2012	55,040	55,040			
9/30/2012	67,798	41,088		23,629	
6/30/2012	114,129	35,151		34,510	641
3/31/2012	61,271	49,736		46,835	2,901
12/31/2011	116,245	85,738		79,113	6,626
9/30/2011	115,155	66,240		49,872	16,368
6/30/2011	104,971	63,280		47,064	16,216
3/31/2011	51,233	67,278		59,293	7,985
12/31/2010	87,867	101,934	-	102,580	(646)
9/30/2010	154,480	130,958	-	94,523	9,435
6/30/2010	152,186	106,904	-	98,240	8,664
3/31/2010	140,920	133,627	-	127,407	6,220

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

29. Participating Policies

-NOT APPLICABLE

30. Premium Deficiency Reserves

Liability carried for premium deficiency reserve :	\$0
Date of most recent evaluation of this liability:	1/16/2013
Was anticipated investment income utilized in the calculation?	Yes

31. Anticipated Salvage and Subrogation

The Company took into account estimated anticipated salvage and subrogation in its determination of the liability for unpaid claims/losses and reduced such liability by \$189,841.

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: 09/27/2011
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2010
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2010
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 09/07/2011
- 3.4 By what department or departments?
Ohio Department of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[] No[] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[] N/A[]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[] No[X]
- 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[] No[X]
- 4.22 renewals? Yes[] No[X]
- 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?
Deloitte & Touche LLP, Suite 900, 600 Renaissance Center, Detroit, MI 48243-1895
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes[X] No[]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
Requirements waived as the Company does not meet premium threshold.
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[] N/A[]
- 10.6 If the 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?
Timothy Gustafson FSA,MAAA, Deloitte & Touche LLP, 180 N. Stenson Ave., Chicago, IL 60601

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 12.11 Name of real estate holding company
 12.12 Number of parcels involved 0
 12.13 Total book/adjusted carrying value \$ 0
 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [] N/A [X]
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [] N/A [X]
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.
 14.11 If the response to 14.1 is no, please explain:
 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [] No [X]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 20.11 To directors or other officers \$ 0
 20.12 To stockholders not officers \$ 0
 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
 20.21 To directors or other officers \$ 0
 20.22 To stockholders not officers \$ 0
 20.23 Trustees, supreme or grand (Fraternal only) \$ 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
 21.2 If yes, state the amount thereof at December 31 of the current year:
 21.21 Rented from others \$ 0
 21.22 Borrowed from others \$ 0
 21.23 Leased from others \$ 0
 21.24 Other \$ 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
 22.2 If answer is yes:
 22.21 Amount paid as losses or risk adjustment \$ 0
 22.22 Amount paid as expenses \$ 0
 22.23 Other amounts paid \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No []
 24.02 If no, give full and complete information, relating thereto
 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]
 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 0
 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ 0
 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [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[X] No[]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$ 0
- 25.22 Subject to reverse repurchase agreements \$ 0
- 25.23 Subject to dollar repurchase agreements \$ 0
- 25.24 Subject to reverse dollar repurchase agreements \$ 0
- 25.25 Pledged as collateral \$ 0
- 25.26 Placed under option agreements \$ 0
- 25.27 Letter stock or securities restricted as to sale \$ 0
- 25.28 On deposit with state or other regulatory body \$ 350,110
- 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
The Bank of New York Mellon	Three Mellon Center, Suite 153-3925, Pittsburg, PA

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

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

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

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

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

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

- 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			
30.2 Preferred stocks			
30.3 Totals			

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

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes[X] No[]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes[X] No[] N/A[]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[]
- 32.2 If no, list exceptions:

OTHER

- 33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 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? \$ 104,136
- 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: \$ 2,889,483
- 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. \$ 2,223,328
- 1.6 Individual policies - Most current three years:
- 1.61 Total premium earned \$ 670,321
- 1.62 Total incurred claims \$ 602,801
- 1.63 Number of covered lives 327
- All years prior to most current three years:
- 1.64 Total premium earned \$ 2,219,162
- 1.65 Total incurred claims \$ 1,620,527
- 1.66 Number of covered lives 922
- 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	26,909,243	23,015,623
2.2 Premium Denominator	26,909,243	23,015,623
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4 Reserve Numerator	3,738,099	3,486,199
2.5 Reserve Denominator	3,738,099	3,486,199
2.6 Reserve Ratio (2.4 / 2.5)	1.000	1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes[] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes[X] No[]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes[] No[X] N/A[]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes[X] No[]
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical \$ 435,000
- 5.32 Medical Only \$ 0
- 5.33 Medicare Supplement \$ 0
- 5.34 Dental & Vision \$ 0
- 5.35 Other Limited Benefit Plan \$ 0
- 5.36 Other \$ 0
- 6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
The plan has hold harmless provision with network hospitals. Paramount Insurance Company's reinsurance contract provides for payment of certain benefits for 30 days following an event of insolvency.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes[X] No[]
- 7.2 If no, give details:
- 8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 1,756
- 8.2 Number of providers at end of reporting year 1,861
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes[X] No[]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months 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[] No[X]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ 0
- 10.22 Amount actually paid for year bonuses \$ 0
- 10.23 Maximum amount payable 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
- 11.4 If yes, show the amount required. \$ 2,500,000
- 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
ALL COUNTIES IN OHIO

- 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)	18,600,998	19,566,013	19,607,682	18,162,633	21,047,753
2. TOTAL Liabilities (Page 3, Line 24)	5,819,130	5,914,725	7,606,797	12,090,398	12,377,795
3. Statutory surplus	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
4. TOTAL Capital and Surplus (Page 3, Line 33)	12,781,868	13,651,288	12,000,885	6,072,235	8,669,958
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	26,909,243	23,015,623	37,287,327	34,306,195	35,950,212
6. TOTAL Medical and Hospital Expenses (Line 18)	24,065,450	19,486,241	37,771,332	35,336,692	36,770,684
7. Claims adjustment expenses (Line 20)	585,034	251,163	260,719	559,628	766,583
8. TOTAL Administrative Expenses (Line 21)	3,646,171	2,624,750	5,014,231	5,053,440	5,041,999
9. Net underwriting gain (loss) (Line 24)	(1,387,412)	1,746,070	(3,053,818)	(10,441,303)	(6,629,054)
10. Net investment gain (loss) (Line 27)	898	(674)	1,735	21,153	260,951
11. TOTAL Other Income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	(896,304)	1,489,413	(1,016,582)	(7,883,726)	(4,220,030)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(1,720,058)	669,488	(3,692,309)	(1,292,797)	(6,190,252)
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	12,781,868	13,651,288	12,000,885	6,072,235	8,669,958
15. Authorized control level risk-based capital	1,689,019	1,368,919	2,536,662	2,416,982	2,680,906
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	9,472	8,859	9,480	14,689	19,574
17. TOTAL Members Months (Column 6, Line 7)	113,219	106,094	174,450	171,620	254,904
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)	89.4	84.7	101.3	103.0	102.3
20. Cost containment expenses	1.6	0.8	0.5	1.3	1.2
21. Other claims adjustment expenses	0.6	0.3	0.2	0.3	1.0
22. TOTAL Underwriting Deductions (Line 23)	105.2	92.4	108.2	130.4	118.4
23. TOTAL Underwriting Gain (Loss) (Line 24)	(5.2)	7.6	(8.2)	(30.4)	(18.4)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	2,352,303	2,609,920	5,096,464	4,363,749	3,051,151
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	3,250,066	4,085,010	5,549,158	6,843,357	3,154,603
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					
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

State, Etc.	1 Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit - Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	L	6,516,865					6,516,865		
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	21,143,683					21,143,683		
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	27,660,548					27,660,548		
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	(a) 2	27,660,548					27,660,548		
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.: All individual policies are allocated based on residency which are in Ohio. Group policies are allocated based on the employment location. All groups are employed in Ohio and Michigan.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

ORGANIZATION CHART

Paramount Insurance Co. is ultimately controlled by ProMedica Health System, Inc. (“ProMedica”), a nonprofit holding company exempt from federal taxation under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code. The following coding system is used to show the interrelationships among the various members of the insurance holding company system:

- A circle means that ProMedica is the sole member/parent of the entity
- ◆ Each entity marked with a diamond is a subsidiary of the entity listed directly above and denoted with a circle.
- Each entity marked with a square is a subsidiary of the entity listed directly above and marked with a diamond.
- Each entity marked with an arrow is a member of the insurance holding company system.

The following list depicts the identities and interrelationships of affiliated persons within the insurance holding company system.

- ProMedica Foundation, an Ohio nonprofit corporation of which Bay Park Community Hospital Foundation, Toledo Hospital Foundation, Toledo Children’s Hospital Foundation, Flower Foundation, Defiance Foundation, Fostoria Community Hospital Foundation, ProMedica Physicians & Continuum Service Foundation f/k/a ProMedica Continuing Care Services Corporation, Bixby Hospital Foundation and Herrick Hospital Foundation are divisions of.
 - ◆ Mission Pointe Golf Course, LLC, a Michigan limited liability company with ProMedica Foundation dba ProMedica Herrick Hospital Foundation as its sole member
- Academic Health Center Corporation f/k/a ProMedica Health, Education and Research Corporation, an Ohio nonprofit corporation
- ProMedica Innovations, LLC, an Ohio limited liability company with ProMedica Health System, Inc. as its sole member
- Fostoria Hospital Association, an Ohio nonprofit corporation
 - ◆ NWO Health Partners, LLC, an Ohio limited liability company in which Fostoria Hospital Association has 50% ownership interest with Northwest Ohio Orthopedic and Sports Medicine, Inc. having the remaining 50% interest
- ProMedica Physicians and Continuum Services f/k/a ProMedica Physician Corporation f/k/a ProMedica Physicians Enterprises, an Ohio nonprofit corporation.
 - ◆ ProMedica Continuing Care Services Corporation f/k/a Crestview of Ohio, Inc., an Ohio nonprofit corporation

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- Monroe Community Ambulance, a Michigan nonprofit corporation in which ProMedica Continuing Care Services Corporation has 25% ownership interest with various other corporations holding the remaining 75%
- ◆ Toledo District Nurse Association, an Ohio nonprofit corporation
- ◆ Visiting Nurse Hospice & Health Care, an Ohio nonprofit corporation
- ◆ ProMedica Retail Group, Inc. f/k/a The Flower Market, Inc., an Ohio corporation
- ◆ ProMedica Courier Services, Inc., an Ohio nonprofit corporation
- ◆ ErieWest Hospice and Palliative Care, LTD, an Ohio limited liability company
- ◆ ProMedica Physician Hospital Organization, Inc., an Ohio for-profit corporation and a wholly-owned subsidiary of ProMedica Physicians & Continuum Services
- ◆ ProMedica Physician Group, Inc., an Ohio professional association which is beneficially owned by ProMedica Physicians & Continuum Services f/k/a ProMedica Physician Corporation pursuant to the terms of a Share Control Agreement, dated as of June 2, 1999, by and among ProMedica Physician Corporation, Lee Hammerling, M.D. and ProMedica Physician Group, Inc. Dr. Hammerling holds legal ownership of all outstanding shares of capital stock of ProMedica Physician Group.
 - The Pharmacy Counter, LLC, an Ohio limited liability company
 - ProMedica Central Corporation of Michigan, a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica Physician Group, Inc.
 - EVOLV Medical Aesthetics, LLC, an Ohio limited liability company in which ProMedica Physicians & Continuum Services has 50% ownership interest and Frank Barone, M.D. has the remaining 50%.
 - ProMedica Central Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
 - ProMedica North Physicians Corporation, a Michigan nonprofit stock corporation and a wholly-owned subsidiary of ProMedica Physician Group, Inc.

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- ProMedica West Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica South Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica East Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica Orthopedic Physicians, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- Midwest Cardiovascular Consultants, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica GI Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica Northwest Ohio Cardiology Consultants, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica Cardiothoracic Physicians, LLC, and Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member.
- ProMedica Hematology/Oncology Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member.
- ProMedica Critical Care Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member.
- ProMedica ENT, LLC, an Ohio limited liability company with ProMedica Physician Group as its sole member
- ProMedica Monroe Cardiology, PLLC, a Michigan limited liability company with ProMedica Physician Group as its sole member
- ProMedica Anesthesiology Consultants, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica Physician Management Services, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica Surgical Services, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- WellCare Physicians Group, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER**MEMBERS OF A HOLDING COMPANY GROUP****PART 1 - ORGANIZATIONAL CHART**

- ProMedica Monroe Physicians, PLLC, a Michigan limited liability company with ProMedica Physician Group as its sole member
- ProMedica Multi Specialty Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group as its sole member
- ProMedica Genito-Urinary Surgeons, LLC, an Ohio limited liability company with ProMedica Physicians Group as its sole member
- ProMedica Hospitalists, LLC, an Ohio limited liability company with ProMedica Physician Group as its sole member
- ProMedica Hospitalists, PLLC, a Michigan limited liability company with ProMedica Physician Group as its sole member
- ProMedica Indemnity Corporation, a Vermont nonprofit corporation
- ProMedica Insurance Corporation f/k/a ProMedica Health Ventures Corporation f/k/a Vanguard Health Ventures, Incorporated, an Ohio for-profit corporation
 - ◆ Paramount Preferred Options, Inc., an Ohio for-profit corporation, which is wholly-owned by ProMedica Insurance Corporation
 - Health Management Solutions, Inc, an Ohio for-profit corporation which is wholly-owned by Paramount Preferred Options
 - ◆ NAIC 95189-Paramount Care, Inc., an Ohio health-insuring corporation and a wholly-owned subsidiary of ProMedica Insurance Corporation
 - ◆ Paramount Benefits Agency, Inc., an Ohio for-profit corporation and a wholly owned subsidiary of ProMedica Insurance Corporation
 - ◆ NAIC 95566-Paramount Care of Michigan, Inc., a Michigan for-profit corporation and a wholly-owned subsidiary of ProMedica Insurance Corporation
 - ◆ NAIC 11518-Paramount Insurance Company f/k/a ProMedica Life Insurance Company, a for-profit corporation and a wholly owned subsidiary of ProMedica Insurance Corporation
 - ◆ NAIC 12353-Paramount Advantage, an Ohio corporation wholly owned subsidiary of ProMedica Insurance Corporation
- Bay Park Community Hospital, an Ohio nonprofit corporation
 - ◆ ProMedica Bay Park Surgical Services Co-Management Company, LLC, in which Bay Park Community Hospital has a 50% ownership interest with various other corporations holding the remaining 50%

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- Defiance Hospital, Inc., an Ohio nonprofit corporation
 - ◆ Kaitlyn’s Cottage, Inc., an Ohio nonprofit corporation with Defiance Hospital Inc. as its sole member
- Emma L. Bixby Medical Center, a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica Health System, Inc.
 - ◆ Bixby Medical Office Limited Partnership, a Michigan limited partnership in which Emma L. Bixby Medical Center has 64.44% ownership interest with various physicians having the remaining 35.56%
 - ◆ Monroe Cancer Center, a Michigan nonprofit corporation in which Emma L. Bixby Medical Center has 33.33% ownership interest with Barbara Ann Karmanos Cancer Center having 33.33% and Mercy Memorial Hospital Corporation having 33.33%
 - ◆ Lenawee Long Term Care Corporation, a Michigan nonprofit corporation and a wholly owned subsidiary of Emma L. Bixby Medical Center.
 - ◆ Herrick Memorial Development Corporation, a Michigan for profit corporation and a wholly owned subsidiary of Emma L. Bixby Medical Center.
 - Herrick Memorial Office Plaza Condominium Association, a Michigan nonprofit corporation in which Herrick Memorial Development Corporation has 41.7% ownership interest with various physicians having the remaining 58.3%
 - ◆ Lenawee Physician Hospital Organization LLC, a Michigan limited liability company in which Emma L. Bixby Medical Center has 50% ownership interest with Raisin River Physicians having the remaining 50%
 - ◆ Wolf Creek Associates, LLC, a Michigan limited liability company with Emma L. Bixby Medical Center as its sole member
- Herrick Memorial Hospital, Inc., a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica Health System, Inc.
- The Toledo Hospital, an Ohio nonprofit corporation, of which Toledo Children’s Hospital f/k/a ProMedica Children’s Medical Center of Northwest Ohio and ProMedica Wildwood Orthopedic and Spine Hospital are divisions
 - ◆ Reynolds Road Surgery Center, LLC, an Ohio limited liability company in which The Toledo Hospital has a 62.66% ownership interest, with various physicians having a remaining 37.34% interest.
 - ◆ Northwest Ohio Dedicated Breast MRI, LLC, an Ohio limited liability company in which The Toledo Hospital has a 50% ownership interest with TRA Investment Club, LLC having the remaining 50% interest

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- ◆ Arrowhead Behavioral Health, LLC, a Delaware limited liability company in which The Toledo Hospital has a 30% ownership interest and Toledo Holding Company, LLC having a remaining 70% interest.
- ◆ West Central Surgical Center, LLC, an Ohio limited liability company of which The Toledo Hospital has a 50% ownership interest and various physicians having the remaining 50%.
- Flower Hospital, an Ohio nonprofit corporation
- PHS Ventures, Inc. f/k/a BVPH Ventures, Inc., an Ohio non-profit corporation in which ProMedica Health System, Inc., an Ohio nonprofit corporation, holds a 100% ownership interest
- St. Luke's Hospital, an Ohio non-profit corporation
 - ◆ OhioCare Ambulatory Surgery Center, LLC, an Ohio limited liability company of which St. Luke's Hospital holds 50% interest and various physicians having the remaining 50%.
 - ◆ St. Luke's Physician Hospital Organization, Inc., an Ohio for-profit corporation of which St. Luke's Hospital holds 50% interest and various physicians having the remaining 50%.
- Care Enterprises, Inc., and Ohio non-profit corporation.
 - ◆ Perrysburg Medical Arts, LLC, an Ohio limited liability company of which Care Enterprises, Inc. holds 11.1% interest with various physicians and investment groups holding the remaining interest.
 - ◆ Waterville Medical Center, LLC, an Ohio limited liability company of which Care Enterprises, Inc. holds 70% interest and SB Medical Building Venture, Ltd. holding the remaining 30%.
- Care Holdings, Inc., an Ohio for-profit corporation.
- Physicians Advantage Management Services Organization, Inc., an Ohio for-profit corporation.
- St. Luke's Hospital Foundation, an Ohio non-profit corporation
 - ◆ Cobra Ventures, LLC, an Ohio limited liability company.

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Other Affiliated Entities

- Lima Memorial Joint Operating Company, an Ohio non-profit corporation, in which Lima Memorial Hospital, an Ohio non-profit corporation, and PHS Ventures, Inc. each hold a 50% ownership interest.
- ProMedica Orthopedic Co-Management Company, LLC, an Ohio limited liability company in which The Toledo Hospital, Bay Park Community Hospital and Flower Hospital share 40% ownership interest with various physicians having the remaining 60% interest.
- ProMedica Cardiovascular Co-Management Company, LLC, an Ohio limited liability company in which The Toledo Hospital, Bay Park Community Hospital and Flower Hospital share 40% ownership interest with various physicians having the remaining 60% interest.
- Interactive Physical Therapy, an Ohio limited liability company in which ProMedica owns 50% ownership interest and various individuals owning the other 50%.

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