



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2012
OF THE CONDITION AND AFFAIRS OF THE

UnitedHealthcare of Ohio, Inc.

NAIC Group Code 0707 0707 NAIC Company Code 95186 Employer's ID Number 31-1142815
(Current) (Prior)

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: Health Maintenance Organization

Is HMO Federally Qualified? Yes [] No [X]

Incorporated/Organized 05/14/1985 Commenced Business 08/06/1985

Statutory Home Office OH020-3010, 9200 Worthington Road, Westerville, OH, US 43082-8823
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office OH020-3010, 9200 Worthington Road
(Street and Number)
Westerville, OH, US 43082-8823 614-410-7000
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address OH020-3010, 9200 Worthington Road, Westerville, OH, US 43082-8823
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records MN017-E900,
9700 Health Care Lane
(Street and Number)
Minnetonka, MN, US 55343 952-979-6173
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.uhc.com

Statutory Statement Contact Jiang Wang, 952-979-6173
(Name) (Area Code) (Telephone Number)
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OFFICERS

Chair and President Jefferson Brooks Walters III Chief Financial Officer William Joseph Hnath
Secretary Christina Regina Palme-Krizak Treasurer Robert Worth Oberrender

OTHER OFFICERS

Nyle Brent Cottington Assistant Treasurer Michelle Marie Huntley Dill Assistant Secretary Juanita Bolland Luis Assistant Secretary
Richard Charles Falkenberg Chief Executive Officer, Commercial

Richard Gordon Dunlop Vice President, Finance

DIRECTORS

Robert Charles Falkenberg David Scott Luby William Joseph Hnath
Richard Gordon Dunlop Jefferson Brooks Walters III Leonard Alan Wilkerson DO

State of _____ State of _____ State of _____
County of _____ County of _____ County of _____

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

Jefferson Brooks Walters III
Chair and President

Christina Regina Palme-Krizak
Secretary

William Joseph Hnath
Chief Financial Officer

Subscribed and sworn to before me this _____ day of _____

Subscribed and sworn to before me this _____ day of _____

Subscribed and sworn to before me this _____ day of _____

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

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)	167,609,944		167,609,944	169,857,425
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$			0	0
encumbrances)				
4.2 Properties held for the production of income (less			0	0
\$				
encumbrances)				
4.3 Properties held for sale (less \$			0	0
encumbrances)				
5. Cash (\$				
(3,263,294), Schedule E - Part 1), cash equivalents				
(\$				
0, Schedule E - Part 2) and short-term				
investments (\$	52,969,633	0	52,969,633	17,405,289
56,232,927, Schedule DA)				
6. Contract loans, (including \$			0	0
premium notes)				
7. Derivatives (Schedule DB)			0	0
8. Other invested assets (Schedule BA)			0	0
9. Receivables for securities	121,842		121,842	37,122
10. Securities lending reinvested collateral assets (Schedule DL)			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	220,701,419	0	220,701,419	187,299,836
13. Title plants less \$			0	0
charged off (for Title insurers				
only)				
14. Investment income due and accrued	2,057,571		2,057,571	1,970,081
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	5,182,066	230,075	4,951,991	12,111,951
15.2 Deferred premiums, agents' balances and installments booked but				
deferred and not yet due (including \$			0	0
earned but unbilled premiums)				
15.3 Accrued retrospective premiums			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	9,029,733	432,767	8,596,966	3,809,481
18.1 Current federal and foreign income tax recoverable and interest thereon	4,714,086		4,714,086	8,196,092
18.2 Net deferred tax asset	2,216,856	0	2,216,856	1,231,601
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets				
(\$			0	0
)				
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	0
24. Health care (\$	16,966,445	3,829,234	13,137,211	11,249,706
13,137,211) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and	260,868,176	4,492,076	256,376,100	225,868,748
Protected Cell Accounts (Lines 12 to 25)				
27. From Separate Accounts, Segregated Accounts and Protected Cell			0	0
Accounts				
28. Total (Lines 26 and 27)	260,868,176	4,492,076	256,376,100	225,868,748
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$0 reinsurance ceded)	111,602,104		111,602,104	108,548,238
2. Accrued medical incentive pool and bonus amounts	405,660		405,660	161,680
3. Unpaid claims adjustment expenses	2,069,678		2,069,678	2,057,539
4. Aggregate health policy reserves, including the liability of \$0 for medical loss ratio rebate per the Public Health Service Act	7,034,133		7,034,133	2,899,112
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves	147,743		147,743	758,778
8. Premiums received in advance	796,580		796,580	371,031
9. General expenses due or accrued	540,556		540,556	615,935
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))	0		0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	80,521		80,521	75,788
12. Amounts withheld or retained for the account of others			0	0
13. Remittance and items not allocated	18,579		18,579	49,151
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	8,397,012		8,397,012	3,342,857
16. Derivatives			0	0
17. Payable for securities			0	735,114
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$0 unauthorized reinsurers and \$0 certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified (\$) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	2,538,973		2,538,973	5,427,572
23. Aggregate write-ins for other liabilities (including \$ current)	10,328	0	10,328	914,169
24. Total liabilities (Lines 1 to 23)	133,641,867	0	133,641,867	125,956,964
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	37,329,784	37,329,784
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	42,000,000	42,000,000
29. Surplus notes	XXX	XXX	0	0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	43,404,449	20,582,000
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	122,734,233	99,911,784
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	256,376,100	225,868,748
DETAILS OF WRITE-INS				
2301. Other Payables			0	902,244
2302. Unclaimed Property	10,328		10,328	11,925
2303.				
2308. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2309. Totals (Lines 2301 thru 2303 plus 2308)(Line 23 above)	10,328	0	10,328	914,169
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	1,126,735	1,051,220
2. Net premium income (including \$ non-health premium income)	XXX	930,046,289	867,844,073
3. Change in unearned premium reserves and reserve for rate credits	XXX	(3,965,021)	(1,069,755)
4. Fee-for-service (net of \$ medical expenses)	XXX	0	0
5. Risk revenue	XXX	0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	926,081,268	866,774,318
Hospital and Medical:			
9. Hospital/medical benefits		722,858,190	675,162,839
10. Other professional services		2,674,571	3,701,605
11. Outside referrals		0	0
12. Emergency room and out-of-area		0	0
13. Prescription drugs		56,502,179	57,876,928
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments, and bonus amounts		326,503	200,647
16. Subtotal (Lines 9 to 15)	0	782,361,443	736,942,019
Less:			
17. Net reinsurance recoveries		0	0
18. Total hospital and medical (Lines 16 minus 17)	0	782,361,443	736,942,019
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$17,790,242 cost containment expenses		29,778,767	24,539,811
21. General administrative expenses		68,377,767	105,071,990
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)		170,000	(79,000)
23. Total underwriting deductions (Lines 18 through 22).....	0	880,687,977	866,474,820
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	45,393,291	299,498
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		5,392,900	5,897,845
26. Net realized capital gains (losses) less capital gains tax of \$351,964		543,686	1,058,340
27. Net investment gains (losses) (Lines 25 plus 26)	0	5,936,586	6,956,185
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$(8,253)) (amount charged off \$311,195)]		(302,942)	
29. Aggregate write-ins for other income or expenses	0	(25,000)	3,625
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	51,001,935	7,259,308
31. Federal and foreign income taxes incurred	XXX	16,676,947	1,258,967
32. Net income (loss) (Lines 30 minus 31)	XXX	34,324,988	6,000,341
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	0	0
2901. Other Revenue		0	3,625
2902. Fines and Penalties		(25,000)	0
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	(25,000)	3,625

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	99,911,784	100,081,644
34. Net income or (loss) from Line 32.....	34,324,988	6,000,341
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....		
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	985,255	19,461
39. Change in nonadmitted assets.....	(3,487,794)	(289,662)
40. Change in unauthorized and certified reinsurance.....	0	0
41. Change in treasury stock.....	0	0
42. Change in surplus notes.....	0	0
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in.....	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....	0	15,000,000
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....	(9,000,000)	(20,900,000)
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	22,822,449	(169,860)
49. Capital and surplus end of reporting period (Line 33 plus 48)	122,734,233	99,911,784
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	0

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	937,569,926	860,594,073
2. Net investment income	7,338,538	7,354,083
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	944,908,464	867,948,156
5. Benefit and loss related payments	784,640,866	735,823,836
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	107,501,592	130,981,999
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$351,964 tax on capital gains (losses)	13,546,905	10,678,609
10. Total (Lines 5 through 9)	905,689,363	877,484,445
11. Net cash from operations (Line 4 minus Line 10)	39,219,101	(9,536,288)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	43,248,739	77,000,363
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	1,393	2,137
12.7 Miscellaneous proceeds	0	758,006
12.8 Total investment proceeds (Lines 12.1 to 12.7)	43,250,132	77,760,506
13. Cost of investments acquired (long-term only):		
13.1 Bonds	42,108,636	86,333,597
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	819,834	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	42,928,470	86,333,597
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	321,662	(8,573,091)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	15,000,000
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	9,000,000	20,900,000
16.6 Other cash provided (applied)	5,023,581	(2,062,798)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(3,976,419)	(7,962,798)
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)	35,564,344	(26,072,178)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	17,405,289	43,477,467
19.2 End of year (Line 18 plus Line 19.1)	52,969,633	17,405,289

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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ANNUAL STATEMENT FOR THE YEAR 2012 OF THE UnitedHealthcare of Ohio, Inc.

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	930,046,289	26,349,941				557,672	903,138,676			
2. Change in unearned premium reserves and reserve for rate credit	(3,965,021)	3,074					(3,968,095)			
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	926,081,268	26,353,015	0	0	0	557,672	899,170,581	0	0	0
8. Hospital/medical benefits	722,858,190	19,415,353				(6,678)	703,449,515			XXX
9. Other professional services	2,674,571	24,739					2,649,832			XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	0									XXX
12. Prescription drugs	56,502,179	2,121,789				106	54,380,284			XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	326,503	2,413					324,090			XXX
15. Subtotal (Lines 8 to 14)	782,361,443	21,564,294	0	0	0	(6,572)	760,803,721	0	0	XXX
16. Net reinsurance recoveries	0									XXX
17. Total medical and hospital (Lines 15 minus 16)	782,361,443	21,564,294	0	0	0	(6,572)	760,803,721	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ 17,790,242 cost containment expenses	29,778,767	694,850					29,083,917			
20. General administrative expenses	68,377,767	1,893,503					66,484,264			
21. Increase in reserves for accident and health contracts	170,000	170,000								XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	880,687,977	24,322,647	0	0	0	(6,572)	856,371,902	0	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	45,393,291	2,030,368	0	0	0	564,244	42,798,679	0	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	26,377,183		27,242	26,349,941
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan	557,672			557,672
6. Title XVIII - Medicare	904,038,229		899,553	903,138,676
7. Title XIX - Medicaid	0			0
8. Other health				0
9. Health subtotal (Lines 1 through 8)	930,973,084	0	926,795	930,046,289
10. Life	0			0
11. Property/casualty	0			0
12. Totals (Lines 9 to 11)	930,973,084	0	926,795	930,046,289

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	784,558,342	22,718,268				(5,951)	761,846,025			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	784,558,342	22,718,268	0	0	0	(5,951)	761,846,025	0	0	0
2. Paid medical incentive pools and bonuses	82,523	1,543					80,980			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	111,602,104	1,823,282	0	0	0	0	109,778,822	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	111,602,104	1,823,282	0	0	0	0	109,778,822	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	147,743						147,743			
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	147,743	0	0	0	0	0	147,743	0	0	0
5. Accrued medical incentive pools and bonuses, current year	405,660	2,037					403,623			
6. Net healthcare receivables (a)	4,966,234	5,077				(106)	4,961,263			
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	108,548,238	2,974,592	0	0	0	731	105,572,915	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	108,548,238	2,974,592	0	0	0	731	105,572,915	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	758,777						758,777			
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	758,777	0	0	0	0	0	758,777	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	161,680	1,167					160,513			
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred Benefits:										
12.1 Direct	782,034,940	21,561,881	0	0	0	(6,576)	760,479,635	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	782,034,940	21,561,881	0	0	0	(6,576)	760,479,635	0	0	0
13. Incurred medical incentive pools and bonuses	326,503	2,413	0	0	0	0	324,090	0	0	0

(a) Excludes \$ 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	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. Reported in Process of Adjustment:										
1.1 Direct	31,766,051	690,474				0	31,075,577			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	31,766,051	690,474	0	0	0	0	31,075,577	0	0	0
2. Incurred but Unreported:										
2.1 Direct	79,833,564	1,132,808				0	78,700,756			
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	79,833,564	1,132,808	0	0	0	0	78,700,756	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	2,489						2,489			
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	2,489	0	0	0	0	0	2,489	0	0	0
4. TOTALS:										
4.1 Direct	111,602,104	1,823,282	0	0	0	0	109,778,822	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	111,602,104	1,823,282	0	0	0	0	109,778,822	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE UnitedHealthcare of Ohio, Inc.

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 Claims Incurred In Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	1,080,389	21,637,879	23,296	1,799,986	1,103,685	2,974,593
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan	(5,951)		0		(5,951)	731
6. Title XVIII - Medicare	80,456,495	681,389,531	3,612,378	106,314,186	84,068,873	106,331,692
7. Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	81,530,933	703,027,410	3,635,674	108,114,172	85,166,607	109,307,016
10. Healthcare receivables (a)	2,919,046	13,013,500		1,033,899	2,919,046	12,000,212
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	47,279	35,245	88,489	317,171	135,768	161,680
13. Totals (Lines 9 - 10 + 11 + 12)	78,659,166	690,049,155	3,724,163	107,397,444	82,383,329	97,468,484

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

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	10,970	10,903	10,986	10,999	10,996
2.	2008	72,146	77,474	77,658	77,741	77,756
3.	2009	XXX	19,572	23,070	23,066	23,060
4.	2010	XXX	XXX	16,798	19,472	19,486
5.	2011	XXX	XXX	XXX	20,632	21,686
6.	2012	XXX	XXX	XXX	XXX	21,646

Section B - Incurred Health Claims - Comprehensive (Hospital & Medical)

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	11,367	10,903	10,986	10,999	10,996
2.	2008	82,278	77,666	77,658	77,741	77,756
3.	2009	XXX	21,752	23,140	23,066	23,060
4.	2010	XXX	XXX	19,468	19,486	19,486
5.	2011	XXX	XXX	XXX	23,594	21,710
6.	2012	XXX	XXX	XXX	XXX	23,448

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital & Medical)

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	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	93,364	77,756	1,915	2.5	79,671	85.3			79,671	85.3
2. 2009	25,068	23,060	581	2.5	23,641	94.3			23,641	94.3
3. 2010	23,166	19,486	427	2.2	19,913	86.0			19,913	86.0
4. 2011	27,868	21,686	614	2.8	22,300	80.0	23	1	22,324	80.1
5. 2012	26,380	21,646	712	3.3	22,358	84.8	1,802	27	24,187	91.7

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	2,287	2,287	2,308	2,308	2,308
2.	2008	43,286	47,207	47,255	47,255	47,255
3.	2009	XXX	45,621	46,521	46,521	46,521
4.	2010	XXX	XXX	108	117	117
5.	2011	XXX	XXX	XXX	0	(6)
6.	2012	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims - Federal Employees Health Benefits Plan Premium

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	2,461	2,287	2,308	2,308	2,308
2.	2008	47,714	47,291	47,255	47,255	47,255
3.	2009	XXX	49,957	46,652	46,521	46,521
4.	2010	XXX	XXX	125	118	117
5.	2011	XXX	XXX	XXX	0	(6)
6.	2012	XXX	XXX	XXX	XXX	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Federal Employees Health Benefits Plan Premium

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	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	40,123	47,255	820	1.7	48,075	119.8			48,075	119.8
2. 2009	40,856	46,521	947	2.0	47,468	116.2			47,468	116.2
3. 2010	432	117	67	57.3	184	42.6			184	42.6
4. 2011	0	(6)		0.0	(6)	0.0			(6)	0.0
5. 2012	558			0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	57,166	58,143	58,315	57,473	57,404
2.	2008	407,477	463,186	463,559	463,781	466,864
3.	2009	XXX	494,489	569,580	569,685	570,043
4.	2010	XXX	XXX	580,719	663,159	663,387
5.	2011	XXX	XXX	XXX	630,491	707,400
6.	2012	XXX	XXX	XXX	XXX	681,417

Section B - Incurred Health Claims - Title XVIII

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	59,702	58,143	58,315	57,473	57,404
2.	2008	472,262	464,300	463,559	463,781	466,864
3.	2009	XXX	585,484	573,554	569,685	570,043
4.	2010	XXX	XXX	679,610	664,081	663,387
5.	2011	XXX	XXX	XXX	736,061	711,101
6.	2012	XXX	XXX	XXX	XXX	788,046

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	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	570,443	466,981	7,098	1.5	474,079	83.1			474,079	83.1
2. 2009	687,075	570,043	10,707	1.9	580,750	84.5			580,750	84.5
3. 2010	801,591	663,387	22,847	3.4	686,234	85.6			686,234	85.6
4. 2011	839,777	707,400	24,020	3.4	731,420	87.1	3,701	68	735,189	87.5
5. 2012	900,070	681,417	29,055	4.3	710,472	78.9	106,629	1,973	819,074	91.0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	70,423	71,333	71,609	70,780	70,708
2.	2008	522,909	587,867	588,472	588,777	591,875
3.	2009	XXX	559,682	639,171	639,272	639,624
4.	2010	XXX	XXX	597,625	682,748	682,990
5.	2011	XXX	XXX	XXX	651,123	729,080
6.	2012	XXX	XXX	XXX	XXX	703,063

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	73,530	71,333	71,609	70,780	70,708
2.	2008	602,254	589,257	588,472	588,777	591,875
3.	2009	XXX	657,193	643,346	639,272	639,624
4.	2010	XXX	XXX	699,203	683,685	682,990
5.	2011	XXX	XXX	XXX	759,655	732,805
6.	2012	XXX	XXX	XXX	XXX	811,494

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	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	703,930	591,992	9,833	1.7	601,825	85.5	0	0	601,825	85.5
2. 2009	752,999	639,624	12,235	1.9	651,859	86.6	0	0	651,859	86.6
3. 2010	825,189	682,990	23,341	3.4	706,331	85.6	0	0	706,331	85.6
4. 2011	867,645	729,080	24,634	3.4	753,714	86.9	3,724	69	757,507	87.3
5. 2012	927,008	703,063	29,767	4.2	732,830	79.1	108,431	2,000	843,261	91.0

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UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	6,406	6,406							
2. Additional policy reserves (a)	170,000	170,000							
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including \$) for investment income	6,857,727						6,857,727		
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	7,034,133	176,406	0	0	0	0	6,857,727	0	0
7. Reinsurance ceded	0								
8. Totals (Net)(Page 3, Line 4)	7,034,133	176,406	0	0	0	0	6,857,727	0	0
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	147,743						147,743		
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	147,743	0	0	0	0	0	147,743	0	0
13. Reinsurance ceded	0								
14. Totals (Net)(Page 3, Line 7)	147,743	0	0	0	0	0	147,743	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$170,000 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ for occupancy of own building)	417,293	319,515	1,477,179		2,213,987
2. Salary, wages and other benefits	8,449,157	6,469,382	29,909,213		44,827,752
3. Commissions (less \$ ceded plus \$ assumed)			13,289,793		13,289,793
4. Legal fees and expenses	115,404	88,363	419,898		623,665
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	922,796	706,570	3,266,612		4,895,978
7. Traveling expenses	292,278	223,793	1,034,638		1,550,709
8. Marketing and advertising	702,262	537,710	2,485,940		3,725,912
9. Postage, express and telephone	604,823	463,103	2,141,015		3,208,941
10. Printing and office supplies	183,664	140,629	650,153		974,446
11. Occupancy, depreciation and amortization	145,151	111,140	513,820		770,111
12. Equipment	25,923	19,849	91,764		137,536
13. Cost or depreciation of EDP equipment and software	1,166,969	893,529	4,130,958		6,191,456
14. Outsourced services including EDP, claims, and other services	3,136,882	768,475	2,381,987		6,287,344
15. Boards, bureaus and association fees	27,298	20,902	96,633		144,833
16. Insurance, except on real estate	183,146	140,232	648,320		971,698
17. Collection and bank service charges	59,858	45,832	211,891		317,581
18. Group service and administration fees	80,828	61,888	286,122		428,838
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes	53,590	41,535	248,985		344,110
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes			124,210		124,210
23.3 Regulatory authority licenses and fees			320,503		320,503
23.4 Payroll taxes	283,276	231,566	1,959,023		2,473,865
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere				130,816	130,816
25. Aggregate write-ins for expenses	939,644	704,512	2,689,112	0	4,333,268
26. Total expenses incurred (Lines 1 to 25)	17,790,242	11,988,525	68,377,769	130,816	(a) 98,287,352
27. Less expenses unpaid December 31, current year	1,236,454	833,224	453,678	86,878	2,610,234
28. Add expenses unpaid December 31, prior year	1,275,674	781,865	560,550	55,385	2,673,474
29. Amounts receivable relating to uninsured plans, prior year			3,809,481		3,809,481
30. Amounts receivable relating to uninsured plans, current year			9,029,733		9,029,733
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	17,829,462	11,937,166	73,704,893	99,323	103,570,844
DETAILS OF WRITE-INS					
2501. Information Technology	69,860	53,490	247,296		370,646
2502. Interest	11,302	8,654	83,000		102,956
2503. Managed Care & Network Access	25,273	4,393	20,311		49,977
2598. Summary of remaining write-ins for Line 25 from overflow page	833,209	637,975	2,338,505	0	3,809,689
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	939,644	704,512	2,689,112	0	4,333,268

(a) Includes management fees of \$ 68,918,690 to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U.S. government bonds	(a) 131,059	139,752
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 5,132,641	5,217,121
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) 166,843	166,843
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	5,430,543	5,523,716
11. Investment expenses		(g) 130,816
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		130,816
17. Net investment income (Line 10 minus Line 16)		5,392,900
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 131,760 accrual of discount less \$ 2,133,395 amortization of premium and less \$ 269,674 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ 7,308 accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ 130,816 investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	12,673	0	12,673	0	0
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)	883,520	(1,936)	881,584	0	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	1,393	0	1,393	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	897,586	(1,936)	895,650	0	0
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)	0		0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	230,075	163,470	(66,605)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans	432,767	90,306	(342,461)
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset	0	0	0
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software			0
21. Furniture and equipment, including health care delivery assets			0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivable from parent, subsidiaries and affiliates		0	0
24. Health care and other amounts receivable	3,829,234	750,506	(3,078,728)
25. Aggregate write-ins for other than invested assets	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	4,492,076	1,004,282	(3,487,794)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. Total (Lines 26 and 27)	4,492,076	1,004,282	(3,487,794)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501.			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0

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	88,388	92,854	93,438	94,874	95,709	1,126,735
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	88,388	92,854	93,438	94,874	95,709	1,126,735
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

UNITEDHEALTHCARE OF OHIO, INC.

**NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(IN THOUSANDS EXCEPT COMMON CAPITAL STOCK SHARE DATA)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation

UnitedHealthcare of Ohio, Inc. (the “Company”), licensed as a health maintenance organization (HMO) who operations are located throughout the state of Ohio and northern Kentucky, offers its enrollees a variety of managed care programs and products through contractual arrangements with health care providers. The Company is a wholly owned subsidiary of United HealthCare Services, Inc. (UHS), an HMO management corporation that provides services to the Company under the terms of a management agreement. UHS is a wholly owned subsidiary of UnitedHealth Group Incorporated (“UnitedHealth Group”). UnitedHealth Group is a publicly held company trading on the New York Stock Exchange.

The Company was incorporated on May 14, 1985, as a HMO and operations commenced in August 1985. The Company is certified as a HMO by the Ohio Department of Insurance (ODI) and the Kentucky Department of Insurance. The Company has entered into contracts with physicians, hospitals, and other health care provider organizations to deliver health care services for all enrollees.

The Company serves as a plan sponsor offering Medicare Advantage and Medicare Part D prescription drug insurance coverage (Medicare Part D program) under a contract with the Centers for Medicare and Medicaid Services (CMS). Under the Medicare Part D program, there are seven separate elements of payment received by the Company during the plan year; these payment elements are CMS premium, member premium, CMS low-income premium subsidy, CMS catastrophic reinsurance subsidy, CMS low-income member cost-sharing subsidy, CMS risk share and, the CMS coverage gap discount program.

The Company offers the Medicare Advantage product in the state of Ohio. Medicare Advantage offers complete, individualized care planning and care benefits for aging, disabled, and chronically ill individuals. Medicare Advantage offers these long-term care services in nursing homes, community-based settings, and private homes.

A. Accounting Practices

The statutory basis financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the ODI.

The ODI recognizes only statutory accounting practices, prescribed or permitted by the State of Ohio, for determining and reporting the financial condition and results of operations of an HMO, for determining its solvency under Ohio Insurance Law. The state prescribes the use of the National Association of Insurance Commissioners’ (NAIC) Accounting Practices and Procedures manual (NAIC SAP) in effect for the accounting periods covered in the financial statement.

(1-8) No significant differences exist between the practices prescribed or permitted by the State of Ohio and those prescribed or permitted by the NAIC SAP which materially affect the statutory basis net income and capital and surplus, as illustrated in the table below:

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE UnitedHealthcare of Ohio, Inc.

	State of Domicile	2012	2011
NET INCOME			
(1) Company state basis	Ohio	\$ 34,325	\$ 6,000
(2) State Prescribed Practices that increase/(decrease) NAIC SAP: Not Applicable	Ohio	-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP: Not Applicable	Ohio	-	-
(4) NAIC SAP	Ohio	\$ 34,325	\$ 6,000
SURPLUS			
(5) Company state basis	Ohio	\$ 122,734	\$ 99,912
(6) State Prescribed Practices that increase/(decrease) NAIC SAP: Not Applicable	Ohio	-	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP: Not Applicable	Ohio	-	-
(8) NAIC SAP	Ohio	\$ 122,734	\$ 99,912

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

The preparation of these statutory basis financial statements in conformity with the NAIC Annual Statement Instructions and the NAIC SAP include certain amounts that are based on the Company's estimates and judgments. These estimates require the Company to apply complex assumptions and judgments, often because the Company must make estimates about the effects of matters that are inherently uncertain and will change in subsequent periods. The most significant estimates relate to hospital and medical benefits, claims unpaid, and aggregate health policy reserves and aggregate health claim reserves (collectively known as "aggregate health reserves"). The Company adjusts these estimates each period as more current information becomes available. The impact of any changes in estimates is included in the determination of net income in the period in which the estimate is adjusted.

C. Accounting Policy

(1-13) Basis of Presentation — The Company prepares its statutory basis financial statements on the basis of accounting practices prescribed or permitted by the ODI. These statutory practices differ from accounting principles generally accepted in the United States of America (GAAP).

The more significant differences are as follows:

- Cash overdrafts and short-term investments in the statutory basis financial statements represent cash balances and investments with original maturities of one year or less from the time of acquisition, whereas under GAAP, the corresponding caption of cash, cash equivalents, and short-term investments includes cash balances and investments that will mature in one year or less from the balance sheet date;
- Outstanding checks are required to be netted against cash balances or presented as cash overdrafts if in excess of cash balances in the statutory basis statements of admitted assets, liabilities, and capital and surplus as opposed to being presented as other liabilities under GAAP;
- Certain debt investments categorized as available for sale or held to maturity are shown at fair value or amortized cost, respectively, under GAAP, whereas in the statutory basis financial statements, these investments are presented at the lower of amortized cost or fair value in accordance with the NAIC's designations;
- Under statutory accounting, the change to deferred tax assets and liabilities is recorded directly to unassigned surplus and deferred tax assets are subject to limitations regarding the realization and admissibility of the assets in the statutory basis financial statements, whereas under GAAP, the change in deferred tax assets and liabilities is recorded as a component of the income tax provision within the income statement and is based on the ultimate recoverability of the deferred tax assets. Based on the admissibility criteria under statutory accounting, any deferred tax assets determined to be nonadmitted are charged directly to surplus and excluded from the statutory basis financial statements, whereas under GAAP, such assets are included in the balance sheets;
- Certain assets, including certain aged uncollected premiums, amounts receivables relating to uninsured plans, and health care receivables are considered nonadmitted assets for statutory purposes and are excluded from the statutory basis statements of admitted assets, liabilities, and

capital and surplus. Nonadmitted assets are excluded from the statutory basis financial statements and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheet;

- The unexpired portion of accident and health insurance premiums is recorded as unearned premium; the corresponding change in unearned premium from year to year is reflected as a change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations. Under GAAP, the change in unearned premium from year to year is reported through premium income;
- Comprehensive income and its components are not presented in the statutory basis financial statements;
- Cash overdrafts and short-term investments in the statutory basis statements of cash flows represent cash balances and investments with original maturities of one year or less from the time of acquisition. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and cash equivalents with maturities of three months or less. The corresponding caption of short-term investments under GAAP represents securities with a final maturity of one year or less from the balance sheet date. The statutory basis statements of cash flows are prepared in accordance with the NAIC Annual Statement Instructions.

Cash and Invested Assets —

- Cash overdrafts represent cash held by the Company in disbursement accounts. Claims and other payments are made from the disbursement accounts daily. Cash overdrafts are a result of timing differences in funding disbursement accounts for claims payments.
- Short-term investments represent money market instruments, commercial paper, and government obligations with a maturity of greater than three months but less than one year at the time of purchase. Short-term investments also consist of the Company's share of an investment pool sponsored and administered by UHS. The investment pool consists principally of investments with original maturities of less than one year, with the average life of the individual investments being less than 60 days. The Company's share of the pool represents an undivided ownership interest in the pool and is immediately convertible to cash at no cost or penalty. The participants within the pool have an individual fund number to track those investments owned by the Company. In addition, the Company has executed a custodial agreement whereby the Company's share in the investment pool is segregated and separately maintained. The pool is primarily invested in government obligations, commercial paper, certificates of deposit, and short-term agency notes and is recorded at cost or amortized cost. Interest income from the pool accrues daily to participating members based upon ownership percentage.
- Bonds include corporate bonds, government and state and state agency obligations and municipal securities with a maturity of greater than one year at the time of purchase.
- Bonds and short-term investments are stated at amortized cost if they meet NAIC designation of one or two and stated at the lower of amortized cost or fair value if they meet an NAIC designation of three or higher. Amortization of bond premium or discount is calculated using the constant-yield interest method. Bonds and short-term investments are valued and reported using market prices published by the Securities Valuation Office of the NAIC (SVO) in accordance with the NAIC Valuations of Securities manual prepared by the SVO or an external pricing service.
- The Company holds no mortgage loans on real estate.
- Corporate bonds and government obligations include mortgage-backed securities, which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of mortgage-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors. The Company's investment policy limits investments in non-agency residential mortgage-backed securities, including home equity and sub-prime mortgages, to 10% of total cash and invested assets and total investments in mortgage-backed securities to 30% of total cash and invested assets.
- The Company holds no common or preferred stock.
- The Company holds no investments in subsidiaries, controlled, or affiliated entities.
- The Company has no investment interests with respect to joint ventures, partnerships or limited liability companies.

- The Company holds no derivatives.
- Realized capital gains and losses on sales of investments are calculated based upon specific identification of the investments sold. These gains and losses are reported as net realized capital gains less capital gains tax in the statutory basis statements of operations.
- The Company continually monitors the difference between amortized cost and estimated fair value of its investments. If any of the Company's investments experience a decline in value that the Company has determined is other-than-temporary, or if the Company has determined it will sell a security that is in an impaired status, the Company will record a realized loss in net realized capital gains less capital gains tax in the statutory basis statements of operations. The new cost basis is not changed for subsequent recoveries in fair value. The prospective adjustment method is utilized for mortgage-backed securities for periods subsequent to the loss recognition. The Company recognized an other-than-temporary impairment of approximately \$2 and \$0 for the years ended December 31, 2012 and 2011, respectively.

Receivables for Securities and Payable for Securities — The Company reports receivables for securities when investments are sold at the end of an accounting period and proceeds are received in the following month in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Any receivables for securities not received within 15 days from the settlement date are nonadmitted. The Company reports payable for securities when investments are traded at the end of an accounting period and the settlement does not occur until the following month in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

Investment Income Due and Accrued — Investment income earned and due as of the reporting date in addition to investment income earned but not paid or collected until subsequent periods are reported as investment income due and accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company evaluates the collectability of the amounts due and amounts determined to be uncollectible are written off in the period in which the determination is made.

Net Investment Income Earned — Net investment income earned includes investment income collected during the period, as well as the change in investment income due and accrued on the Company's holdings. Amortization of premium or discount on bonds and certain external investment management costs are also included in net investment income earned (see Note 7).

Amounts Due to Parent, Subsidiaries, and Affiliates — In the normal course of business, the Company has various transactions with related parties (see Note 10). The Company reports any unsettled amounts due to parent, subsidiaries, and affiliates, respectively, in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

Properties Occupied by the Company, Properties Held for the Production of Income, Properties Held for Sale, Furniture and Equipment and Electronic Data Processing Equipment and Software — The Company does not carry any fixed assets on the statutory basis financial statements.

Hospital and Medical Expenses, Claims Unpaid, and Aggregate Health Reserves — Hospital and medical expenses and corresponding liabilities include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services enrollees have received but for which claims have not yet been submitted, and payments and liabilities for physician, hospital, and other medical costs disputes.

The estimates for incurred but not yet reported claims are developed using an actuarial process that is consistently applied, centrally controlled and automated. The actuarial models consider factors such as historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The Company estimates such liabilities for physician, hospital and other medical cost disputes based upon an analysis of potential outcomes, assuming a combination of litigation and settlement strategies. These estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during 2012 and 2011. Management believes the amount of claims unpaid and aggregate health reserves is adequate to cover the Company's liability for unpaid claims and aggregate health reserves as of December 31, 2012; however, actual payments may differ from those established estimates. Adjustments to claims unpaid estimates and aggregate health reserves are reflected in statutory statement of operations in the period in which the change in estimate is identified.

The Company contracts with hospitals, physicians, and other providers of health care under capitated or discounted fee for service arrangements, including a hospital per diem to provide medical care services to enrollees. Some of these contracts are with related parties (see Note 10).

Capitated providers are at risk for the cost of medical care services provided to the Company's enrollees; however, the Company is ultimately responsible for the provision of services to its enrollees should the capitated provider be unable to provide the contracted services.

Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held under Uninsured Plans — Receivables and liabilities for amounts held under uninsured plans represent the cost reimbursement under the Medicare Part D program for the catastrophic reinsurance subsidy and the low-income member cost-sharing subsidy. The Company is fully reimbursed by CMS for costs incurred for these contract elements and, accordingly, there is no insurance risk to the Company. Amounts received for these subsidies are received monthly and are not reflected as net premium income, but rather are accounted for as deposits. The Patient Protection and Affordable Care Act and its related reconciliation act "Health Reform Legislation" mandates consumer discounts of 50% on brand name prescription drugs for Part D plan participants in the coverage gap (Coverage Gap Discount Program or CGDP). These discounts are pre-funded by CMS, and ultimately reimbursed by pharmaceutical manufacturers, and the Company solely administers the application of these funds and has no insurance risk. If the Company incurs costs either in excess of or less than these subsidies, a corresponding receivable or payable is recorded in amounts receivable relating to uninsured plans or liability for amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Related cash flows are presented within operating expenses paid within cash provided by operations in the statutory basis statements of cash flows.

Net Deferred Tax Asset and Federal Income Taxes Incurred — Statutory accounting provides for an amount to be recorded for deferred taxes on temporary differences between the financial reporting and tax bases of assets and liabilities, subject to a valuation allowance and admissibility limitations on deferred tax assets (see Note 9). The provision for federal income taxes incurred is calculated based on applying the statutory federal income tax rate of 35% to net income before federal income taxes plus capital gains tax subject to certain adjustments (see Note 9).

Claims Adjustment Expense — Claims adjustment expenses (CAE) are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. A detailed review of UHS' and the Company's administrative expenses is performed to determine the allocation between CAE and general administrative expenses. It is the responsibility of UHS to pay CAE in the event the Company ceases operations. The Company has recorded an estimate of unpaid claims adjustment expenses associated with incurred but unpaid claims, which is included in unpaid claims adjustment expenses in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Management believes the amount of the liability for unpaid claims adjustment expenses as of December 31, 2012 is adequate to cover the Company's cost for the adjustment and recording of unpaid claims; however, actual expenses may differ from those established estimates. Adjustments to the estimates for unpaid claims adjustment expenses are reflected in operating results in the period in which the change in estimate is identified.

Remittances and Items Not Allocated — Remittances and items not allocated generally represent monies received from policyholders for monthly premium billings that have not been entered into the billing system. The majority is from monies received in the lockbox account on the last day of the year.

General Administrative Expenses — Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. Costs for items not included within the scope of the management agreement are directly expensed as incurred. Premium taxes are also a component of general administrative expenses. A detailed review of UHS' and the Company's administrative expenses is performed to determine the allocation between claims adjustment expenses and general administrative expenses to be reported in the statutory basis statements of operations.

Revenues — Revenues consist of commercial net premium income that is recognized in the period in which enrollees are entitled to receive health care services. Net premium income is shown net of reinsurance premiums. Commercial health plans with medical loss ratios on fully insured products, as calculated under the definitions in the Patient Protection and Affordable Care Act and its related reconciliation act "Health Reform Legislation" (see Note 14) and implementing regulations, that fall below certain targets are required to rebate ratable portions of premiums annually. The Company classifies its estimated rebates as change in unearned premium reserves and reserves for rate credits in the accompanying statutory basis statements of operations. Premiums received in full during the current period which are not due until future periods are recorded as premiums received in advance in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Unearned premiums are established for the portion of premiums received during the current period that are partially unearned at the end of the period and are included in aggregate health policy

reserves in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

Net premium income includes the Medicare Advantage CMS premium, and the premium under the Medicare Part D program, which includes CMS premium, member premium, and low-income premium subsidy for the Company's insurance risk coverage. Net premium income is recognized ratably over the period in which eligible individuals are entitled to receive health care services and prescription drug benefits. The Company estimates retrospective premium adjustments based on guidelines determined by CMS (see Note 24).

CMS deploys a risk adjustment model that apportions premiums paid to all health plans according to health severity and certain demographic factors. The CMS risk adjustment model pays more for members whose medical history indicates they have certain medical conditions. Under this risk adjustment methodology, CMS calculates the risk adjusted premium payment using diagnosis data from hospital inpatient, hospital outpatient and physician treatment settings. The Company and health care providers collect, capture, and submit the necessary and available diagnosis data to CMS within prescribed deadlines. The Company estimates risk adjustment revenues based upon the diagnosis data submitted and expected to be submitted to CMS. The Company recognizes such changes when the amounts become determinable and supportable and collectability is reasonably assured. The estimated risk-adjusted payments due to the Company at December 31, 2012 and 2011, were approximately \$3,666 and \$12,830, respectively, and are recorded as uncollected premiums in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company recognized approximately \$1,528 and \$(2,206) for changes in prior year Medicare risk factor estimates during the years ended December 31, 2012 and 2011, respectively, which is recorded as an increase and reduction to net premium income within the statutory basis statements of operations, respectively.

The Company reports uncollected premium balances from its insured members as uncollected premium balances in the statutory basis statements of admitted assets, liabilities and capital and surplus. Uncollected premium balances that are over 90 days past due, with the exception of amounts due from government insured plans, are considered nonadmitted assets. In addition to those balances, current balances are also considered nonadmitted if the corresponding balance greater than 90 days past due is deemed more than inconsequential.

Reinsurance Ceded — The Company has an insolvency-only reinsurance agreement with UnitedHealthcare Insurance Company (UHIC). Reinsurance premiums paid and incurred are deducted from net premium income in the accompanying statutory basis financial statements.

Ceded Reinsurance Premiums Payable — The Company has an insolvency-only reinsurance agreement whereby 0.1% of net premium income is ceded to UHIC. The ceded reinsurance premiums payable balance represents amounts due to the reinsurer for coverage which will be paid based on the contract terms.

Medical Risk Share — Medicare Part D — The Company has settlements with CMS based on whether the ultimate per member per month benefit costs of any Medicare Part D program regional plan varies more than 5% above or below the level estimated in the original bid submitted by the Company and approved by CMS in 2012 and 2011. The estimated risk share adjustment of approximately \$6,858 and \$3,192 in 2012 and 2011, respectively, is recorded as an increase to change in unearned premium reserves and reserve for rate credits and net premium income in the statutory basis statements of operations and aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

Reserve for Experience Rated Refunds — A liability is established for estimated premium refunds on experience rated contracts based on actuarial methods and assumptions and minimum loss ratio requirements. The liability also includes the estimated rebate on the commercial health products for which the medical loss ratios on fully insured products, as calculated under the Health Reform Legislation (see Note 14) and implementing regulations, fall below certain targets. The Company is required to rebate the ratable portions of the premiums annually. Estimated accrued retrospective premiums due from the Company are recorded in aggregate health policy reserves on the statutory basis statements of admitted assets, liabilities, and capital and surplus and as a decrease to change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

Health Care Receivables — Health care receivables consist of pharmacy rebate receivables estimated based on the most currently available data from the Company's claims processing systems and from data provided by the Company's unaffiliated pharmaceutical benefit manager and affiliated pharmaceutical benefit manager, OptumRx, Inc. ("OptumRx"). Health care receivables also include receivables for amounts due to the Company for claims overpayments to providers, hospitals, and other healthcare provider organizations. Health care receivables are considered

nonadmitted assets for statutory purposes if they do not meet admissibility requirements. Accordingly, the Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus (see Note 28).

Premium Deficiency Reserves — Premium deficiency reserves and the related expenses are recognized when it is probable that expected future health care expenses, claim adjustment expenses, direct administration costs, and an allocation of indirect administration costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts and are recorded as aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Indirect administration costs arise from activities that are not specifically identifiable to a specific group of existing contracts and therefore, those costs are fully allocated among the various contract groupings. The allocation of indirect administration costs to each contract grouping is made proportionately to the expected margins remaining in the premiums after future health care expenses, claim adjustment expenses and direct administration costs are considered. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated, and any adjustments are reflected in increase in reserves for accident and health contracts in the accompanying statutory basis statements of operations in the period in which the change in estimate is identified. The Company anticipates investment income as a factor in the premium deficiency calculation (see Note 30).

Vulnerability Due to Certain Concentrations — The Company is subject to substantial federal and state government regulation, including licensing and other requirements relating to the offering of the Company's existing products in new markets and offerings of new products, both of which may restrict the Company's ability to expand its business.

Direct premium income from members and CMS related to Medicare Advantage and the Medicare Part D program as a percentage of direct premium income are 97.1% and 96.8% for the years ended December 31, 2012 and 2011, respectively.

Restricted Cash Reserves — The ODI requires the Company to maintain a minimum regulatory deposits (currently \$400). The Kentucky Department of Insurance requires the Company to maintain a minimum regulatory deposits (currently \$550). The Company is in compliance with the requirements as of December 31, 2012 and 2011. These restricted cash reserves consist principally of government obligations and are stated at amortized cost, which approximates fair value. These reserves are included in bonds in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Interest earned on these deposits accrues to the Company.

Minimum Capital and Surplus — Under the laws of the state of Ohio, the ODI requires the Company to maintain a total admitted assets equal to at least 110% of its liabilities and must have a minimum net worth of at least \$1,200. The Company has approximately \$122,734 and \$99,912 in total statutory basis capital and surplus as of December 31, 2012 and 2011, respectively, which is in compliance with the required amount.

Risk-based capital (RBC) is a regulatory tool for measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The ODI requires the Company to maintain minimum capital and surplus equal to the greater of the state statute as outlined above, or the company action level as calculated by the RBC formula. The Company is in compliance with the required amount.

Recently Issued Accounting Standards — In November 2011, the NAIC adopted SSAP No. 101, *Income Taxes — A Replacement of SSAP No. 10R and SSAP No. 10*, effective for 2012 interim and annual financial statements and beyond. The new standard includes revised guidance for tax contingencies, non-elective deferred tax asset admissibility test along with significant modifications to the deferred tax asset admissibility test, and disclosure modifications. A change resulting from the adoption of this revised statement shall be accounted for prospectively. The Company adopted SSAP No. 101 in 2012 and determined there is no material impact to the statutory basis financial statements.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

No changes in accounting principles have been recorded during the years ended December 31, 2012 and 2011.

3. BUSINESS COMBINATIONS AND GOODWILL

A–D. The Company was not party to a business combination during the years ended December 31, 2012 and 2011, and does not carry goodwill in its statutory basis statements of admitted assets, liabilities, and capital and surplus.

4. DISCONTINUED OPERATIONS

(1–5) The Company did not discontinue any operations during 2012 and 2011.

5. INVESTMENTS AND OTHER INVESTED ASSETS

For purposes of calculating gross realized gains and losses on sales of investments, the amortized cost of each investment sold is used. The gross realized gains and losses on sales of investments for bonds were approximately \$896 and \$0, respectively, for 2012 and approximately \$1,815 and (\$127), respectively, for 2011. The gross realized gains and losses on sales of short-term investments were approximately \$1 and \$0, respectively, for 2012 and approximately \$1 and \$0, respectively, for 2011. The net realized gain is included in net realized capital gains less capital gains tax in the accompanying statutory basis statements of operations.

As of December 31, 2012 and 2011, the amortized cost, fair value, and gross unrealized holding gains and losses of the Company's investments, excluding cash overdrafts of approximately \$(3,263) and \$(4,214), respectively, are as follows:

	Amortized Cost	2012		Fair Value
		Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	
U.S. government and agency	\$ 33,547	\$ 692	\$ (4)	\$ 34,235
State and state agency	56,253	2,960	(33)	59,180
Municipalities and local agency	32,372	1,482	(28)	33,826
Corporate bonds	52,131	4,710	(19)	56,822
Commercial paper and money market funds	49,540	-	-	49,540
Total bonds and short-term investments	<u>\$ 223,843</u>	<u>\$ 9,844</u>	<u>\$ (84)</u>	<u>\$ 233,603</u>

	Amortized Cost	2012		Fair Value
		Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	
Less than one year	\$ 70,410	\$ 144	\$ -	\$ 70,554
One to five years	51,359	2,357	(5)	53,711
Five to ten years	67,150	5,687	(42)	72,795
Over ten years	34,924	1,656	(37)	36,543
Total bonds and short-term investments	<u>\$ 223,843</u>	<u>\$ 9,844</u>	<u>\$ (84)</u>	<u>\$ 233,603</u>

	Amortized Cost	2011		Fair Value
		Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	
U.S. government and agency	\$ 34,782	\$ 678	\$ (2)	\$ 35,458
State and state agency	54,215	2,679	(13)	56,881
Municipalities and local agency	33,653	1,665	-	35,318
Corporate bonds	47,207	2,902	(63)	50,046
Commercial paper and money market funds	21,619	-	-	21,619
Total bonds and short-term investments	<u>\$ 191,476</u>	<u>\$ 7,924</u>	<u>\$ (78)</u>	<u>\$ 199,322</u>

Included in U.S. government and agency securities and corporate bonds in the tables above are mortgage-backed securities, which do not have a single maturity date. For the years to maturity table above, these securities have been presented in the maturity group based on the securities' final maturity date and at an amortized cost of approximately \$21,230 and fair value of approximately \$22,182.

The following table illustrates the fair value and gross unrealized losses, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of December 31, 2012 and 2011:

	2012					
	< 1 year		> 1 year		Total	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
U.S. government and agency	\$ 5,453	\$ (4)	\$ -	\$ -	\$ 5,453	\$ (4)
State and state agency	2,925	(33)	-	-	2,925	(33)
Municipalities and local agency	3,734	(28)	-	-	3,734	(28)
Corporate bonds	1,748	(19)	-	-	1,748	(19)
Total bonds and short-term investments	<u>\$ 13,860</u>	<u>\$ (84)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,860</u>	<u>\$ (84)</u>

	2011					
	< 1 year		> 1 year		Total	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
U.S. government and agency	\$ 9,621	\$ (2)	\$ -	\$ -	\$ 9,621	\$ (2)
State and state agency	2,193	(14)	-	-	2,193	(14)
Municipalities and local agency	1,598	-	-	-	1,598	-
Corporate bonds	2,744	(62)	-	-	2,744	(62)
Total bonds and short-term investments	<u>\$ 16,156</u>	<u>\$ (78)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,156</u>	<u>\$ (78)</u>

The unrealized losses on investments in U.S. government and agency obligations, state and state agency obligations, municipalities and local agency obligations, and corporate bonds at December 31, 2012 and 2011, were mainly caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities. The Company evaluates impairment at each reporting period for each of the securities whereby the fair value of the investment is less than its amortized cost. The contractual cash flows of the U.S. government and agency obligations are either guaranteed by the U.S. government or an agency of the U.S. government. It is expected that the securities would not be settled at a price less than the cost of the investment, and the Company does not intend to sell the investment until the unrealized loss is fully recovered. The Company evaluated the credit ratings of the municipalities and local agency obligations and corporate obligations, noting whether a significant deterioration since purchase or other factors which may indicate an other-than-temporary impairment, such as the length of time and extent to which fair value has been less than cost, the financial condition, and near-term prospects of the issuer as well as specific events or circumstances that may influence the operations of the issuer and the Company's intent to sell the investment. Additionally, the Company evaluated its intent and ability to retain mortgage-backed securities for a period of time sufficient to recover the amortized cost. As a result of this review, the Company recorded other-than-temporary impairments of approximately \$2 and \$0 as of December 31, 2012 and 2011, respectively, which is included in net realized capital gains less capital gains tax in the statutory basis statements of operations.

A-C. The Company has no mortgage loans, real estate loans, restructured debt, reverse mortgages or investments in low-income housing tax credits. The Company also has no real estate property occupied by the Company, real estate property held for the production of income, or real estate property held for sale. Total proceeds on the sale of investments for bonds were approximately \$18,420 and \$52,115 and for short-term investments were approximately \$990,802 and \$990,336 in 2012 and 2011, respectively.

D. Loan-Backed Securities

- (1) Corporate bonds and government obligations include mortgage-backed securities, which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of mortgage-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors.
- (2) The Company did not recognize any other-than-temporary impairments on mortgage-backed securities as of December 31, 2012 and 2011.
- (3) The Company did not have mortgage-backed securities with an other-than-temporary impairment to report by CUSIP as of December 31, 2012 or 2011.

- (4) The following table illustrates the fair value, gross unrealized losses, and length of time that the mortgage-backed securities have been in a continuous unrealized loss position at December 31, 2012 and 2011:

	<u>2012</u>
The aggregate amount of unrealized losses:	
1. Less than 12 months	\$ (4)
2. 12 Months or longer	-
The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 months	4,951

	<u>2011</u>
The aggregate amount of unrealized losses:	
1. Less than 12 months	\$ (1)
2. 12 Months or longer	-
The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 months	9,101

E. Repurchase Agreements and/or Securities Lending Transactions — Not applicable.

F. Real Estate — Not applicable.

G. Low-Income Housing Tax Credits — Not applicable.

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

A–B. The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of admitted assets and did not recognize any impairment write down for its investments in joint ventures, partnerships and limited liability companies during the statement periods.

7. INVESTMENT INCOME

A. The Company has admitted all investment income due and accrued in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

The components of net investment income earned at December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Bonds	\$ 5,357	\$ 5,885
Cash overdrafts and short-term investments	<u>167</u>	<u>135</u>
Total investment income earned	\$ 5,524	\$ 6,020
Expenses — investment management fees	<u>(131)</u>	<u>(122)</u>
Net investment income earned	<u>\$ 5,393</u>	<u>\$ 5,898</u>

B. There were no investment income amounts excluded from the statutory basis financial statements.

8. DERIVATIVE INSTRUMENTS

A–F. The Company has no derivative instruments.

9. INCOME TAXES

A. Deferred Tax Asset/Liability

(1) The components of the net deferred tax asset for the years ended December 31, are as follows:

	(2012 information is computed under SSAP No. 101. 2011 information was computed under SSAP No. 10R)								
	2012			2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$ 2,250	\$ 5	\$ 2,255	\$ 1,255	\$ 21	\$ 1,276	\$ 995	\$ (16)	\$ 979
(b) Statutory valuation allowance adjustments	-	5	5	-	21	21	-	(16)	(16)
(c) Adjusted gross deferred tax assets (1a-1b)	2,250	-	2,250	1,255	-	1,255	995	-	995
(d) Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
(e) Subtotal net admitted deferred tax asset (1c-1d)	2,250	-	2,250	1,255	-	1,255	995	-	995
(f) Deferred tax liabilities	33	-	33	23	-	23	10	-	10
(g) Net admitted deferred tax asset	\$ 2,217	\$ -	\$ 2,217	\$ 1,232	\$ -	\$ 1,232	\$ 985	\$ -	\$ 985

(2) The components of the adjusted gross deferred tax assets admissibility calculation under SSAP No. 101, *Income Taxes — A Replacement of SSAP No. 10R and SSAP No. 10*, are as follows:

(2012 information is computed under SSAP No. 101. 2011 information was computed under SSAP No. 10R.)

Admission Calculation Components SSAP No. 101	2012			2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 2,250	\$ -	\$ 2,250	\$ 1,255	\$ -	\$ 1,255	\$ 995	\$ -	\$ 995
(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)	-	-	-	-	-	-	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	16,886	XXX	XXX	8,096	XXX	XXX	8,790
(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	-	-	-	-	-	-	-	-	-
(d) Deferred tax assets admitted as the result of application of SSAP No. 101 and SSAP No. 10R, respectively for 2012 and 2011									
Total (2(a)+2(b)+2(c))	\$ 2,250	\$ -	\$ 2,250	\$ 1,255	\$ -	\$ 1,255	\$ 995	\$ -	\$ 995

SSAP No. 101, *Income Taxes — A Replacement of SSAP No. 10R and SSAP No. 10*, is effective for 2012 interim and annual financial statements and beyond. The new standard includes revised guidance for tax contingencies, a non-elective deferred tax

asset admissibility test along with significant modifications to the deferred tax assets admissibility test, and disclosure modifications. A change resulting from this adoption would be accounted for prospectively and reflected as a change in accounting principle in accordance with SSAP No. 3 — *Accounting Changes and Corrections of Errors*. The adoption of this pronouncement did not have an impact on the statutory basis financial statements.

- (3) The ratio percentage and adjusted capital and surplus used to determine the recovery period and threshold limitations for the admission calculation are presented below:

	2012	2011
(a) Ratio percentage used to determine recovery period and threshold limitation amount	415 %	N/A
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2 (b) (2) above	\$ 120,517	N/A

- (4) There was no impact to the deferred tax assets as a result of tax-planning strategies.

B. Unrecognized Deferred Tax Liabilities

- (1–4) There are no unrecognized deferred tax liabilities.

C. Significant Components of Income Taxes

- (1) The current federal income taxes incurred for the years ended December 31, are as follows:

	2012	2011	Change
1. Current income tax			
(a) Federal	\$ 16,677	\$ 1,259	\$ 15,418
(b) Foreign	-	-	-
(c) Subtotal	-	-	-
(d) Federal income tax on net capital gains	352	632	(280)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Total federal and foreign income taxes incurred	<u>\$ 17,029</u>	<u>\$ 1,891</u>	<u>\$ 15,138</u>

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE UnitedHealthcare of Ohio, Inc.

(2-4) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2012 and 2011, are as follows:

(2012 information is computed under SSAP No. 101.
2011 information was computed under SSAP No. 10R.)

	2012	2011	Change
2. Deferred tax assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 566	\$ 658	\$ (92)
(2) Unearned premium reserve	52	25	27
(3) Policyholder reserves	60	-	60
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	1,572	351	1,221
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	-	221	(221)
(99) Subtotal	2,250	1,255	995
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	2,250	1,255	995
(e) Capital			
(1) Investments	5	21	(16)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	5	21	(16)
(f) Statutory valuation allowance adjustment	5	21	(16)
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	-	-	-
(i) Admitted deferred tax assets (2d + 2h)	2,250	1,255	995
3. Deferred tax liabilities:			
(a) Ordinary	33	23	10
(1) Investments	-	-	-
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	-	-	-
(99) Subtotal	33	23	10
(b) Capital			
(1) Investments	-	-	-
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	-	-	-
(c) Deferred tax liabilities (3a99 - 3b99)	33	23	10
4. Net deferred tax assets/liabilities (2i - 3c)	\$ 2,217	\$ 1,232	\$ 985

The other ordinary deferred tax asset of approximately \$221 for 2011 consists of bad debt of approximately \$221.

The Company assessed the potential realization of the gross deferred tax asset and established a valuation allowance of approximately \$5 and \$21 to reduce the gross deferred tax asset to approximately \$2,250 and \$1,255 as of December 31, 2012 and 2011, respectively which represents the amount of the asset estimated to be recoverable via carryback of losses and reduction of future taxes. The change in the valuation allowance is attributable to the change in timing of deductibility of expenses and/or expectations for future taxable income.

- D.** The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 35% to net income before federal income taxes plus capital gains tax. The significant items causing this difference are as follows:

	2012	2011
Tax provision at the federal statutory rate	\$ 17,974	\$ 2,761
Tax-exempt interest	(703)	(759)
Change in statutory valuation allowance	(16)	(30)
IRS exam interest	-	-
Other	10	-
Tax effect of nonadmitted assets	<u>(1,221)</u>	<u>(101)</u>
Total	<u>\$ 16,044</u>	<u>\$ 1,871</u>
Federal income taxes incurred	\$ 16,677	\$ 1,259
Capital gains tax	352	632
Change in net deferred income tax	<u>(985)</u>	<u>(20)</u>
Total statutory income taxes	<u>\$ 16,044</u>	<u>\$ 1,871</u>

- E.** At December 31, 2012, the Company had no net operating loss carryforwards. Current federal income taxes recoverable of approximately \$4,714 and \$8,196 as of December 31, 2012 and 2011, respectively, are included in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Federal income taxes paid, net of refunds was approximately \$13,547 and \$10,679 in 2012 and 2011, respectively.

Federal income taxes incurred of approximately \$17,029 and \$1,891 for 2012 and 2011, respectively, is available for recoupment in the event of future net losses.

The Company has not admitted any aggregate amounts of deposits that are included within Section 6603 ("Deposits made to suspend running of interest on potential underpayments, etc.") of the Internal Revenue Service Code.

- F.** The Company is included in a consolidated federal income tax return with its ultimate parent, UnitedHealth Group. The entities included within the consolidated return are included in NAIC Statutory Statement Schedule Y — Information Concerning Activities of Insurer Members Of A Holding Company Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The U.S. Internal Revenue Service (IRS) has completed exams on UnitedHealth Group's consolidated income tax returns for fiscal years 2011 and prior. UnitedHealth Group's 2012 tax return is under advance review by the IRS under its Compliance Assurance Program (CAP). With the exception of a few states, UnitedHealth Group is no longer subject to income tax examinations prior to 2007 in major state and foreign jurisdictions. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

- G. Tax Contingencies** — Not applicable

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

A-L. Material Related Party Transactions

Effective January 1, 2012, the Company entered into a revised Management Agreement (Agreement) with UHS. This Agreement has been approved by the ODI. UHS will continue to provide management services to the Company under a revised fee structure that is changing from a percentage of premium to a direct charge based on UHS' expenses for services or use of assets provided to the Company. Management fees under this arrangement totaled approximately \$68,919 and \$104,153 in 2012 and 2011, respectively, and are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations. Direct expenses not included in the management agreement, such as broker commissions, DOI exam fees, premium taxes are paid by UHS on the behalf of the Company. UHS is reimbursed by the Company for these direct expenses.

Management believes that its transactions with affiliates are fair and reasonable; however, operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

The Company expensed as hospital and medical expenses, general administrative expenses, and claims adjustment expenses approximately \$24,726 and \$16,365 in capitation fees to related parties during 2012 and 2011, respectively. Under the Agreement effective January 1, 2012, UHS provides or arranges for services on behalf of the Company using a pass-through of charges incurred by UHS on a Per Member Per Month (PMPM) basis (where the charge incurred by UHS is on a PMPM basis) or using another allocation methodology consistent with the Agreement. These services include, but are not limited to, integrated personal health management solutions, such as disease management, treatment decision support and wellness services, including a 24-hour call-in service, access to a network of transplant providers and discount program services. OptumHealth Care Solutions, Inc. provides chiropractic and physical therapy services. Spectra, Inc. provides administrative services related to vision benefit management and claims processing. Dental Benefit Providers, Inc. provides dental care assistance. United Behavioral Health, Inc. provides mental health and substance abuse services. Collaborative Care Holdings LLC. owns, operates and provides services to health care delivery systems for the Company as LifePrint Health, Inc.

The capitation expenses, paid to related parties, that are included as hospital and medical expenses, general administrative expenses, and claims adjustment expenses in the accompanying statutory basis statements of operations for the years ended December 31, 2012 and 2011, are shown below:

	2012	2011
United Behavioral Health, Inc.	\$ 8,328	\$ 9,010
OptumHealth Care Solutions, Inc	139	110
Dental Benefit Providers, Inc	2,791	2,018
UHS	5,694	4,840
Spectra, Inc	416	387
LifePrint Health, Inc	<u>7,358</u>	<u>-</u>
	<u>\$ 24,726</u>	<u>\$ 16,365</u>
Total		

The Company contracts with affiliates (UHS and OptumRx) to provide administrative services related to pharmacy management and pharmacy claims processing for its enrollees. Fees related to these agreements, which are calculated on a per-claim basis, of approximately \$4,291 and \$4,844 in 2012 and 2011, respectively, are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations. Additionally, the affiliates collect rebates on certain pharmaceutical products based on member utilization. Rebates related to these agreements of approximately \$34,646 and \$32,247 in 2012 and 2011, respectively, are included as a reduction of prescription drugs in the accompanying statutory basis statements of operations.

The Company contracts with OptumRx, Inc. to provide personal health products catalogues showing the healthcare products and benefit credits needed to redeem the respective products. OptumRx, Inc. will mail the appropriate personal health products catalogues to the Company's members and manage the personal health products credit balance. OptumRx, Inc. also distributes personal health products to individual members based upon the terms of the agreement. Fees related to this agreement in 2012 and 2011, which are calculated on a per member per month basis of approximately \$931 and \$760 are included in hospital and medical expenses in the accompanying statutory basis statements of operations.

Effective July 1, 2011, the Company has agreements with OptumInsight, Inc., a wholly owned subsidiary of UnitedHealth Group, for services that lead up to and include the prevention and recovery of medical expense overpayments. Service fees are either percentages of every recovery which are retained by OptumInsight, Inc. based on the services performed and recoveries, net of fees, are returned to the Company on a monthly basis and/or, all recoveries are returned to the Company by OptumInsight, Inc. on a monthly basis and a capitated service fee is charged to the Company as a PMPM. Service fees of approximately \$2,860 and \$205 are included in claims adjustment expenses and general administrative expenses in the accompanying statutory basis statements of operations for the years ended December 31, 2012 and 2011, respectively.

The Company has premium payments that are received and claim payments that are processed by an affiliated UnitedHealth Group entity. Both premiums and claims applicable to the Company are settled at regular intervals throughout the month via the intercompany settlement process and any amounts outstanding are reflected in amounts due to parent, subsidiaries, and affiliates in the accompanying statutory basis statements of admitted assets, liabilities and capital and surplus.

The Company has an insolvency-only reinsurance agreement with UHIC, a wholly owned subsidiary of UHIC Holdings, Inc. which is a wholly owned subsidiary of UHS, to provide insolvency protection for its enrollees. Reinsurance premiums, which are calculated on a percentage of member premium income, of approximately \$927 in 2012 and \$870 in 2011 are netted against net premium income in the accompanying statutory basis statements of operations.

The Company holds a \$50,000 subordinated revolving credit agreement with UnitedHealth Group at an interest rate of LIBOR plus a margin of 0.50%. This credit agreement is subordinate to the extent it does not conflict with any credit facility held by either party. The aggregate principal amount that may be outstanding at any time shall not exceed \$50,000. The credit agreement is for a one-year term and automatically renews annually, unless terminated by either party. The agreement was renewed effective September 1, 2012. No amounts were outstanding under the line of credit as of December 31, 2012 and 2011.

At December 31, 2012 and 2011, the Company reported approximately \$8,397 and \$3,343, respectively, as amounts due to parent, subsidiaries, and affiliates, which are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. These balances are generally settled within 90 days from the incurred date.

In addition to the agreements above, UHS maintains a private short-term money market investment pool in which affiliated companies may participate (see Note 1). At December 31, 2012 and 2011, the Company's portion was approximately \$47,714 and \$20,738, respectively, and is included in cash overdrafts and short-term investments in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

The Company has entered into a Tax Sharing Agreement with UnitedHealth Group (see Note 9).

The Company paid dividends of 9,000 and \$20,900 in 2012 and 2011, respectively, to its parent (see Note 13).

The Company received a cash infusion of \$0 and \$15,000 in 2012 and 2011, respectively, from UHS (see Note 13).

The Company does not have any investments in a subsidiary, controlled, or affiliated entity that exceeds 10% of admitted assets.

The Company does not have any investments in impaired subsidiary, controlled, or affiliated entities.

The Company does not have any investments in foreign insurance subsidiaries.

The Company does not hold any investments in a downstream noninsurance holding company.

The Company has not extended any guarantees or undertakings for the benefit of an affiliate or related party, it does not have any investments in a foreign insurance subsidiary and it does not hold any investments in a downstream noninsurance holding company.

11. DEBT

A–B. The Company had no outstanding debt with third parties or outstanding federal home loan bank agreements during 2012 and 2011.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES, AND OTHER POSTRETIREMENT BENEFIT PLANS

A–F. The Company has no defined benefit plans, defined contribution plans, multiemployer plans, consolidated/holding company plans, postemployment benefits and compensated absences plans, and is not impacted by the Medicare Modernization Act on postretirement benefits, since all personnel are employees of UHS, which provides services to the Company under the terms of a management agreement (see Note 10).

13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS, AND QUASI-REORGANIZATIONS

(1–2) The Company has 750 shares authorized and 100 shares issued and outstanding of no-par value common stock with a stated value of \$37,330. The Company has no preferred stock outstanding. All issued and outstanding shares of common stock are held by the Company's parent, UHS.

(3) Payment of dividends may be restricted by the ODI, which generally require that dividends be paid out of accumulated surplus.

(4) The Company paid ordinary cash dividends to UHC of \$9,000 and \$20,900 on November 30, 2012, and June 30, 2011, respectively, which required no approval and were recorded as a reduction to unassigned surplus in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

The Company received a cash infusion of \$15,000 on December 22, 2011 from UHS which was recorded as an increase to gross paid-in and contributed surplus in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

(5) The amount of ordinary dividends that may be paid out during any given period are subject to certain restrictions as specified by state statute.

(6) There are no restrictions placed on the Company's unassigned surplus.

(7) Not applicable as the Company is not a mutual reciprocal or a similarly organized entity.

(8) The Company does not hold any stock, including stock of affiliated companies for special purposes, such as conversion of preferred stock, employee stock options or stock purchase warrants.

(9) The Company does not have any special surplus funds.

(10) The portion of unassigned funds represented or (reduced by) each item below is as follows:

Net deferred income taxes	\$ 2,217	\$ 1,232
Nonadmitted assets	<u>(4,492)</u>	<u>(1,004)</u>
	<u>\$ (2,275)</u>	<u>\$ 228</u>

(11–13) The Company does not have any outstanding surplus notes and has never been a party to a quasi-reorganization.

14. CONTINGENCIES

A. Contingent Commitments

The Company has no contingent commitments.

B. Assessments

The Company is not aware of any assessments, potential or accrued, that could have a material financial effect on the operations of the entity.

C. Gain Contingencies

The Company is not aware of any gain contingencies that should be disclosed in the statutory basis financial statements.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits — Not applicable

E. All Other Contingences

Because of the nature of the business, the Company is routinely made party to a variety of legal actions related to the design and management of its service offerings. The Company records liabilities for estimates of probable costs resulting from these matters where appropriate. These matters include, but are not limited to, claims relating to health care benefits coverage, medical malpractice actions, contract disputes, and claims related to certain other business practices. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

The Company’s business is regulated at the federal, state and local levels. The laws and rules governing the Company’s business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Further, the Company must obtain and maintain regulatory approvals to market and sell many of its products.

The Company has been and is currently involved in various governmental investigations, audits and reviews. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments, state attorneys general, the Office of Inspector General (OIG), the Office of Personnel Management, the Office of Civil Rights, U.S. Congressional committees, the U.S. Department of Justice, U.S. Attorneys, the SEC, the IRS, the U.S. Department of Labor, the Federal Deposit Insurance Corporation and other governmental authorities. Examples of audits include the risk adjustment data validation (RADV) audits discussed below and a review by the U.S. Department of Labor of the Company’s administration of applicable customer employee benefit plans with respect to ERISA compliance.

Government actions can result in assessment of damages, civil or criminal fines or penalties, or other sanctions, including loss of licensure or exclusion from participation in government programs and could have a material adverse impact on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

Risk Adjustment Data Validation Audit. CMS adjusts capitation payments to Medicare Advantage plans and Medicare Part D plans according to the predicted health status of each beneficiary as supported by data from health care providers as well as, for Medicare Part D plans only, based on comparing costs predicted in the Company’s annual bids to actual

prescription drug costs. The Company collects claim and encounter data from providers, who the Company generally relies on to appropriately code their claim submissions and document their medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted and member demographic information.

In February 2012, CMS announced a final RADV audit and payment adjustment methodology and that it will conduct RADV audits beginning with the 2011 payment year. These audits involve a review of medical records maintained by care providers and may result in retrospective adjustments to payments made to health plans. CMS has not communicated how the final payment adjustment under its methodology will be implemented. Any potential payment adjustments could have a material adverse effect on the Company's statutory basis financial statements.

During the first quarter of 2010, the Patient Protection and Affordable Care Act and a reconciliation measure, the Health Care and Education Reconciliation Act of 2010 (collectively known as Health Reform Legislation), were signed into law, and after being challenged, were substantially upheld in a U.S. Supreme Court decision in the second quarter of 2012. The Health Reform Legislation expands access to coverage and modifies aspects of the commercial insurance market, as well as the Medicaid and Medicare programs, Children's Health Insurance Program, and other aspects of the health care system. Certain provisions of the Health Reform Legislation have already taken effect, and other provisions become effective at various dates over the next several years. The Department of Health and Human Services (HHS), the Department of Labor (DOL) and the Treasury Department have issued regulations or proposed regulations on a number of aspects of Health Reform Legislation, but final rules and interim guidance on the other key aspects of the legislation remain pending.

Certain aspects of the Health Reform Legislation are also being challenged in federal court, with the proponents of such challenges seeking to limit the scope of or have all or portions of the Health Reform Legislation declared unconstitutional. The United States Supreme Court is scheduled to hear oral arguments on certain aspects of these cases in March 2012, including the constitutionality of the individual mandate. Congress may also withhold the funding necessary to implement the Health Reform Legislation, or may attempt to replace the legislation with amended provisions or repeal it altogether.

The Health Reform Legislation and the related federal and state regulations will impact how the Company does business and could restrict revenue and enrollment growth in certain products and market segments, restrict premium growth rates for certain products and market segments, increase the Company's medical and administrative costs, expose the Company to an increased risk of liability (including increasing our liability in federal and state courts for coverage determinations and contract interpretation) or put the Company at risk for loss of business. In addition, the Company's results of operations, financial condition, and cash flows could be materially adversely affected by such changes. The Health Reform Legislation may create new or expand existing opportunities for business growth, but due to its complexity, the impact of the Health Reform Legislation remains difficult to predict and is not yet fully known.

There are no assets that the Company considers to be impaired at December 31, 2012 and 2011, except as disclosed in Note 5.

15. LEASES

A–B. According to the management agreement between the Company and UHS (see Note 10), operating leases for the rental of office facilities and equipment are the responsibility of UHS. Fees associated with the lease agreements are included as a component of the Company's management fee.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

(1–4) The Company does not hold any financial instruments with off-balance-sheet risk or concentrations of credit risk.

17. SALE, TRANSFER, AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

A–C. The Company did not participate in any transfer of receivables, financial assets, or wash sales.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

- A. The Company has no operations from Administrative Services Only Contracts.
- B. The Company has no operations from Administrative Services Contracts.
- C. **Medicare or Other Similarly Structured Cost Based Reimbursement Contract**

The Medicare Part D program is a partially insured plan. The Company recorded a receivable of approximately \$6,537 and \$443 at December 31, 2012 and 2011, respectively, for cost reimbursements under the Medicare Part D program for the catastrophic reinsurance and low-income member cost-sharing subsidies as described in Note 1 *Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held Under Uninsured Plans*. The Company also recorded a receivable of approximately \$2,060 and \$3,456 and also a payable of approximately \$2,539 and \$5,427 at December 31, 2012 and 2011, respectively, for the Medicare Part D Coverage Gap Discount Program as described in Note 1, *Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held Under Uninsured Plans*. These amounts are recorded as amounts receivable relating to uninsured plans and liability for amounts held under uninsured plans in the accompanying statutory basis statements of admitted assets, liabilities, and capital surplus.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD-PARTY ADMINISTRATORS

The Company did not have any direct premiums written or produced by managing general agents or third-party administrators.

20. FAIR VALUE MEASUREMENT

The NAIC SAP defines fair value, establishes a framework for measuring fair value, and outlines the disclosure requirements related to fair value measurements. The fair value hierarchy is as follows:

Level 1 — Quoted (unadjusted) prices for identical assets in active markets.

Level 2 — Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.)
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc.)
- Inputs that are derived principally from or corroborated by other observable market data

Level 3 — Unobservable inputs that cannot be corroborated by observable market data.

The estimated fair values of bonds and short-term investments (investments) are based on quoted market prices, where available. The Company obtains one price for each security primarily from a third-party pricing service (pricing service), which generally uses quoted or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, non-binding broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds. As the Company is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the Company compares the prices received from the pricing service to prices reported by its custodian, its investment consultant and third-party investment advisors. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to test the reasonableness of the reported prices. Based on the Company's internal price verification procedures and review of fair value methodology documentation provided by independent pricing services, the Company has not historically adjusted the prices obtained from the pricing service.

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

A. Fair Value

(1) Fair Value Measurements at Reporting Date

The following table presents information about the Company's financial assets that are measured and reported at fair value at December 31, 2012 in the statutory basis statements of admitted assets, liabilities, and capital and surplus according to the valuation techniques the Company used to determine their fair values:

Description for each class of asset or liability	December 31, 2012			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets at fair value:				
Perpetual preferred stock				
Industrial and misc Parent, subsidiaries and affiliates	(a) \$ -	\$ -	\$ -	\$ -
	-	-	-	-
Total perpetual preferred stocks	-	-	-	-
Bonds:				
U.S. governments	-	-	-	-
Industrial and misc Parent, subsidiaries and affiliates	-	273	-	273
	-	-	-	-
Total bonds	-	273	-	273
Common stock:				
Industrial and misc Parent, subsidiaries and affiliates	-	-	-	-
	-	-	-	-
Total common stock	-	-	-	-
Derivative assets:				
Interest rate contracts	-	-	-	-
Foreign exchange contracts	-	-	-	-
Credit contracts	-	-	-	-
Commodity futures contracts	-	-	-	-
Commodity forward contracts	-	-	-	-
Total derivatives	-	-	-	-
Separate account assets	-	-	-	-
Total assets at fair value	<u>\$ -</u>	<u>\$ 273</u>	<u>\$ -</u>	<u>\$ 273</u>
Liabilities at fair value:				
Derivative liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(a) \$0 transferred from Level 1 to Level 2 as an alternative method was utilized to determine fair value as active market price was not readily available.

The Company does not have any financial assets that are measured and reported at fair value on the statutory basis statements of admitted assets, liabilities, and capital and surplus at December 31, 2011.

There were no transfers between Levels 1 and 2 during the year ended December 31, 2012 and 2011.

- (2) The Company does not have any financial assets with a fair value hierarchy of level 3.

B. Fair Value Combination — Not applicable

- C. The aggregate fair value by hierarchy of all financial instruments as of December 31, 2012 and 2011 is presented in the table below:

Types of Financial Investment	2012					Not Practical Carrying Value
	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	
Bonds	\$ 233,603	\$ 223,843	\$ 65,917	\$ 167,686	\$ -	\$ -
Common stock	-	-	-	-	-	-
Perpetual preferred stock	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-

Types of Financial Investment	2011					Not Practical Carrying Value
	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	
Bonds	\$ 199,322	\$ 191,476	\$ 32,657	\$ 166,665	\$ -	\$ -
Common stock	-	-	-	-	-	-
Perpetual preferred stock	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-

- D. **Not Practicable to Estimate Fair Value** — Not applicable

21. OTHER ITEMS

The Company's business is regulated at federal, state and local levels, and the Company must obtain and maintain regulatory approvals to market and sell many of its products. The laws and rules governing the Company's business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. State legislatures and Congress continue to focus on health care issues.

The Company elected to use rounding in reporting amounts in the notes to statutory basis financial statements.

- A. The Company did not encounter any extraordinary items for the years ended December 31, 2012 or 2011.
- B. The Company has no troubled debt restructurings as of December 31, 2012 or 2011.
- C. The Company does not have any amounts not recorded in the statutory basis financial statements that represent segregated funds held for others. The Company also does not have any exposures related to forward commitments.
- D. The Company routinely evaluates the collectability of all receivable amounts included within the statutory basis statements of admitted assets, liabilities, and capital and surplus. Impairment reserves are established for those amounts where collectability is uncertain. Based on the Company's past experience, exposure related to uncollectible balances and the potential of loss for those balances not currently reserved for is not material to the Company's financial condition.
- E. The Company has not received any business interruption insurance recoveries during 2012 and 2011.
- F. The Company has no transferrable or non-transferable state tax credits.
- G. **(1) Sub-Prime Mortgage Related Risk Exposure** — The investment policy for the Company limits investments in asset-backed securities, which includes the sub-prime issuers. Further, the policy limits investments in private-issuer mortgage securities to 10% of the portfolio, which also includes sub-prime issuers. The exposure to unrealized losses on sub-prime issuers is due to changes in market prices. There are no realized losses due to not receiving anticipated cash flows. The investments covered are rated NAIC rating of 1 or 2. The Company has no direct exposure through investments in sub-prime mortgage loans. The Company has no underwriting exposure to sub-prime mortgage risk through mortgage guaranty or financial guaranty insurance coverage.
- (2)** Direct exposure through investments in subprime mortgage loans — Not applicable.
- (3)** Direct exposure through other investments:

2012				
	Actual Cost	Book/Adjusted Carrying Value (Excluding Interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	\$ -	\$ -	\$ -	\$ -
b. Commercial mortgage-backed securities	3,943	3,905	4,324	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investment in SCAs	-	-	-	-
f. Other assets	-	-	-	-
g. Total	<u>\$ 3,943</u>	<u>\$ 3,905</u>	<u>\$ 4,324</u>	<u>\$ -</u>

2011				
	Actual Cost	Book/Adjusted Carrying Value (Excluding Interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	\$ -	\$ -	\$ -	\$ -
b. Commercial mortgage-backed securities	3,036	3,035	3,212	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investment in SCAs	-	-	-	-
f. Other assets	-	-	-	-
g. Total	<u>\$ 3,036</u>	<u>\$ 3,035</u>	<u>\$ 3,212</u>	<u>\$ -</u>

(4) Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage — Not applicable.

H. The Company does not have any retained asset accounts for beneficiaries.

22. EVENTS SUBSEQUENT

TYPE I – Recognized Subsequent events:

Subsequent events have been evaluated through February 28, 2012, which is the date these statutory basis financial statements were available for issuance.

There are no events subsequent to December 31, 2012, that require disclosure.

TYPE II – Non-Recognized Subsequent events:

Subsequent events have been evaluated through February 28, 2012, which is the date these statutory basis financial statements were available for issuance.

The Company has entered into a pharmaceutical benefits management agreement with an affiliated entity, OptumRx, with services to commence effective January 1, 2013. The agreement has been approved by the ODI and will replace the previous agreement with Medco Health Solutions, Inc. The Company does not anticipate this change will have a significant impact on the statutory basis financial statements.

23. REINSURANCE

The Company does not have any unaffiliated reinsurance agreements (external reinsurance) in place as of December 31, 2012 or 2011.

A. Ceded Reinsurance Report

Section 1 — General Interrogatories

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

Yes () No (X)

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such

companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor, or any other person not primarily engaged in the insurance business?

Yes () No (X)

Section 2 — Ceded Reinsurance Report— Part A

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

Yes () No (X)

(2) Does the reporting entity have any reinsurance agreements in effect 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?

Yes () No (X)

Section 3 — Ceded Reinsurance Report — Part B

(1) What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.

The Company estimates there should be no aggregate reduction in surplus for termination of all reinsurance agreements as of December 31, 2012.

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?

Yes () No (X)

B. Uncollectible Reinsurance — During 2012 and 2011, there were no uncollectible reinsurance recoverables.

C. Commutation of Ceded Reinsurance — There was no commutation of reinsurance in 2012 or 2011.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

A. The Company estimates accrued retrospective premium adjustments for its group health insurance business based on mathematical calculations in accordance with contractual terms.

B. Estimated accrued retrospective premiums due from the Company are recorded in uncollected premiums in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as an adjustment to change in unearned premium reserves and reserves for rate credits in the statutory basis statements of operations.

C. The Company has Medicare Part D program business which is subject to a retrospective rating feature related to Part D Premiums. The Company has estimated accrued retrospective premiums related to certain Part D premiums based on guidelines determined by CMS. The formula is tiered and based on the bid medical loss ratio. The amount of Part D earned premiums subject to retrospective rating was approximately \$69,083 and \$63,517 representing 7.4% and 7.3% of total direct premium income for 2012 and 2011, respectively.

D. Pursuant to the Health Reform Legislation (see Note 14), the Company is required to maintain specific minimum loss ratios. These minimum loss ratios apply to comprehensive major medical coverage and vary depending on group size. The following table discloses the

minimum medical loss ratio rebates required pursuant to the Health Reform Legislation for the year ended December 31, 2011 and 2012:

	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Other Categories with Rebates	5 Total
Prior reporting year:					
(1) Medical loss ratio rebates incurred	\$ -	\$ -	\$ 7	\$ -	\$ 7
(2) Medical loss ratio rebates paid	-	-	-	-	-
(3) Medical loss rebates unpaid	-	-	7	-	7
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$ 7
Current reporting year-to-date:					
(7) Medical loss ratio rebates incurred	\$ -	\$ -	\$ 304	\$ -	\$ 304
(8) Medical loss ratio rebates paid	-	-	311	-	\$ 311
(9) Medical loss rebates unpaid	-	-	-	-	-
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$ -

25. CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

Changes in estimates related to the prior year incurred claims are included in total hospital and medical expenses in the current year in the accompanying statutory basis statements of operations. The following tables disclose paid claims, incurred claims, and the balance in the claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves and health care receivables for 2012 and 2011:

	2012		
	Current Year Incurred Claims	Prior Years Incurred Claims	Total
Beginning of year claim reserve	\$ -	\$ (109,469)	\$ (109,469)
Paid claims, net of health care receivables	703,063	81,578	784,641
End of year claim reserve	108,431	3,725	112,156
Incurred claims excluding the change in health care receivables	811,494	(24,166)	787,328
Beginning of year health care receivables	-	12,000	12,000
End of year health care receivables	(14,047)	(2,919)	(16,966)
Total incurred claims	<u>\$ 797,447</u>	<u>\$ (15,085)</u>	<u>\$ 782,362</u>
	2011		
	Current Year Incurred Claims	Prior Years Incurred Claims	Total
Beginning of year claim reserve	\$ -	\$ (105,755)	\$ (105,755)
Paid claims, net of health care receivables	651,124	84,700	735,824
End of year claim reserve	108,532	937	109,469
Incurred claims excluding the change in health care receivables	759,656	(20,118)	739,538
Beginning of year health care receivables	-	9,404	9,404
End of year health care receivables	(11,757)	(243)	(12,000)
Total incurred claims	<u>\$ 747,899</u>	<u>\$ (10,957)</u>	<u>\$ 736,942</u>

The liability for claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves and health care receivables as of December 31, 2011 were approximately \$97,469. As of December 31, 2012, approximately \$81,578 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years are now approximately \$806 as a result of re-estimation of unpaid claims. Therefore, there has been approximately \$15,085 favorable prior year development since December 31, 2011 to December 31, 2012. The primary drivers

consist of favorable development as a result of a change in the provision for adverse deviations in experience of approximately \$5,810 and by favorable development of approximately \$8,638 in retroactivity for inpatient, outpatient, physician, and pharmacy claims. At December 31, 2011, the Company recorded approximately \$10,957 favorable prior-year development since December 31, 2010 to December 31, 2011. The primary drivers consist of favorable development as a result of ongoing analysis of loss development trends related to the release and reestablishment of approximately \$6,411 in known environmental claims and approximately \$3,644 in retroactivity for inpatient, outpatient, physician, and pharmacy claims, and approximately \$1,159 related to release of provider settlement reserves. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this favorable development is the impact related to retrospectively rated policies. As a result of the prior-year effects, on a regular basis, the Company adjusts revenue and the corresponding liability and/or receivable related to retrospectively rated policies and the impact of the change is included as a component of change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

The Company incurred claims adjustment expenses of approximately \$29,779 and \$24,540 in 2012 and 2011, respectively. These costs are included in the management service fees paid by the Company to UHS as a part of its management agreement (see Note 10). The following tables disclose paid CAE, incurred CAE, and the balance in the unpaid claim adjustment expenses reserve for 2012 and 2011:

	2012	2011
Total claims adjustment expenses incurred	\$ 29,779	\$ 24,540
Less current year unpaid claims adjustment expenses	(2,070)	(2,058)
Add prior year unpaid claims adjustment expenses	<u>2,058</u>	<u>2,152</u>
Total claims adjustment expenses paid	<u>\$ 29,767</u>	<u>\$ 24,634</u>

26. INTERCOMPANY POOLING ARRANGEMENTS

A–G. The Company did not have any intercompany pooling arrangements in 2012 or 2011.

27. STRUCTURED SETTLEMENTS

A–B. The Company did not have structured settlements in 2012 or 2011.

28. HEALTH CARE AND OTHER AMOUNTS RECEIVABLES

A. Pharmaceutical rebates receivable are recorded when reasonably estimated or billed by the affiliated pharmaceutical benefit manager in accordance with pharmaceutical rebate contract provisions. Information used to support rebates billed to the manufacturer is based on utilization information gathered by the pharmaceutical benefit manager and adjusted for significant changes in pharmaceutical contract provisions. The Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

The collection history of pharmacy rebates is summarized as:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2012	\$ 8,930	\$ -	\$ -	\$ -	\$ -
9/30/2012	8,557	8,383	5,523	-	-
6/30/2012	8,343	8,189	7,253	725	-
3/31/2012	8,270	8,165	7,419	619	116
12/31/2011	8,110	8,499	7,442	930	134
9/30/2011	8,250	8,282	7,447	707	126
6/30/2011	7,668	7,651	6,976	625	43
3/31/2011	7,261	7,297	9,740	485	39
12/31/2010	6,658	6,823	6,217	364	40
9/30/2010	6,777	6,909	5,854	1,218	35
6/30/2010	6,608	6,705	5,110	1,570	23
3/31/2010	6,278	6,412	5,251	998	170

Of the amount reported as admitted health care receivables, approximately \$11,783 and \$11,250 relates to pharmaceutical rebate receivables and approximately \$1,354 and \$0 relates to claims overpayments as of December 31, 2012 and 2011, respectively.

B. The Company does not have any risk sharing receivables.

29. PARTICIPATING POLICIES

The Company did not have any participating contracts in 2012 or 2011.

30. PREMIUM DEFICIENCY RESERVES

The following table summarizes the Company’s premium deficiency reserves as of December 31, 2012 and 2011:

	2012
1. Liability carried for premium deficiency reserves	\$ <u>170</u>
2. Date of the most recent evaluation of this liability	<u>12/31/2012</u>
3. Was anticipated investment income utilized in this calculation?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

	2011
1. Liability carried for premium deficiency reserves	\$ <u>-</u>
2. Date of the most recent evaluation of this liability	<u>12/31/2011</u>
3. Was anticipated investment income utilized in this calculation?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Premium deficiency reserves are included in aggregate health policy reserves, (See Note 1 – Basis of Presentation) in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written, the Company has no salvage. As of December 31, 2012 and 2011, the Company had no specific accruals established for outstanding subrogation, as it is considered a component of the actuarial calculations used to develop the estimates of claims unpaid and aggregate health claim reserves.

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: 10/04/2012
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2009
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 01/01/2011
- 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 [] No [] N/A [X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes [] No [X]
4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [] No [X]
4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.
- | 1 | 2 | 3 |
|----------------|-------------------|-------------------|
| Name of Entity | NAIC Company Code | 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,
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 or government, manager or attorney in fact).

1	2
Nationality	Type of Entity

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [X] No []
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
OptumHealth Bank, Inc	Salt Lake City, Utah	NO	NO	YES	NO

- 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: Minneapolis, MN
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
.....
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
.....
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
- 10.6 If the response to 10.5 is no or n/a, please explain
.....
- 11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Allen J Sorbo, Chief Actuary of United HealthCare Insurance Company, an affiliate of UnitedHealthcare of Ohio, Inc Hartford, CT
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 - 12.11 Name of real estate holding company
 - 12.12 Number of parcels involved
 - 12.13 Total book/adjusted carrying value \$
- 12.2 If, yes provide explanation:
.....
- 13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 - (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 - (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 - (c) Compliance with applicable governmental laws, rules and regulations;
 - (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 - (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is No, please explain:
.....
- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
.....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
.....

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance 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

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 [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [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 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 \$
 - 20.12 To stockholders not officers \$
 - 20.13 Trustees, supreme or grand (Fraternal Only) \$
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$
 - 20.22 To stockholders not officers \$
 - 20.23 Trustees, supreme or grand (Fraternal Only) \$
- 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 \$
 - 21.22 Borrowed from others \$
 - 21.23 Leased from others \$
 - 21.24 Other \$
- 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 [X] No []
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$
 - 22.22 Amount paid as expenses \$ 64,613
 - 22.23 Other amounts paid \$
- 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: \$

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. \$
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$
- 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]
- 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]

GENERAL INTERROGATORIES

24.10 For the reporting entity's security lending program state the amount of the following as December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$	0
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$	0
24.103 Total payable for securities lending reported on the liability page	\$	0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes No

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

25.21 Subject to repurchase agreements	\$
25.22 Subject to reverse repurchase agreements	\$
25.23 Subject to dollar repurchase agreements	\$
25.24 Subject to reverse dollar repurchase agreements	\$
25.25 Pledged as collateral	\$
25.26 Placed under option agreements	\$
25.27 Letter stock or other securities restricted as to sale	\$
25.28 On deposit with state or other regulatory body	\$964,704
25.29 Other	\$

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
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

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

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?..... Yes 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
Northern Trust	50 S. LaSalle, Chicago, IL 60675
Bank of New York Mellon	Global Liquidity Services, 1 Wall St, 14th Floor, New York, NY 10286

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

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

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

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/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
N/A	Internally Managed	N/A
107105	BlackRock Financial Management, Inc	55 East 52nd Street, NY, NY 10055

GENERAL INTERROGATORIES

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [] 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		0

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

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	223,842,871	233,602,607	9,759,736
30.2 Preferred stocks	0		0
30.3 Totals	223,842,871	233,602,607	9,759,736

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

For those securities that had prices in the NAIC SVO ISIS databases, those prices were used; for those securities that did not have prices in the NAIC SVO ISIS database, pricing was obtained from HUB which is an external data sources vendor. Hub utilizes various pricing sources.

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

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$

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?\$11,379

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

1 Name	2 Amount Paid
CHORPENNING GOOD & PANDORA CO LPA	11,379

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

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]

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

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

1.31 Reason for excluding

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

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$ _____ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ _____ 0

1.62 Total incurred claims \$ _____ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned \$ _____ 0

1.65 Total incurred claims \$ _____ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ _____ 0

1.72 Total incurred claims \$ _____ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ _____ 0

1.75 Total incurred claims \$ _____ 0

1.76 Number of covered lives 0

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	930,046,289	867,844,073
2.2 Premium Denominator	930,046,289	867,844,073
2.3 Premium Ratio (2.1/2.2)	1.000	1.000
2.4 Reserve Numerator	119,189,640	112,367,808
2.5 Reserve Denominator	119,189,640	112,367,808
2.6 Reserve Ratio (2.4/2.5)	1.000	1.000

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

3.2 If yes, give particulars:

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

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

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

5.2 If no, explain:
UnitedHealthcare of Ohio, Inc has insolvency only reinsurance.

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical \$ _____

5.32 Medical Only \$ _____

5.33 Medicare Supplement \$ _____

5.34 Dental & Vision \$ _____

5.35 Other Limited Benefit Plan \$ _____

5.36 Other \$ _____

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Hold harmless clauses in provider agreements and continuation of coverage endorsements in reinsurance agreement.

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 30,033

8.2 Number of providers at end of reporting year 31,626

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

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months.. \$ _____

9.22 Business with rate guarantees over 36 months \$ _____

GENERAL INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes No
- 10.2 If yes:
- | | | |
|--|----|---------|
| 10.21 Maximum amount payable bonuses..... | \$ | 405,660 |
| 10.22 Amount actually paid for year bonuses..... | \$ | 82,524 |
| 10.23 Maximum amount payable withholds..... | \$ | 2,489 |
| 10.24 Amount actually paid for year withholds..... | \$ | |
- 11.1 Is the reporting entity organized as:
- | | | |
|--|---|--|
| 11.12 A Medical Group/Staff Model, | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 11.13 An Individual Practice Association (IPA), or, .. | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 11.14 A Mixed Model (combination of above)? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes No
- 11.3 If yes, show the name of the state requiring such net worth. Ohio
- 11.4 If yes, show the amount required. \$ 58,082,248
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes No
- 11.6 If the amount is calculated, show the calculation
In accordance with the NAIC RBC Model Act Formula for calculating RBC requirements.

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

1 Name of Service Area
Ohio Counties:
Adams
Allen
Ashland
Ashtabula
Athens
Auglaize
Belmont
Brown
Butler
Carroll
Champaign
Clark
Clermont
Clinton
Columbiana
Coshocton
Crawford
Cuyahoga
Darke
Delaware
Erie
Fairfield
Fayette
Franklin
Gallia
Geauga
Greene
Guernsey
Hamilton
Hardin
Harrison
Highland
Hocking
Holmes
Huron
Jackson
Jefferson
Knox
Lake
Lawrence
Licking
Logan
Lorain
Lucas
Madison
Mahoning
Marion
Medina
Meigs
Mercer
Miami
Monroe
Montgomery
Morgan
Morrow
Muskingum
Noble
Ottawa
Perry
Pickaway

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE UnitedHealthcare of Ohio, Inc.

1 Name of Service Area
Pike
Portage
Preble
Richland
Ross
Sandusky
Scioto
Seneca
Shelby
Stark
Summit
Trumbull
Tuscarawas
Union
Vinton
Warren
Washington
Wayne
Wood
Wyandot
.....
Kentucky Counties:
.....
Boone
Boyd
Campbell
Grant
Greenup
Kenton
.....

- 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. \$
- 13.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
- 13.4 If yes, please provide the balance of funds administered as of the reporting date. \$

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)	256,376,100	225,868,748	220,650,441	191,900,099	187,367,393
2. Total liabilities (Page 3, Line 24)	133,641,867	125,956,964	120,568,797	113,082,301	90,294,499
3. Statutory surplus	58,082,248	56,847,010	54,491,274	47,539,736	43,558,832
4. Total capital and surplus (Page 3, Line 33)	122,734,233	99,911,784	100,081,644	78,817,798	97,072,894
Income Statement (Page 4)					
5. Total revenues (Line 8)	926,081,268	866,774,318	824,361,126	749,330,003	702,473,852
6. Total medical and hospital expenses (Line 18)	782,361,443	736,942,019	683,209,980	637,957,339	586,537,786
7. Claims adjustment expenses (Line 20)	29,778,767	24,539,811	23,719,733	12,234,991	9,833,135
8. Total administrative expenses (Line 21)	68,377,767	105,071,990	97,880,170	89,860,524	84,939,513
9. Net underwriting gain (loss) (Line 24)	45,393,291	299,498	22,776,243	7,377,149	27,702,118
10. Net investment gain (loss) (Line 27)	5,936,586	6,956,185	6,302,310	5,822,745	9,925,917
11. Total other income (Lines 28 plus 29)	(327,942)	3,625	(556)	12,839	(90,078)
12. Net income or (loss) (Line 32)	34,324,988	6,000,341	20,927,519	8,767,562	27,653,546
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	39,219,101	(9,536,288)	32,414,574	28,124,036	(2,403,107)
Risk-Based Capital Analysis					
14. Total adjusted capital	122,734,233	99,911,784	100,081,644	78,817,798	97,072,894
15. Authorized control level risk-based capital	29,041,124	28,423,505	27,245,637	23,769,868	21,779,416
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	95,709	88,388	85,209	78,975	81,760
17. Total members months (Column 6, Line 7)	1,126,735	1,051,220	985,908	925,063	998,896
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)	84.5	85.0	82.9	85.1	83.5
20. Cost containment expenses	1.9	1.7	2.1	0.5	0.3
21. Other claims adjustment expenses	1.3	1.1	0.8	1.2	1.1
22. Total underwriting deductions (Line 23)	95.1	100.0	97.2	99.0	96.0
23. Total underwriting gain (loss) (Line 24)	4.9	0.0	2.8	1.0	3.9
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	82,383,329	85,394,036	84,510,292	67,326,270	73,582,130
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	97,468,484	96,350,302	91,133,558	78,725,561	85,519,970
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)		0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)					0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)					0
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	0	0	0	0	0
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 []
 If no, please explain:

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

1 States, etc.	Active Status	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama	AL	N							0	
2. Alaska	AK	N							0	
3. Arizona	AZ	N							0	
4. Arkansas	AR	N							0	
5. California	CA	N							0	
6. Colorado	CO	N							0	
7. Connecticut	CT	N							0	
8. Delaware	DE	N							0	
9. District of Columbia	DC	N							0	
10. Florida	FL	N							0	
11. Georgia	GA	N							0	
12. Hawaii	HI	N							0	
13. Idaho	ID	N							0	
14. Illinois	IL	N							0	
15. Indiana	IN	N							0	
16. Iowa	IA	N							0	
17. Kansas	KS	N							0	
18. Kentucky	KY	L	13,315,440	18,316,572					31,632,012	
19. Louisiana	LA	N							0	
20. Maine	ME	N							0	
21. Maryland	MD	N							0	
22. Massachusetts	MA	N							0	
23. Michigan	MI	N							0	
24. Minnesota	MN	N							0	
25. Mississippi	MS	N							0	
26. Missouri	MO	N							0	
27. Montana	MT	N							0	
28. Nebraska	NE	N							0	
29. Nevada	NV	N							0	
30. New Hampshire	NH	N							0	
31. New Jersey	NJ	N							0	
32. New Mexico	NM	N							0	
33. New York	NY	N							0	
34. North Carolina	NC	N							0	
35. North Dakota	ND	N							0	
36. Ohio	OH	L	13,061,743	885,721,657	557,672				899,341,072	
37. Oklahoma	OK	N							0	
38. Oregon	OR	N							0	
39. Pennsylvania	PA	N							0	
40. Rhode Island	RI	N							0	
41. South Carolina	SC	N							0	
42. South Dakota	SD	N							0	
43. Tennessee	TN	N							0	
44. Texas	TX	N							0	
45. Utah	UT	N							0	
46. Vermont	VT	N							0	
47. Virginia	VA	N							0	
48. Washington	WA	N							0	
49. West Virginia	WV	N							0	
50. Wisconsin	WI	N							0	
51. Wyoming	WY	N							0	
52. American Samoa	AS	N							0	
53. Guam	GU	N							0	
54. Puerto Rico	PR	N							0	
55. U.S. Virgin Islands	VI	N							0	
56. Northern Mariana Islands	MP	N							0	
57. Canada	CAN	N							0	
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	26,377,183	904,038,229	0	557,672	0	0	930,973,084	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0		
61. Total (Direct Business)	(a) 2	26,377,183	904,038,229	0	557,672	0	0	930,973,084	0	0
DETAILS OF WRITE-INS										
58001.	XXX									
58002.	XXX									
58003.	XXX									
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0	0

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

Explanation of basis of allocation by states, premiums by state, etc.

Premiums are allocated by state based on geographic market.

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

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

PART 1 - ORGANIZATIONAL CHART

None of the organizational changes had any direct effect on the company listed on the Jurat page of this report (the “Company”). All transactions occurred with affiliates of the Company. Holding Company transactions include (current quarter only):

Q4, 2012 Holding Company Transactions

October 1, 2012	Passport Coast-to-Coast LLC, a Delaware limited liability company, merged with and into United HealthCare Services, Inc., a Minnesota corporation.
October 3, 2012	OptumInsight, Inc.’s branch in Abu Dhabi, UAE, changed its name from “Ingenix, Inc. – Abu Dhabi Branch” to “OptumInsight, Inc. – Abu Dhabi Branch”.
October 5, 2012	Polar II Fundo de Investimento em Participações, a Brazilian private equity investment fund incorporated in the form of a closed-end condominium, was acquired by UnitedHealthcare International IV S.á.r.l., a Luxembourg private limited liability company.
October 8, 2012	Optum Saúde Serviços (Brasil) Ltda., a Brazilian limited company, merged with and into Mind Solutions S.A., a Brazilian joint stock company.
October 8, 2012	Polar II Fundo de Investimento em Participações, a Brazilian private equity investment fund, acquired 100% of the shares of Mind Solutions, S.A., a Brazilian joint stock company, from UnitedHealthcare International IV S.á.r.l., a Luxembourg private limited liability company..
October 13, 2012	PPC Worldwide Management Pty Ltd, an Australian company, was deregistered.
October 13, 2012	Citipsych Pty Ltd an Australian company was deregistered.
October 13, 2012	(PPC) Pty Ltd an Australian company was deregistered.
October 17, 2012	Care Improvement Reinsurance Corporation of America, an Arizona corporation, was dissolved.
October 26, 2012	Mind Solutions S.A., a Brazilian joint stock company, acquired an 85.5% ownerships interest in J.P.L.S.P.E. Empreendimentos e Participações S.A., Brazilian joint stock company, from its founding shareholders. J.P.L.S.P.E. Empreendimentos e Participações S.A. owns 68.95% of Amil Participações S.A., a Brazilian joint stock company. Amil Participações S.A., a Brazilian joint stock company, has a 100% ownership interest in Amil Assistência Médica Internacional S.A., a Brazilian joint stock company and a 99.999997% ownership interest in Amico Saúde Ltda., a Brazilian joint stock company.

Continued on Next Page

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

PART 1 - ORGANIZATIONAL CHART

Continued from Previous Page

Amil Assistência Médica Internacional S.A., has an ownership interest in the following Brazilian companies:

- Excelsior Med S.A. (100%)
- Etho – Empresa de Tecnologia Hospitalar Ltda. (50.01%)
- Aeromil Táxi Aéreo Ltda. (20%) – Need to confirm what % us voting equity and what is preferred. Check with Josh if consolidated from a tax perspective.
- Ceame – Centro Especializado de Atendimento Médico S/C Ltda. (99.99%)
- ASL Assistência a Saúde Ltda. (99.99995%)
- Esho – Empresa de Serviços Hospitalares S.A. (97.285887%)
- Orion Participações e Administração Ltda. (99.99998%)
- Cemed Care Empresa de Atendimento Clínico Geral Ltda. (97.20%)
- Bosque Medical Center S.A. (53.2889%)
- Promarket Propaganda e Marketing Ltda. (99.792%)
- Imed Star Serviços Médicos e Odontológicos Ltda. (50%)
- Amil Lifesciences Participações Ltda. (99.98486%)
- Amil Planos por Administração Ltda. (98.69121%)
- Fernandópolis Assistência Médica Ltda. (80%)
- Hospital Alvorada de Taguatinga Ltda. (99.99995%)

Amico Saúde Ltda., has an ownership interest in the following Brazilian companies:

- Esho – Empresa de Serviços Hospitalares S.A. (0.224917%)
- Orion Participações e Administração Ltda. (0.000021%)
- Cemed Care Empresa de Atendimento Clínico Geral Ltda. (2.8%)
- Bosque Medical Center S.A. (33.7727%)
- Promarket Propaganda e Marketing Ltda. (0.208%)
- Imed Star Serviços Médicos e Odontológicos Ltda. (50%)
- Amil Planos por Administração Ltda. (1.30196%)

Esho – Empresa de Serviços Hospitalares S.A. has an ownership interest in the following Brazilian companies:

- Excellion Serviços Biomédicos S.A. (99.21108%)
- Bosque Medical Center S.A. (12.9384%)

Continued on Next Page

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

PART 1 - ORGANIZATIONAL CHART

Continued from Previous Page

Cemed Care Empresa de Atendimento Clínico Geral Ltda. has a 0.01% ownership interest in Ceame – Centro Especializado de Atendimento Médico S/C Ltda.

Amil Lifesciences Participações Ltda. has a 99.95% ownership interest in Amil Clinical Research Participações Ltda.

October 29, 2012	J.P.L.S.P.E. Empreendimentos e Participações S.A., a Brazilian joint stock company, merged with and into Mind Solutions S.A., a Brazilian joint stock company, resulting in Mind Solutions S.A. owning 68.95% of Amil Participações S.A. (As of December 31, 2012, following purchases of shares in the open market and from option holders, Mind Solutions S.A. owned 74.494% of Amil Participações S.A.; the remainder was held by the public.) As of December 31, 2012, Polar II Fundo de Investimento em Participações, a Brazilian private equity investment fund incorporated in the form of a closed-end condominium, owned 85.5% of Mind Solutions S.A.'s common stock and Amil's founders owned the remaining 14.5%. Under the contractual arrangements among the parties, upon the completion of the tender offer for the outstanding shares of Amil Participações S.A. and the merger of Mind Solutions S.A. into Amil Participações S.A. (in which Amil Participações S.A. will be the surviving company), Polar II Fundo de Investimento em Participações will own 90% of Amil Participações S.A. and Amil's founders will own the remaining 10%.
October 30, 2012	Rx Solutions NY IPA, Inc. changed its name to OptumRx NY IPA, Inc.
November 1, 2012	DCG Resource Options, LLC changed its name to UnitedHealthcare Specialty Benefits, LLC.
November 1, 2012	BP Inc., a Delaware corporation, merged with and into United HealthCare Services, Inc., a Minnesota corporation.
November 5, 2012	H & W Indemnity, Ltd. changed its name to H&W Indemnity (SPC), Ltd.
November 5, 2012	UnitedHealthcare International I, B.V., a Netherlands private limited liability company, was formed as a wholly owned subsidiary of FMG Holdings, LLC, a Delaware limited liability company.
November 5, 2012	UnitedHealthcare International II, B.V., a Netherlands private limited liability company, was formed as a wholly owned subsidiary of UnitedHealth Group International, B.V., A Netherlands company.
November 7, 2012	For Health of Rhode Island, Inc., a Rhode Island corporation, was dissolved.
November 23, 2012	Optum (Argentina) SRL, a company organized in Argentina on August 27, 2012, was registered with the Superintendent of Corporations. Optum (Argentina) SRL is a 90% subsidiary of Ingenix Innovus (Netherlands) BV, a Dutch company; ScriptSwitch Holdings Limited, a UK company, holds a 10% ownership interest.
November 30, 2012	XLHealth BIPA, Inc., a Maryland corporation, merged with and into XLHealth corporation, a Maryland corporation.
November 30, 2012	XLHealth Tennessee, Inc., a Maryland corporation, merged with and into XLHealth corporation, a Maryland corporation.

Continued on Next Page

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

PART 1 - ORGANIZATIONAL CHART

Continued from Previous Page

November 30, 2012	XLHealth Texas, Inc., a Maryland corporation, merged with and into XLHealth corporation, a Maryland corporation.
December 1, 2012	CII Financial, Inc., a California corporation, merged with and into Sierra Health Services, Inc., a Nevada corporation.
December 1, 2012	Picis Research and Development S.A.U. changed its name to Optum (Spain) S.A.U.
December 4, 2012	Exploration Logistics Group, Inc., a Delaware corporation, sold Exploration Logistics, Inc., a Delaware corporation, to FMG Holdings, LLC, a Delaware limited liability company.
December 4, 2012	Exploration Logistics Group, Inc., a Delaware corporation, was dissolved.
December 5, 2012	Exploration Logistics Inc. changed its name to FrontierMEDEX (RMS), Inc.
December 5, 2012	FrontierMEDEX Group Limited, a United Kingdom company, distributed its shares in FrontierMEDEX US, Inc., a Delaware corporation, to FMG Holdings, LLC, a Delaware limited liability company.
December 7, 2012	UnitedHealth Group Ventures, LLC, a Delaware limited liability company, was formed as a wholly owned subsidiary of UnitedHealth Group Incorporated.
December 10, 2012	UnitedHealth Group International B.V., a Netherlands company, contributed its ownership interest in UnitedHealthcare India Private Limited, an Indian company, to UnitedHealthcare International II, B.V., a Netherlands company.
December 12, 2012	Collaborative Care Holdings, LCC, a Delaware limited liability company, acquired a 100% ownership interest in Aveta Inc., a Delaware corporation. Aveta Inc. owns 100% of the interest in NAMM Holdings, Inc.

NAMM Holdings, Inc. is the sole shareholder of the following corporations:

- Aveta Health Solutions Inc.
- North American Medical Management California, Inc.
- Aveta Arizona, Inc.
- Aveta Kansas City, Inc.
- Aveta Tennessee, Inc.
- Aveta Colorado, Inc.
- North American Medical Management - Illinois, Inc.
- PrimeCare Medical Network, Inc.

Continued on Next Page

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

PART 1 - ORGANIZATIONAL CHART

Continued from Previous Page

NAMM Holdings, Inc. owns 75% of AHJV, Inc. with the remaining 25% owned by Humana Inc.

North American Medical Management California, Inc. is the sole shareholder of:

- MD Ops, Inc.
- NAMM West, Inc.

North American Medical Management - Illinois, Inc. is the sole shareholder of:

- Senior Care Partners, Inc.
- Your Partners in Health Services, Inc.
- Physician Care Partners, Inc.
- Informed Choice HealthCare Alliance, Inc.

AHJV, Inc. is the sole shareholder of:

- AHJV MSO, Inc.

PrimeCare Medical Network, Inc. is the sole shareholder of:

- PrimeCare of Citrus Valley, Inc. (80%)
- Coachella Valley Physicians of PrimeCare, Inc.
- PrimeCare of Banning-Beaumont, Inc.
- PrimeCare of Corona, Inc.
- PrimeCare of Hemet Valley, Inc.
- PrimeCare of Inland Valley, Inc.
- PrimeCare of Moreno Valley, Inc.
- Premier Choice ACO, Inc.
- PrimeCare of Pomona Valley, Inc.
- PrimeCare of Redlands, Inc.
- PrimeCare of Riverside, Inc.
- PrimeCare of San Bernardino, Inc.
- Valley Physicians Network, Inc.
- Prime Community Care of Central Valley, Inc.
- PrimeCare of Sun City, Inc.
- PrimeCare of Temecula, Inc.
- Your Health Options Insurance Services, Inc.

Continued on Next Page

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

PART 1 - ORGANIZATIONAL CHART

Continued from Previous Page

- December 12, 2012 UnitedHealth Group International B.V., a Netherlands company, contributed its 100% ownership interest in UnitedHealthcare International II, B.V., a Netherlands company, to UnitedHealthcare International I, B.V., a Netherlands company, in exchange for 64 shares in UnitedHealthcare International I, B.V. This resulted in UnitedHealth Group International B.V. owning 24.24% of UnitedHealthcare International I, B.V. The remaining 75.76% is owned by FMG Holdings, LLC, a Delaware limited liability company.

- December 18, 2012 Hygeia Corporation, a Delaware corporation, contributed its ownership interest in Hygeia Corporation (Ontario), a Canadian company, to UnitedHealth Group international L.P., a Cayman Islands exempted limited partnership, in exchange for partnership interests. This resulted in the following limited partnership ownership:
 - UnitedHealth Group Incorporated – 97.26%
 - UnitedHealthcare International LATAM Corporation – 2.40%
 - Hygeia Corporation (DE) – 0.34%

- December 28, 2012 United HealthCare Services, Inc., a Minnesota corporation, acquired 100% of the limited liability company interests of Savvysherpa Asia, LLC, a Minnesota limited liability company.

- December 28, 2012 UnitedHealth Group International, B.V., a Netherlands company, acquired 100% of the capital stock of Savvysherpa Asia, Inc., a Philippines corporation.

- December 31, 2012 FMG Holdings, LLC, a Delaware limited liability company, contributed its 100% of the shares of FrontierMEDEX Group Limited, a UK company, to UnitedHealthcare International I, B.V., a Netherlands company.

- December 31, 2012 FMG Holdings, LLC, a Delaware limited liability company, contributed its 75.76% ownership interest in UnitedHealthcare International I, B.V., a Netherlands company, to UnitedHealth Group international L.P., a Cayman Islands exempted limited partnership, in exchange for additional partnership interests. As a result, UnitedHealthcare International I, B.V. is 24.24% owned by a UnitedHealth Group International B.V. and 75.76% owned by UnitedHealth Group International L.P. This resulted in the following limited partnership ownership:
 - UnitedHealth Group Incorporated – 92.97%
 - UnitedHealthcare International LATAM Corporation – 2.30%
 - Hygeia Corporation (DE) – 0.33%
 - FMG Holdings, LLC – 4.41%

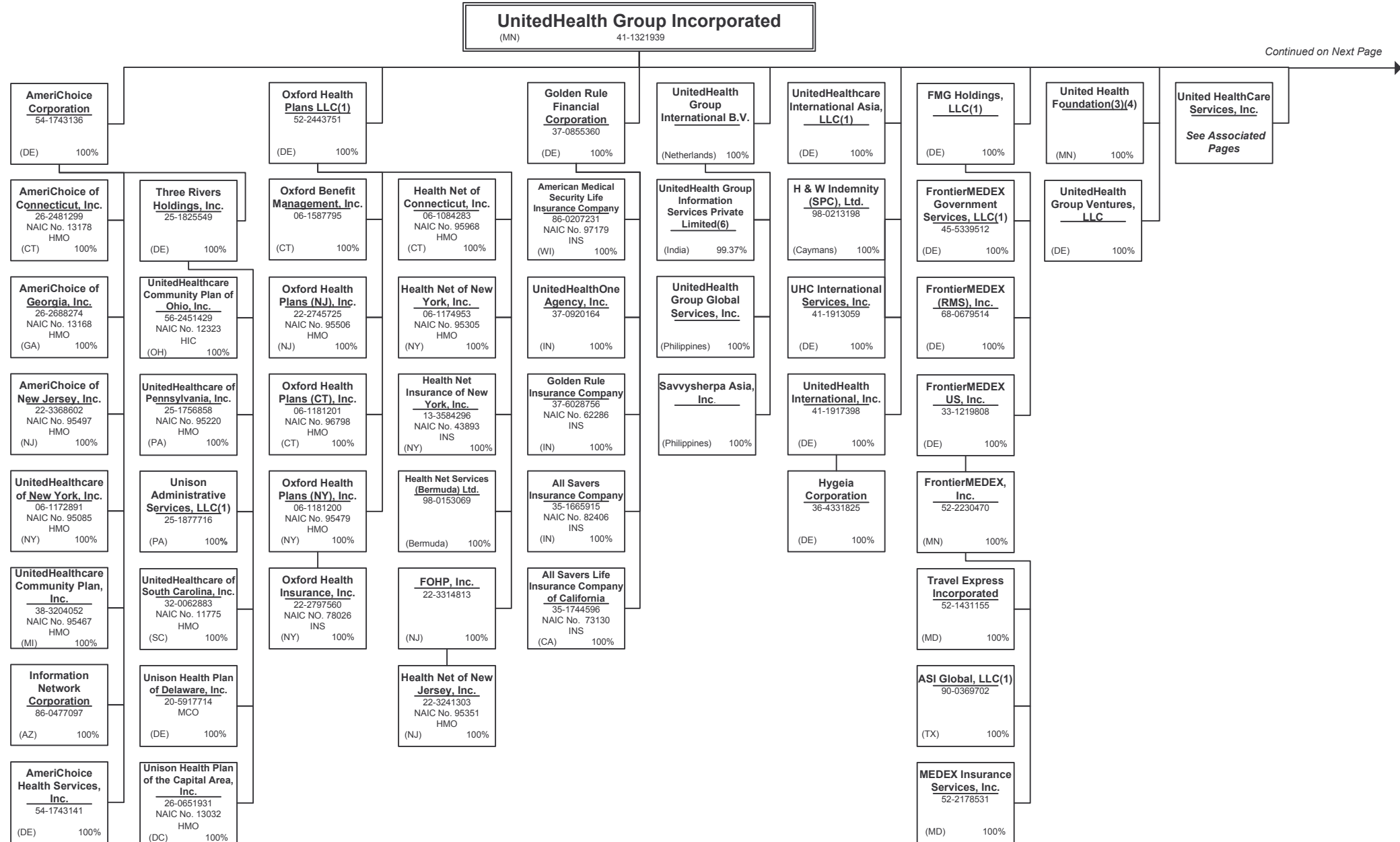
- December 31, 2012 Optum Labs, Inc., a Delaware corporation, was formed as a wholly owned subsidiary of Optum, Inc., a Delaware corporation.

- December 31, 2012 UnitedHealthcare of Arizona, Inc., an Arizona corporation, dividended 100% of the shares of Arizona Physicians IPA, Inc., an Arizona corporation, to UnitedHealthcare, Inc., a Delaware corporation.

- December 31, 2012 Collaborative Care Services, Inc. acquired 100% of the equity interests in Nevada Medical Services LLC, a Nevada limited liability company.

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

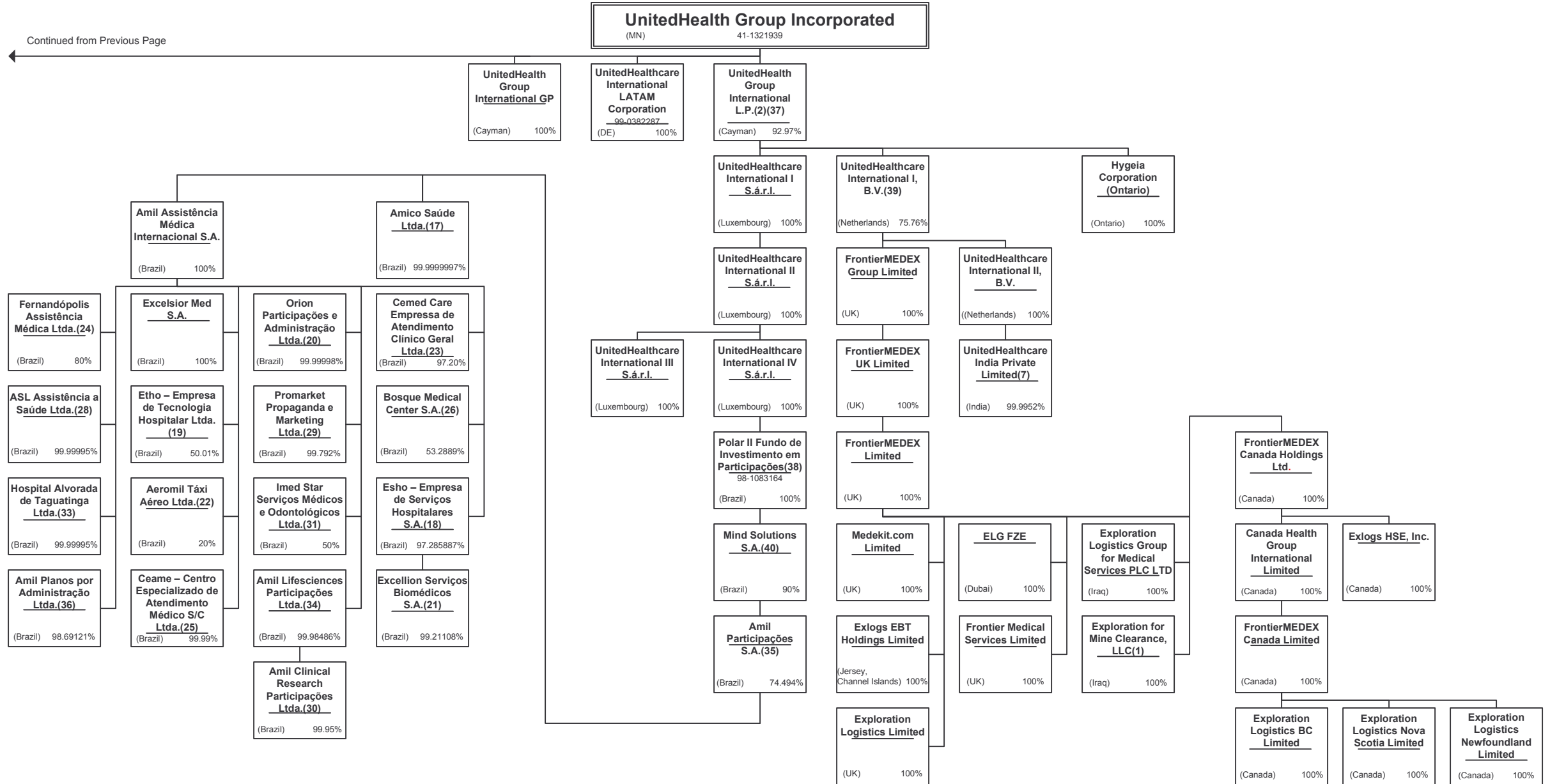
PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



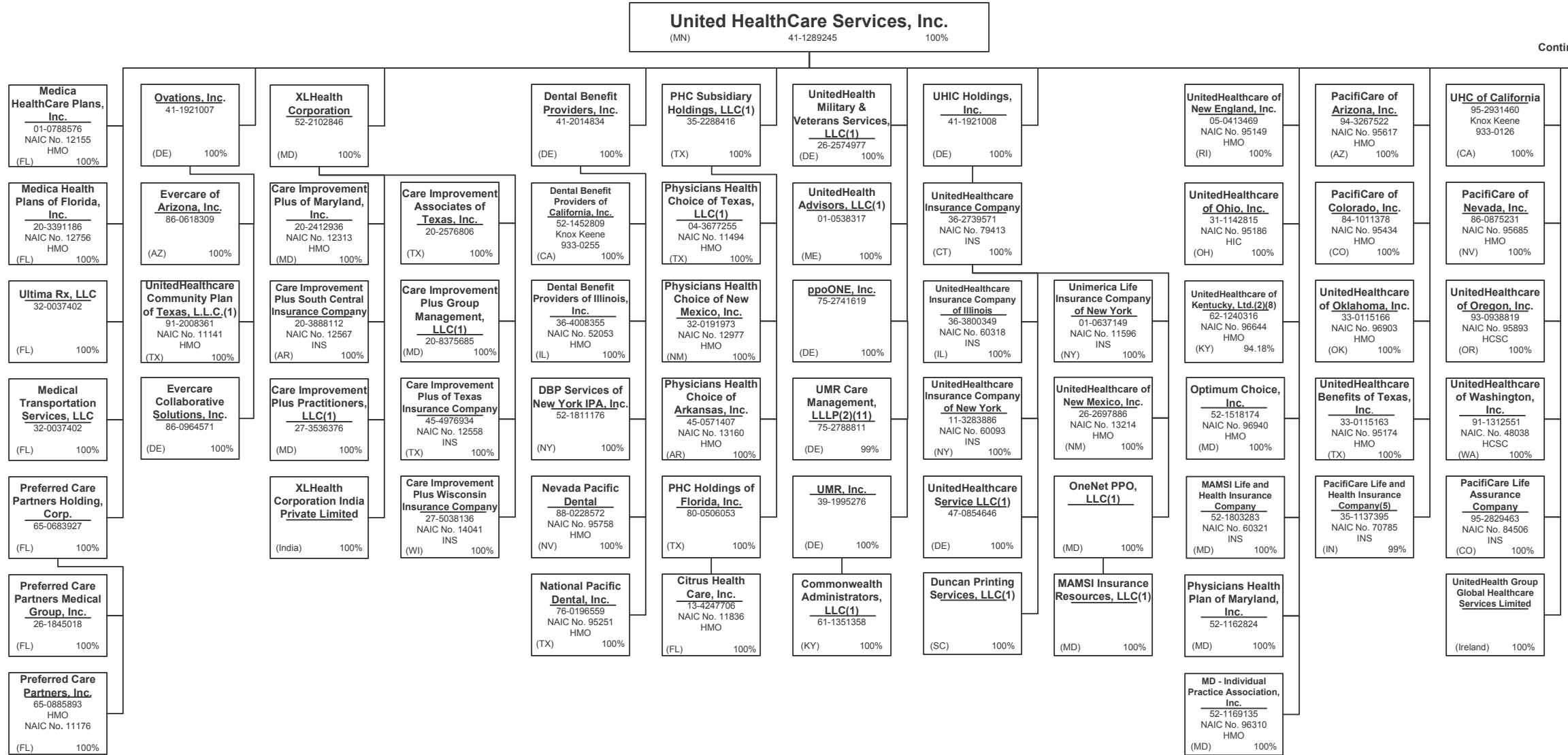
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SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

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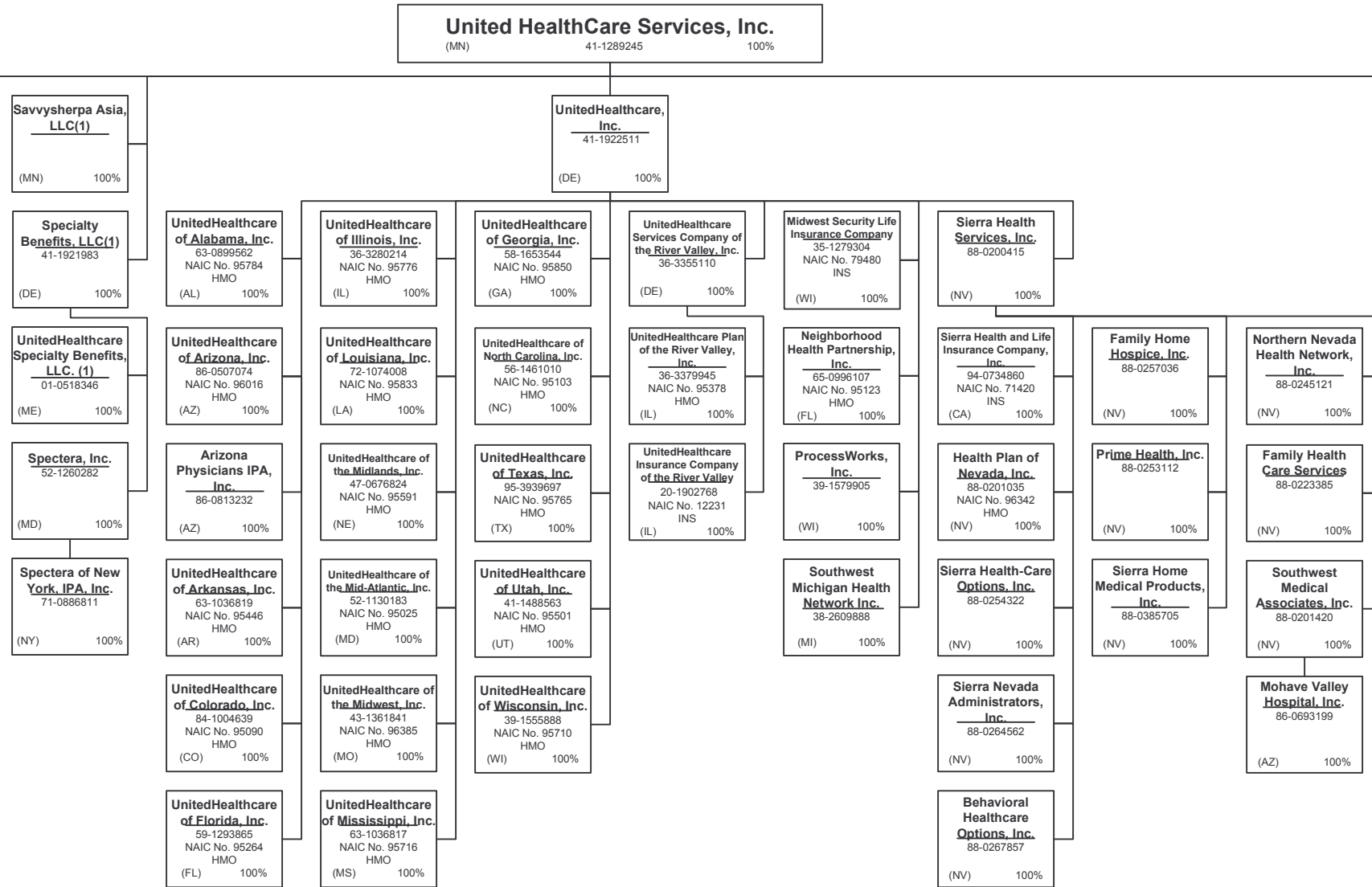
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SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

Continued from Previous Page

Continued on Next Page



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

PART 1 - ORGANIZATIONAL CHART

Continued from Previous Page

Continued on Next Page

United HealthCare Services, Inc.
(MN) 41-1289245 100%

Optum, Inc.
30-0580620
(DE) 100%

OptumHealth Holdings, LLC(1)
(DE) 100%

Collaborative Care Holdings, LLC(1)
27-2337616
(DE) 100%

LifePrint Health, Inc.
27-2309024
(DE) 100%

Independent Physician Management Services, Inc.
27-4603968
(DE) 100%

Inspiris, Inc.
33-0766366
(DE) 100%

Aveta Inc.
20-4057813
(DE) 100%

LifePrint East, Inc.
45-3143218
(DE) 100%

Monarch Management Services, Inc.
45-3142852
(DE) 100%

INSPIRIS of New York Management, Inc.
13-4138665
(NY) 100%

INSPIRIS of New York IPA, Inc.
13-4138668
(NY) 100%

Inspiris of Tennessee, Inc.
20-5355196
(TN) 100%

NAMM Holdings, Inc.
20-3236839
(DE) 100%

Evercare Hospice, Inc.
30-0226127
(DE) 100%

WellMed Medical Management, Inc.(10)
74-2786364
(TX) 80%

Inspiris Services Company
26-0683057
(TN) 100%

For Health, Inc.
33-0766617
(DE) 100%

Hospice Inspiris Holdings, Inc.
20-8910978
(TN) 100%

Aveta Health Solutions, Inc.
90-0632302
(DE) 100%

North American Medical Management - Illinois, Inc.
36-3984647
(IL) 100%

AHJV, Inc.(27)
38-3849066
(DE) 75%

Aveta Colorado, Inc.
35-2416318
(DE) 100%

PrimeCare of Temecula, Inc.
33-0674409
(CA) 100%

Valley Physicians Network, Inc.
87-0757396
(CA) 100%

Coachella Valley Physicians of PrimeCare, Inc.
56-2674371
(CA) 100%

PrimeCare of Hemet Valley, Inc.
33-0674401
(CA) 100%

Optum Clinical Services, Inc.
45-3142512
(DE) 100%

WellMed Medical Management of Florida, Inc.
74-2797745
(FL) 100%

INSPIRIS of Texas Physicians Group(13)
26-2885572
(TX) 100%

Paularino Third Party Administrators, Inc.
33-0861832
(CA) 100%

Hospice Inspiris of Texas, Inc.
20-8911303
(TN) 100%

Aveta Arizona, Inc.
80-0368187
(AZ) 100%

Informed Choice HealthCare Alliance, Inc.
36-4733428
(IL) 100%

AHJV MSO, Inc.
38-3849068
(DE) 100%

North American Medical Management California, Inc.
33-0673955
(TN) 100%

PrimeCare of San Bernardino, Inc.
14-1915328
(CA) 100%

PrimeCare of Redlands, Inc.
33-0674400
(CA) 100%

PrimeCare of Riverside, Inc.
33-0674404
(CA) 100%

Your Health Options Insurance Services, Inc.
11-3764012
(CA) 100%

Collaborative Care Services, Inc.
27-2337487
(DE) 100%

Comfort Care Transportation, LLC(1)
11-3647007
(TX) 100%

R&H Family Fitness Unlimited LLC(1)
26-3168754
(TX) 100%

FOR HEALTH OF ARIZONA, INC.
86-0908902
(AZ) 100%

Hospice Inspiris of Pennsylvania, Inc.
20-8911466
(TN) 100%

Aveta Kansas City, Inc.
27-2823524
(KS) 100%

Senior Care Partners, Inc.
20-4763091
(IL) 100%

MD Ops, Inc.
42-1741594
(CA) 100%

PrimeCare of Corona, Inc.
33-0674407
(CA) 100%

PrimeCare of Inland Valley, Inc.
33-0674408
(CA) 100%

PrimeCare of Pomona Valley, Inc.
75-3265060
(CA) 100%

PrimeCare of Sun City, Inc.
33-0698439
(CA) 100%

Collaborative Care Solutions, LLC(1)
27-3470466
(DE) 100%

Nevada Medical Services LLC
(NV) 100%

Medical Preparatory School of Allied Health, LLC(1)
26-4808018
(TX) 100%

Hospice Inspiris, LLC(1)
82-0586676
(TN) 100%

Aveta Tennessee, Inc.
36-4704309
(DE) 100%

Physician Care Partners, Inc.
80-0654665
(IL) 100%

Your Partners in Health Services, Inc.
27-0172594
(IL) 100%

NAMM West, Inc.
32-0284920
(AZ) 100%

PrimeCare of Citrus Valley, Inc.(14)
87-0757397
(CA) 80%

PrimeCare of Banning-Beaumont, Inc.
75-3265058
(CA) 100%

PrimeCare of Moreno Valley, Inc.
33-0674402
(CA) 100%

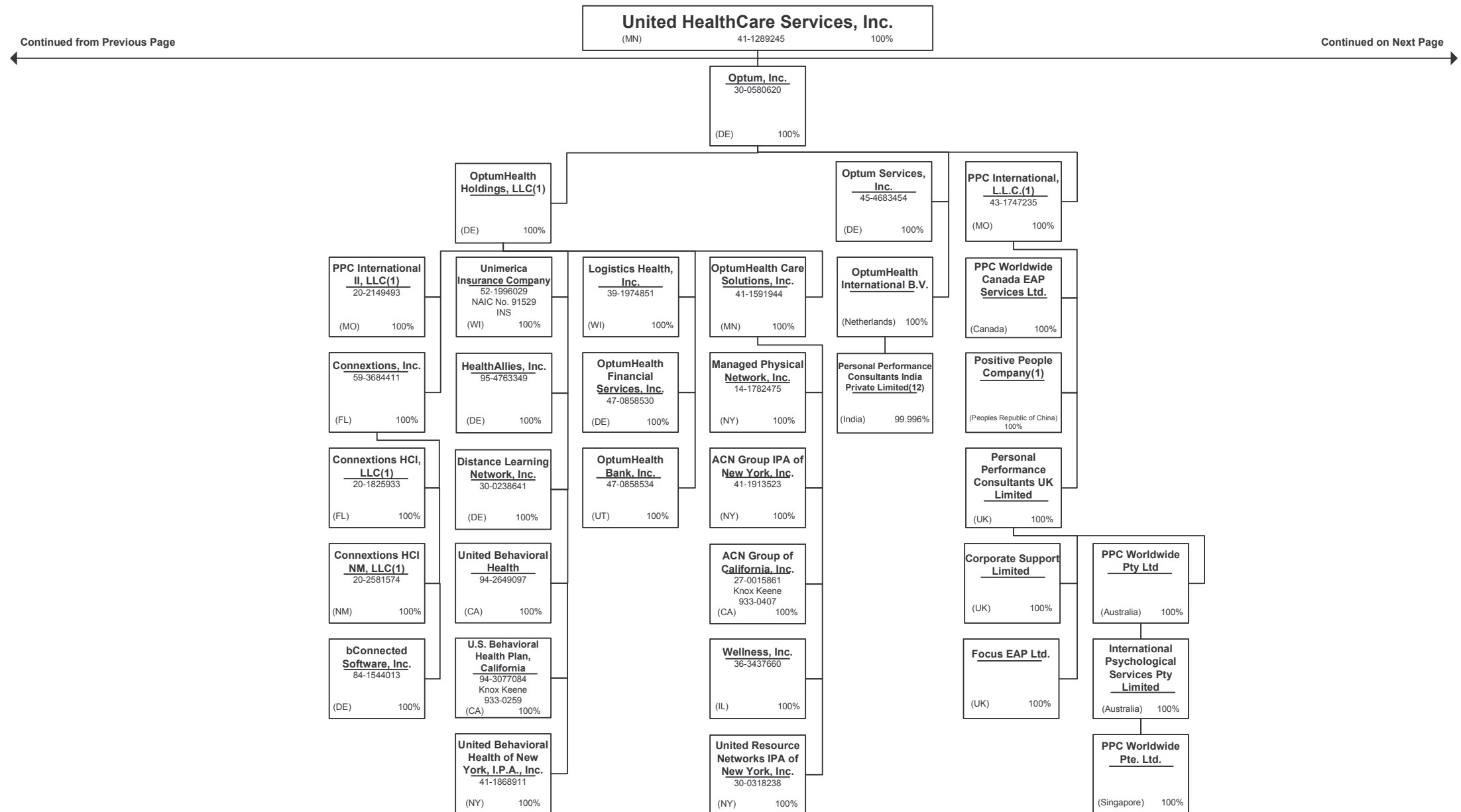
Prime Community Care of Central Valley, Inc.
75-3265056
(CA) 100%

Premier Choice ACO, Inc.
75-3265059
(CA) 100%

40.10

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

PART 1 - ORGANIZATIONAL CHART



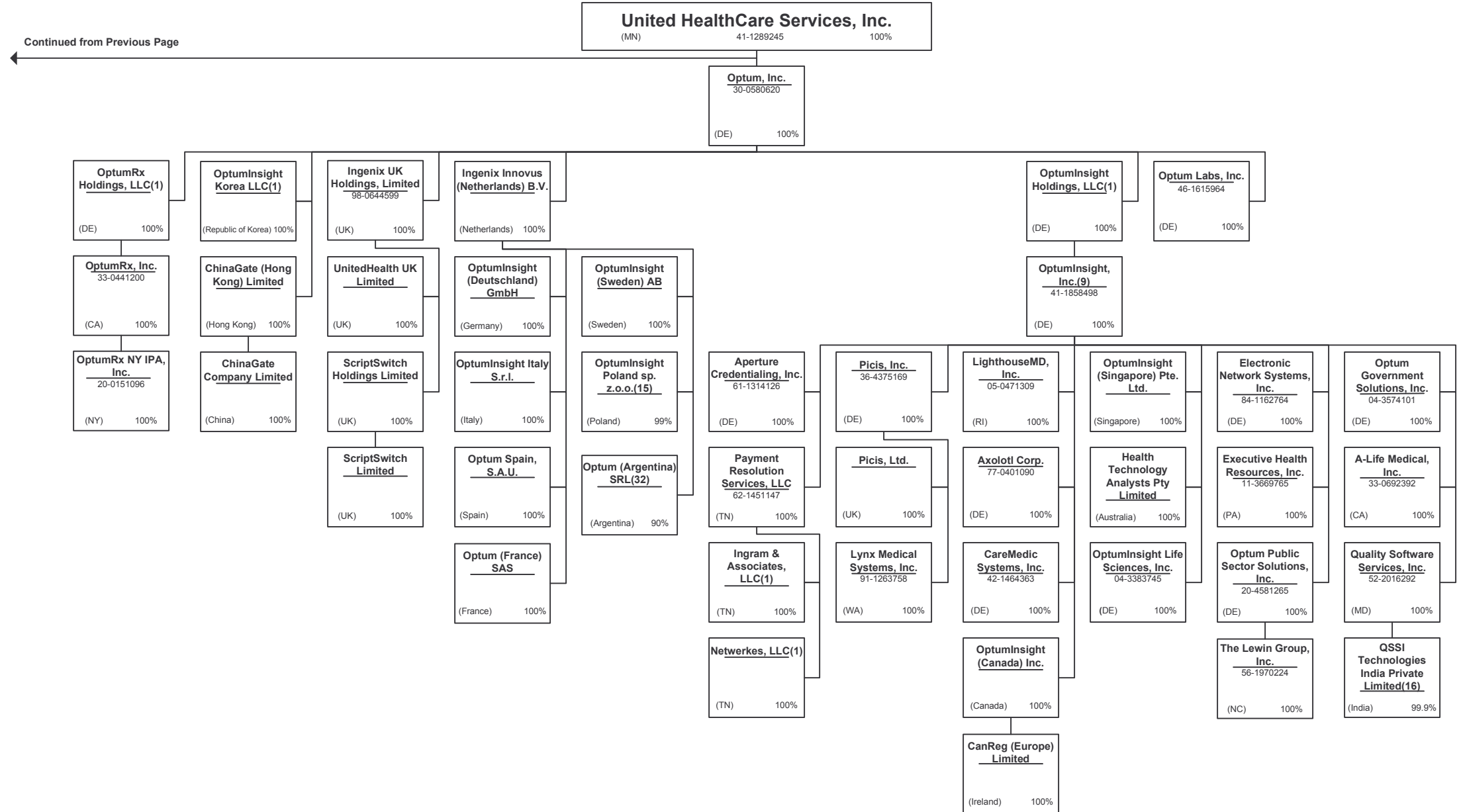
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40.11

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

PART 1 - ORGANIZATIONAL CHART



Continued from Previous Page

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

Notes

All legal entities on the Organization Chart are Corporations unless otherwise indicated.

(1) Entity is a Limited Liability Company

(2) Entity is a Partnership

(3) Entity is a Non-Profit Corporation

(4) Control of the Foundation is based on sole membership, not the ownership of voting securities

(5) PacifiCare Life and Health Insurance Company is 99% owned by PacifiCare Health Plan Administrators, Inc. and 1% owned by PacifiCare Health Systems, LLC

(6) UnitedHealth Group Information Services Private Limited is 99.37% owned by UnitedHealth Group International B.V.. The remaining 0.63% is owned by UnitedHealth International, Inc.

(7) United Healthcare India Private Limited is 99.9952% owned by UnitedHealthcare International II B.V. and 0.0048% owned by UnitedHealth International, Inc.

(8) General partnership interests are held by United HealthCare Services, Inc. (89.77%) and by UnitedHealthcare, Inc. (10.23%). United HealthCare Services, Inc. also holds 100% of the limited partnership interests. When combining general and limited partner interests, United HealthCare Services, Inc. owns 94.18% and UnitedHealthcare, Inc. owns 5.83%.

(9) Established a branch, Ingenix, Inc. – Abu Dhabi, located in Abut Dhabi, UAE.

(10) WellMed Medical Management, Inc. is 80% owned by Collaborative Care Holdings, LLC and 20% owned by WMG Healthcare Partners, L.P.

(11) Limited partnership interest is held by United HealthCare Services, Inc. (99%). General partnership interest is held by UMR, Inc. (1%)

(12) Personal Performance Consultants India Private Limited is 99.996% owned by OptumHealth International B.V. and 0.004 % owned by United Behavioral Health.

(13) INSPIRIS of Texas Physicians Group is a Texas non-profit (taxable) whose sole member is Inspiris Services Company.

(14) PrimeCare of Citrus Valley, Inc. is 80% owned by PrimeCare Medical Network, Inc. and 20% owned by Citrus Valley Medical Associates, Inc.

(15) OptumInsight Poland sp. z.o.o. is 99% owned by Ingenix Innovus (Netherlands) B.V. The remaining 1% is owned by OptumInsight, Inc.

(16) QSSI Technologies India Private Limited is 99.9% owned by Quality Software Services, Inc. and 0.1% owned by an Indian citizen.

(17) Amico Saúde Ltda. is 99.9999997% owned by Amil Participações S.A. and 0.0000003% owned by and officer of Amil.

(18) Esho – Empresa de Serviços Hospitalares S.A is 97.285887% owned by Amil Assistência Médica Internacional S.A.; 0.224917% owned by Amico Saúde Ltda.; 0.094901 owned by Treasury Shares and 2.4% owned by external shareholders.

(19) Etho – Empresa de Tecnologia Hospitalar Ltda. 50.01% owned by Amil Assistência Médica Internacional S.A. and 49.99% owned by an external shareholder.

(20) Orion Participações e Administração Ltda. is 99.99998% owned by Amil Assistência Médica Internacional S.A. and 0.00002% owned by Amico Saúde Ltda.

(21) Excellion Serviços Biomédicos S.A. is 99.21108% owned by Esho – Empresa de Serviços Hospitalares S.A and 0.78892% owned by external shareholders.

Continued on Next Page Page

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

Notes

Continued from Previous Page

- (22) Aeromil Táxi Aéreo Ltda. Is 20% owned by Amil Assistência Médica Internacional S.A. and 80% owned by the Chairman and CEO of Amil.
- (23) Cemed Care Empresa de Atendimento Clínico Geral Ltda. Is 97.20% owned by Amil Assistência Médica Internacional S.A. and 2.8% owned by Amico Saúde Ltd.
- (24) Fernandópolis Assistência Médica Ltda. is 80% owned by Amil Assistência Médica Internacional S.A. and 20% owned by an external shareholder.
- (25) Ceame – Centro Especializado de Atendimento Médico S/C Ltda. Is 99.99% owned by Amil Assistência Médica Internacional S.A. and 0.01% owned by Cemed Care Empresa de Atendimento Clínico Geral Ltda.
- (26) Bosque Medical Center S.A. is 53.2889% owned by Amil Assistência Médica Internacional S.A.; 33.7727% owned by Amico Saúde Ltd. and 12.9384% owned by Esho – Empresa de Serviços Hospitalares S.A.
- (27) AHJV, Inc. is 75% owned by NAMB Holdings, Inc. and 25% owned by Humana, Inc.
- (28) ASL Assistência a Saúde Ltda. Is 99.99995% owned by Amil Assistência Médica Internacional S.A and 0.00005% owned by an officer of Amil.
- (29) Promarket Propaganda e Marketing Ltda. is 99.792% owned by Amil Assistência Médica Internacional S.A and 0.208% owned by Amico Saúde Ltd.
- (30) Amil Clinical Research Participações Ltda. is 99.95% owned by Amil Lifesciences Participações Ltda. and .05% owned by an officer of Amil.
- (31) Imed Star Serviços Médicos e Odontológicos Ltda. is 50% owned by Amil Assistência Médica Internacional S.A and 50% owned by Amico Saúde Ltd.
- (32) Optum Argentina is 90% owned by Ingenix Innovus (Netherlands) BV and 10% owned by ScriptSwitch Holdings Limited.
- (33) Hospital Alvorada Taguatinga Ltda. Is 99.99995% owned by Amil Assistência Médica Internacional S.A. and 0.00005% owned by an officer of Amil.
- (34) Amil Lifesciences Participações Ltda. Is 99.98486% owned by Amil Assistência Médica Internacional S.A and 0.01514% owned by an officer of Amil.
- (35) Amil Participações S.A. is 74.49% owned by Mind Solutions S.A and the remaining 25.51% is owned by other parties.
- (36) Amil Planos por Administração Ltda. is 98.69121% owned by Amil Assistência Médica Internacional S.A; 1.30196% owned by Amico Saúde Ltd and 0.00683% owned by an officer of Amil.
- (37) The limited partners of UnitedHealth Group International, L.P. include FMG Holdings, LLC (4.41%), UnitedHealthcare International LATAM Corporation (2.3%), Hygeia Corporation (DE) (0.33%) and UnitedHealth Group Incorporated (92.97%). UnitedHealth Group International GP is the general partner of UnitedHealth Group International, L.P.
- (38) Polar II Fundo de Investimento em Participações is a Brazilian private equity investment fund incorporated in the form of a closed-end condominium.
- (39) UnitedHealthcare International I, B.V. is 75.76% owned by UnitedHealth Group International L.P. and 24.24% owned by UnitedHealth Group International B.V.
- (40) Mind Solutions S.A. is 90% owned by Polar II Fundo de Investimento em Participações and 10% owned by Amil's founders.

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 25

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
2504. Miscellaneous Losses	491	376	(628,811)		(627,944)
2505. Professional Fees/ Consulting	2,023	1,548	7,160		10,731
2506. Sundry General Expenses	830,695	636,051	2,960,156		4,426,902
2597. Summary of remaining write-ins for Line 25 from overflow page	833,209	637,975	2,338,505	0	3,809,689

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 - Enrollment By Product Type for Health Business Only	17
Exhibit 2 - Accident and Health Premiums Due and Unpaid	18
Exhibit 3 - Health Care Receivables	19
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus	20
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates	21
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates	22
Exhibit 7 - Part 1 - Summary of Transactions With Providers	23
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries	23
Exhibit 8 - Furniture, Equipment and Supplies Owned	24
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	29
Five-Year Historical Data	28
General Interrogatories	26
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	25
Overflow Page For Write-ins	44
Schedule A - Part 1	E01
Schedule A - Part 2	E02
Schedule A - Part 3	E03
Schedule A - Verification Between Years	SI02
Schedule B - Part 1	E04
Schedule B - Part 2	E05
Schedule B - Part 3	E06
Schedule B - Verification Between Years	SI02
Schedule BA - Part 1	E07
Schedule BA - Part 2	E08
Schedule BA - Part 3	E09
Schedule BA - Verification Between Years	SI03
Schedule D - Part 1	E10
Schedule D - Part 1A - Section 1	SI05
Schedule D - Part 1A - Section 2	SI08
Schedule D - Part 2 - Section 1	E11
Schedule D - Part 2 - Section 2	E12
Schedule D - Part 3	E13
Schedule D - Part 4	E14
Schedule D - Part 5	E15
Schedule D - Part 6 - Section 1	E16
Schedule D - Part 6 - Section 2	E16
Schedule D - Summary By Country	SI04
Schedule D - Verification Between Years	SI03
Schedule DA - Part 1	E17
Schedule DA - Verification Between Years	SI10
Schedule DB - Part A - Section 1	E18
Schedule DB - Part A - Section 2	E19
Schedule DB - Part A - Verification Between Years	SI11
Schedule DB - Part B - Section 1	E20
Schedule DB - Part B - Section 2	E21
Schedule DB - Part B - Verification Between Years	SI11
Schedule DB - Part C - Section 1	SI12
Schedule DB - Part C - Section 2	SI13
Schedule DB - Part D	E22
Schedule DB - Verification	SI14
Schedule DL - Part 1	E23
Schedule DL - Part 2	E24
Schedule E - Part 1 - Cash	E25
Schedule E - Part 2 - Cash Equivalents	E26
Schedule E - Part 3 - Special Deposits	E27
Schedule E - Verification Between Years	SI15

ANNUAL STATEMENT BLANK (Continued)

Schedule S - Part 1 - Section 2	30
Schedule S - Part 2	31
Schedule S - Part 3 - Section 2	32
Schedule S - Part 4	33
Schedule S - Part 5	34
Schedule S - Part 6	36
Schedule S - Part 7	37
Schedule T - Part 2 - Interstate Compact	39
Schedule T - Premiums and Other Considerations	38
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule Y - Part 1A - Detail of Insurance Holding Company System	41
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates	42
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	43
Underwriting and Investment Exhibit - Part 1	8
Underwriting and Investment Exhibit - Part 2	9
Underwriting and Investment Exhibit - Part 2A	10
Underwriting and Investment Exhibit - Part 2B	11
Underwriting and Investment Exhibit - Part 2C	12
Underwriting and Investment Exhibit - Part 2D	13
Underwriting and Investment Exhibit - Part 3	14