



# ANNUAL STATEMENT

## For the Year Ending December 31, 2012

### OF THE CONDITION AND AFFAIRS OF THE

# SummaCare, Inc.

NAIC Group Code	3259 <small>(Current Period)</small>	3259 <small>(Prior Period)</small>	NAIC Company Code	95202	Employer's ID Number	34-1726655
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[ ] No[ ] N/A[X]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Incorporated/Organized	10/23/1992		Commenced Business	03/01/1993		
Statutory Home Office	10 North Main Street <small>(Street and Number)</small>		Akron, OH, 44308 <small>(City or Town, State, Country and Zip Code)</small>			
Main Administrative Office	Akron, OH, 44308 <small>(City or Town, State, Country and Zip Code)</small>		10 North Main Street <small>(Street and Number)</small>		(330)996-8410 <small>(Area Code) (Telephone Number)</small>	
Mail Address	P.O. Box 3620 <small>(Street and Number or P.O. Box)</small>		Akron, OH, 44309-3620 <small>(City or Town, State, Country and Zip Code)</small>			
Primary Location of Books and Records	Akron, OH, 44308 <small>(City or Town, State, Country and Zip Code)</small>		10 North Main Street <small>(Street and Number)</small>		(330)996-8410 <small>(Area Code) (Telephone Number)</small>	
Internet Website Address	SummmaCare.com					
Statutory Statement Contact	Roy Douglas Hall <small>(Name)</small>		(330)996-8410-62057 <small>(Area Code)(Telephone Number)(Extension)</small>			
	hallroy@summacare.com <small>(E-Mail Address)</small>		(330)996-8553 <small>(Fax Number)</small>			

### OFFICERS

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

### OTHERS

Anne Armao, VP - Marketing and Product Development  
James Loveless, VP - Individual Product Line  
Donald Novosel, VP - Contracting & Network Development  
Mumtaz Ibrahim M.D., Chief Medical Officer #

Kevin Cavalier, VP - Sales  
Judith Macro, VP - Corporate Services, Compliance Officer  
Annette Ruby, VP - Health Services Management

Keith Johnson, VP - Third Party Administrator  
James McNutt, VP - Finance, CFO  
Claude Vincenti, Senior Vice President, COO

### DIRECTORS OR TRUSTEES

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

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

(Signature) Martin Paul Hauser	(Signature) Claude Maurius Vincenti	(Signature) James Edward McNutt
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President, CEO	Senior Vice President, COO	Vice President - Finance, CFO
(Title)	(Title)	(Title)

Subscribed and sworn to before me this  
28th day of February, 2013

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

Yes[X] No[ ]  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Notary Public Signature)

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1-2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	65,854,347		65,854,347	68,236,188
2. Stocks (Schedule D)				
2.1 Preferred stocks .....				
2.2 Common Stocks .....				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$.....6,798,514 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....2,943,594 Schedule DA) .....	9,742,108		9,742,108	10,769,682
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....				
9. Receivables for securities .....				
10. Securities Lending Reinvested Collateral Assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	75,596,455		75,596,455	79,005,870
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	384,098		384,098	447,682
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	111,932	107,967	3,965	3,746
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	1,732		1,732	
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....	888,854		888,854	2,111,381
18.2 Net deferred tax asset .....	2,653,357	61,693	2,591,664	2,366,368
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....				
21. Furniture and equipment, including health care delivery assets (\$.....0) .....	641,836	641,836		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	5,530,291		5,530,291	4,982,281
24. Health care (\$.....3,250,797) and other amounts receivable .....	4,492,930	1,242,133	3,250,797	4,171,985
25. Aggregate write-ins for other than invested assets .....	1,361,929	1,361,929		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	91,663,414	3,415,558	88,247,856	93,089,313
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	91,663,414	3,415,558	88,247,856	93,089,313
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. Prepaid assets .....	1,361,929	1,361,929		
2502. Deposits .....				
2503. Pharmacy Rebates .....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	1,361,929	1,361,929		

## LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded) .....	25,647,359		25,647,359	26,381,584
2. Accrued medical incentive pool and bonus amounts .....	46,000		46,000	297,360
3. Unpaid claims adjustment expenses .....	371,800		371,800	365,887
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act .....				
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserves .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....	378,877		378,877	377,533
9. General expenses due or accrued .....	9,221,640		9,221,640	8,554,647
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....				
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....				
13. Remittances and items not allocated .....	88,193		88,193	208,850
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15. Amounts due to parent, subsidiaries and affiliates .....	289,425		289,425	8,406,157
16. Derivatives .....				
17. Payable for securities .....				
18. Payable for securities lending .....				
19. Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....7,246 unauthorized reinsurers and \$.....0 certified reinsurers) .....	7,246		7,246	7,246
20. Reinsurance in unauthorized and certified (\$.....0) companies .....				
21. Net adjustments in assets and liabilities due to foreign exchange rates .....				
22. Liability for amounts held under uninsured plans .....				
23. Aggregate write-ins for other liabilities (including \$.....0 current) .....				
24. TOTAL Liabilities (Lines 1 to 23) .....	36,050,540		36,050,540	44,599,264
25. Aggregate write-ins for special surplus funds .....	X X X	X X X		
26. Common capital stock .....	X X X	X X X	570	570
27. Preferred capital stock .....	X X X	X X X	100	100
28. Gross paid in and contributed surplus .....	X X X	X X X	30,084,097	30,084,097
29. Surplus notes .....	X X X	X X X		
30. Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
31. Unassigned funds (surplus) .....	X X X	X X X	22,112,549	18,405,282
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$.....0) .....	X X X	X X X		
32.2 .....0 shares preferred (value included in Line 27 \$.....0) .....	X X X	X X X		
33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) .....	X X X	X X X	52,197,316	48,490,049
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) .....	X X X	X X X	88,247,856	93,089,313
<b>DETAILS OF WRITE-INS</b>				
2301. Payroll liability .....				
2302. Other accrued liabilities .....				
2303. Medicaid Pharmacy Reserve .....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				
2501. ....	X X X	X X X		
2502. ....	X X X	X X X		
2503. ....	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	X X X	X X X		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	X X X	X X X		
3001. ....	X X X	X X X		
3002. ....	X X X	X X X		
3003. ....	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page .....	X X X	X X X		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	X X X	X X X		

## STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months .....	X X X	290,327	281,800
2. Net premium income (including \$.....0 non-health premium income) .....	X X X	255,417,103	256,520,831
3. Change in unearned premium reserves and reserve for rate credits .....	X X X		
4. Fee-for-service (net of \$.....0 medical expenses) .....	X X X		
5. Risk revenue .....	X X X		
6. Aggregate write-ins for other health care related revenues .....	X X X	27,859,948	20,736,015
7. Aggregate write-ins for other non-health revenues .....	X X X		
8. TOTAL Revenues (Lines 2 to 7) .....	X X X	283,277,051	277,256,846
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		193,200,892	192,354,353
10. Other professional services .....			
11. Outside referrals .....			
12. Emergency room and out-of-area .....			4,427
13. Prescription drugs .....		25,469,811	25,924,524
14. Aggregate write-ins for other hospital and medical .....			
15. Incentive pool, withhold adjustments and bonus amounts .....		(129,324)	275,300
16. Subtotal (Lines 9 to 15) .....		218,541,379	218,558,604
<b>Less:</b>			
17. Net reinsurance recoveries .....		131,751	578,281
18. TOTAL Hospital and Medical (Lines 16 minus 17) .....		218,409,628	217,980,323
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$.....1,628,792 cost containment expenses .....		4,681,575	4,130,890
21. General administrative expenses .....		55,791,959	50,064,537
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....			
23. TOTAL Underwriting Deductions (Lines 18 through 22) .....		278,883,162	272,175,750
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X	4,393,889	5,081,096
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		1,435,275	1,278,041
26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....			
27. Net investment gains (losses) (Lines 25 plus 26) .....		1,435,275	1,278,041
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....			
29. Aggregate write-ins for other income or expenses .....		19,978	23,342
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X	5,849,142	6,382,479
31. Federal and foreign income taxes incurred .....	X X X	1,974,225	2,735,721
32. Net income (loss) (Lines 30 minus 31) .....	X X X	3,874,917	3,646,758
<b>DETAILS OF WRITE-INS</b>			
0601. Administrative Services Revenue .....	X X X	27,859,948	20,736,015
0602. Misc income received from prior year taxes .....	X X X		
0603. Gain/loss on disposal of asset .....	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X	27,859,948	20,736,015
0701. Proceeds from the sale of the Medicaid product line .....	X X X		
0702. Miscellaneous Income .....	X X X		
0703. Miscellaneous Revenue .....	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	X X X		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X		
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
2901. Rental Revenue .....		10,967	11,964
2902. Miscellaneous Income .....		9,011	11,378
2903. City Income Taxes .....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....		19,978	23,342

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

	1 Current Year	2 Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year .....	48,490,049	44,407,469
34. Net income or (loss) from Line 32 .....	3,874,917	3,646,758
35. Change in valuation basis of aggregate policy and claim reserves .....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....		
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....	(33,353)	306,599
39. Change in nonadmitted assets .....	209,825	506,141
40. Change in unauthorized and certified reinsurance .....		63,689
41. Change in treasury stock .....		
42. Change in surplus notes .....		
43. Cumulative effect of changes in accounting principles .....		
44. Capital Changes:		
44.1 Paid in .....		
44.2 Transferred from surplus (Stock Dividend) .....		
44.3 Transferred to surplus .....		
45. Surplus adjustments:		
45.1 Paid in .....		
45.2 Transferred to capital (Stock Dividend) .....		
45.3 Transferred from capital .....		
46. Dividends to stockholders .....		
47. Aggregate write-ins for gains or (losses) in surplus .....	(344,122)	(440,607)
48. Net change in capital and surplus (Lines 34 to 47) .....	3,707,267	4,082,580
49. Capital and surplus end of reporting year (Line 33 plus 48) .....	52,197,316	48,490,049
<b>DETAILS OF WRITE-INS</b>		
4701. Change in Minimum Pension Liability - Unrestricted Funds .....	(344,124)	(440,605)
4702. Adjustments to 2008 financial statements .....		
4703. Miscellaneous .....	2	(2)
4798. Summary of remaining write-ins for Line 47 from overflow page .....		
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	(344,122)	(440,607)

**CASH FLOW**

		1	2
		Current Year	Prior Year
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	255,418,228	256,509,133
2.	Net investment income .....	1,426,468	1,121,820
3.	Miscellaneous income .....	27,859,948	20,736,015
4.	Total (Lines 1 through 3) .....	284,704,644	278,366,968
5.	Benefit and loss related payments .....	219,396,945	214,738,386
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	59,780,650	54,265,235
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	1,010,347	7,787,206
10.	Total (Lines 5 through 9) .....	280,187,942	276,790,827
11.	Net cash from operations (Line 4 minus Line 10) .....	4,516,702	1,576,141
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	8,950,000	8,350,000
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	8,950,000	8,350,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	6,495,766	24,696,953
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	6,495,766	24,696,953
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	2,454,234	(16,346,953)
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	(7,998,510)	(3,978,278)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(7,998,510)	(3,978,278)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(1,027,574)	(18,749,090)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	10,769,682	29,518,772
19.2	End of year (Line 18 plus Line 19.1) .....	9,742,108	10,769,682

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

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## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income .....	255,417,103						255,417,103			
2. Change in unearned premium reserves and reserve for rate credit .....										
3. Fee-for-service (net of \$.....0 medical expenses) .....										X X X
4. Risk revenue .....										X X X
5. Aggregate write-ins for other health care related revenues .....	27,859,948								27,859,948	X X X
6. Aggregate write-ins for other non-health care related revenues .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. TOTAL Revenues (Lines 1 to 6) .....	283,277,051						255,417,103		27,859,948	
8. Hospital/medical benefits .....	193,200,892	(63,140)					193,264,032			X X X
9. Other professional services .....										X X X
10. Outside referrals .....										X X X
11. Emergency room and out-of-area .....										X X X
12. Prescription drugs .....	25,469,811	13,279					25,456,532			X X X
13. Aggregate write-ins for other hospital and medical .....										X X X
14. Incentive pool, withhold adjustments and bonus amounts .....	(129,324)	(27,938)					(101,386)			X X X
15. Subtotal (Lines 8 to 14) .....	218,541,379	(77,799)					218,619,178			X X X
16. Net reinsurance recoveries .....	131,751						131,751			X X X
17. TOTAL Hospital and Medical (Lines 15 minus 16) .....	218,409,628	(77,799)					218,487,427			X X X
18. Non-health claims (net) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$.....1,628,792 cost containment expenses .....	4,681,575						4,681,575			
20. General administrative expenses .....	55,791,959						27,932,011		27,859,948	
21. Increase in reserves for accident and health contracts .....										X X X
22. Increase in reserves for life contracts .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. TOTAL Underwriting Deductions (Lines 17 to 22) .....	278,883,162	(77,799)					251,101,013		27,859,948	
24. Net underwriting gain or (loss) (Line 7 minus Line 23) .....	4,393,889	77,799					4,316,090			
<b>DETAILS OF WRITE-INS</b>										
0501. Administrative Services Revenue .....	27,859,948								27,859,948	X X X
0502. ....										X X X
0503. ....										X X X
0598. Summary of remaining write-ins for Line 5 from overflow page .....										X X X
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	27,859,948								27,859,948	X X X
0601. Proceeds from the sales of the Medicaid Product Line .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602. Miscellaneous Revenue .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603. ....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301. ....										X X X
1302. ....										X X X
1303. ....										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page .....										X X X
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....										X X X

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical) .....				
2. Medicare Supplement .....				
3. Dental only .....				
4. Vision only .....				
5. Federal Employees Health Benefits Plan .....				
6. Title XVIII - Medicare .....	255,661,173		244,070	255,417,103
7. Title XIX - Medicaid .....				
8. Other health .....				
9. Health subtotal (Lines 1 through 8) .....	255,661,173		244,070	255,417,103
10. Life .....				
11. Property/casualty .....				
12. TOTALS (Lines 9 to 11) .....	255,661,173		244,070	255,417,103

## 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 .....	219,404,928	(49,861)					219,454,789			
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....	131,751						131,751			
1.4 Net .....	219,273,177	(49,861)					219,323,038			
2. Paid medical incentive pools and bonuses .....	122,036	71,182					50,854			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	25,647,359						25,647,359			
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....	25,647,359						25,647,359			
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....										
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....										
5. Accrued medical incentive pools and bonuses, current year .....	46,000						46,000			
6. Net healthcare receivables (a) .....										
7. Amounts recoverable from reinsurers December 31, current year .....										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	26,381,584						26,381,584			
8.2 Reinsurance assumed .....										
8.3 Reinsurance ceded .....										
8.4 Net .....	26,381,584						26,381,584			
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....										
9.2 Reinsurance assumed .....										
9.3 Reinsurance ceded .....										
9.4 Net .....										
10. Accrued medical incentive pools and bonuses, prior year .....	297,360	99,120					198,240			
11. Amounts recoverable from reinsurers December 31, prior year .....										
12. Incurred benefits:										
12.1 Direct .....	218,670,703	(49,861)					218,720,564			
12.2 Reinsurance assumed .....										
12.3 Reinsurance ceded .....	131,751						131,751			
12.4 Net .....	218,538,952	(49,861)					218,588,813			
13. Incurred medical incentive pools and bonuses .....	(129,324)	(27,938)					(101,386)			

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....										
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....										
2. Incurred but Unreported:										
2.1 Direct .....	25,647,359						25,647,359			
2.2 Reinsurance assumed .....										
2.3 Reinsurance ceded .....										
2.4 Net .....	25,647,359						25,647,359			
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....										
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....										
4. TOTALS										
4.1 Direct .....	25,647,359						25,647,359			
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....	25,647,359						25,647,359			

## UNDERWRITING AND INVESTMENT EXHIBIT

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

	Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (hospital and medical) .....	(49,861)				(49,861)	
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....						
6.	Title XVIII - Medicare .....	23,093,000	196,230,038	19,000	25,628,359	23,112,000	26,381,584
7.	Title XIX - Medicaid .....						
8.	Other health .....						
9.	Health subtotal (Lines 1 to 8) .....	23,043,139	196,230,038	19,000	25,628,359	23,062,139	26,381,584
10.	Healthcare receivables (a) .....						
11.	Other non-health .....						
12.	Medical incentive pool and bonus amounts .....	122,036			46,000	122,036	297,360
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	23,165,175	196,230,038	19,000	25,674,359	23,184,175	26,678,944

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

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

**Grand Total**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior .....	5,861	5,861	5,861	5,861	5,861
2. 2008 .....	174,428	179,290	179,290	179,290	179,290
3. 2009 .....	X X X	202,718	221,650	221,650	221,650
4. 2010 .....	X X X	X X X	208,932	229,682	229,686
5. 2011 .....	X X X	X X X	X X X	193,988	217,149
6. 2012 .....	X X X	X X X	X X X	X X X	196,230

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior .....	5,861	5,861	5,861	5,861	5,861
2. 2008 .....	179,575	179,419	179,290	179,290	179,290
3. 2009 .....	X X X	206,996	221,650	221,650	221,650
4. 2010 .....	X X X	X X X	232,369	229,686	229,686
5. 2011 .....	X X X	X X X	X X X	220,663	217,168
6. 2012 .....	X X X	X X X	X X X	X X X	221,904

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2008 .....	204,340	179,290	3,279	1.829	182,569	89.346			182,569	89.346
2. 2009 .....	242,065	221,650	2,749	1.240	224,399	92.702			224,399	92.702
3. 2010 .....	270,375	229,686	4,586	1.997	234,272	86.647			234,272	86.647
4. 2011 .....	256,521	217,149	4,131	1.902	221,280	86.262	19		221,299	86.269
5. 2012 .....	255,417	196,230	4,009	2.043	200,239	78.397	25,674	372	226,285	88.594

12 Total

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

**Hospital and Medical**  
**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior .....	5,058	5,058	5,058	5,058	5,058
2.	2008 .....	29,100	32,816	32,816	32,816	32,816
3.	2009 .....	X X X	22,309	24,340	24,340	24,340
4.	2010 .....	X X X	X X X	21,181	23,262	23,262
5.	2011 .....	X X X	X X X	X X X	2,165	2,186
6.	2012 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior .....	5,058	5,058	5,058	5,058	5,058
2.	2008 .....	33,104	32,945	32,816	32,816	32,816
3.	2009 .....	X X X	25,133	24,340	24,340	24,340
4.	2010 .....	X X X	X X X	22,986	23,262	23,262
5.	2011 .....	X X X	X X X	X X X	2,264	2,186
6.	2012 .....	X X X	X X X	X X X	X X X	

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

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2008 .....	34,668	32,816	599	1.825	33,415	96.386			33,415	96.386
2.	2009 .....	26,948	24,340	327	1.343	24,667	91.536			24,667	91.536
3.	2010 .....	23,249	23,262	434	1.866	23,696	101.923			23,696	101.923
4.	2011 .....	2,105	2,186	48	2.196	2,234	106.128			2,234	106.128
5.	2012 .....			2		2				2	

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

**Medicare Supplement**  
**Section A - Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior .....	12	12	12	12	12
2. 2008 .....	25	34	34	34	34
3. 2009 .....	X X X	33	37	37	37
4. 2010 .....	X X X	X X X			
5. 2011 .....	X X X	X X X	X X X		
6. 2012 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior .....	12	12	12	12	12
2. 2008 .....	31	34	34	34	34
3. 2009 .....	X X X	37	37	37	37
4. 2010 .....	X X X	X X X			
5. 2011 .....	X X X	X X X	X X X		
6. 2012 .....	X X X	X X X	X X X	X X X	

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2008 .....	77	34	1	2.941	35	45.455			35	45.455
2. 2009 .....	65	37	1	2.703	38	58.462			38	58.462
3. 2010 .....										
4. 2011 .....										
5. 2012 .....										

12 Medicare Supplement

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

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

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

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

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

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

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP ..... NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP ..... NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP ..... NONE

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

**Title XVIII - Medicare**  
**Section A - Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior .....	791	791	791	791	791
2. 2008 .....	145,303	146,440	146,440	146,440	146,440
3. 2009 .....	X X X	180,376	197,273	197,273	197,273
4. 2010 .....	X X X	X X X	187,751	206,420	206,424
5. 2011 .....	X X X	X X X	X X X	191,823	214,963
6. 2012 .....	X X X	X X X	X X X	X X X	196,230

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior .....	791	791	791	791	791
2. 2008 .....	146,440	146,440	146,440	146,440	146,440
3. 2009 .....	X X X	181,826	197,273	197,273	197,273
4. 2010 .....	X X X	X X X	209,383	206,424	206,424
5. 2011 .....	X X X	X X X	X X X	218,399	214,982
6. 2012 .....	X X X	X X X	X X X	X X X	221,904

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2008 .....	169,595	146,440	2,679	1.829	149,119	87.927			149,119	87.927
2. 2009 .....	215,052	197,273	2,421	1.227	199,694	92.858			199,694	92.858
3. 2010 .....	247,126	206,424	4,152	2.011	210,576	85.210			210,576	85.210
4. 2011 .....	254,416	214,963	4,083	1.899	219,046	86.098	19		219,065	86.105
5. 2012 .....	255,417	196,230	4,007	2.042	200,237	78.396	25,674	372	226,283	88.593

12 Title XVIII-Medicare

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

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

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

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other . . . . . NONE

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

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other . . . . . NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve . . . . . NONE

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building) .....		339,010	1,921,055		2,260,065
2. Salaries, wages and other benefits .....	1,322,823	1,788,180	27,077,973		30,188,976
3. Commissions (less \$.....0 ceded plus \$.....0 assumed) .....			11,744		11,744
4. Legal fees and expenses .....			64,762		64,762
5. Certifications and accreditation fees .....					
6. Auditing, actuarial and other consulting services .....	8,436	4,037	1,439,348		1,451,821
7. Traveling expenses .....	11,223	540	256,026		267,789
8. Marketing and advertising .....	17,859		4,366,278		4,384,137
9. Postage, express and telephone .....	46,676	505,395	2,409,314		2,961,385
10. Printing and office supplies .....	19,008	770	1,837,552		1,857,330
11. Occupancy, depreciation and amortization .....	4	144,345	817,952		962,301
12. Equipment .....			452,243		452,243
13. Cost or depreciation of EDP equipment and software .....	40,680	168	3,264,679		3,305,527
14. Outsourced services including EDP, claims, and other services .....	40,014	158,033	6,238,338		6,436,385
15. Boards, bureaus and association fees .....	3,196	363	36,777		40,336
16. Insurance, except on real estate .....			106,067		106,067
17. Collection and bank service charges .....			6,956	228,560	235,516
18. Group service and administration fees .....	30,000		3,896,806		3,926,806
19. Reimbursements by uninsured plans .....					
20. Reimbursements from fiscal intermediaries .....					
21. Real estate expenses .....					
22. Real estate taxes .....					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....					
23.2 State premium taxes .....					
23.3 Regulatory authority licenses and fees .....					
23.4 Payroll taxes .....	88,873	111,942	1,493,846		1,694,661
23.5 Other (excluding federal income and real estate taxes) .....					
24. Investment expenses not included elsewhere .....					
25. Aggregate write-ins for expenses .....			94,243		94,243
26. TOTAL Expenses Incurred (Lines 1 to 25) .....	1,628,792	3,052,783	55,791,959	228,560	(a) 60,702,094
27. Less expenses unpaid December 31, current year .....		371,800	9,221,640		9,593,440
28. Add expenses unpaid December 31, prior year .....		365,887	8,554,647		8,920,534
29. Amounts receivable relating to uninsured plans, prior year .....					
30. Amounts receivable relating to uninsured plans, current year .....					
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	1,628,792	3,046,870	55,124,966	228,560	60,029,188
<b>DETAILS OF WRITE-INS</b>					
2501. Donations .....			74,231		74,231
2502. Miscellaneous Expense .....			20,012		20,012
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page .....					
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....			94,243		94,243

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

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,642,834	1,642,834
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 21,001	21,001
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	1,663,835	1,663,835
11. Investment expenses		(g) 228,560
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		228,560
17. Net Investment income (Line 10 minus Line 16)		1,435,275
<b>DETAILS OF WRITE-INS</b>		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

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

## EXHIBIT OF CAPITAL GAINS (LOSSES)

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

NONE

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....			
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			
2.2 Common stocks .....			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			
3.2 Other than first liens .....			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			
4.2 Properties held for the production of income .....			
4.3 Properties held for sale .....			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6. Contract loans .....			
7. Derivatives (Schedule DB) .....			
8. Other invested assets (Schedule BA) .....			
9. Receivables for securities .....			
10. Securities lending reinvested collateral assets (Schedule DL) .....			
11. Aggregate write-ins for invested assets .....			
12. Subtotals, cash and invested assets (Lines 1 to 11) .....			
13. Title plants (for Title insurers only) .....			
14. Invested income due and accrued .....			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	107,967	52,725	(55,242)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3 Accrued retrospective premiums .....			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....			
16.2 Funds held by or deposited with reinsured companies .....			
16.3 Other amounts receivable under reinsurance contracts .....			
17. Amounts receivable relating to uninsured plans .....			
18.1 Current federal and foreign income tax recoverable and interest thereon .....			
18.2 Net deferred tax asset .....	61,693	320,342	258,649
19. Guaranty funds receivable or on deposit .....			
20. Electronic data processing equipment and software .....			
21. Furniture and equipment, including health care delivery assets .....	641,836	586,201	(55,635)
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			
23. Receivables from parent, subsidiaries and affiliates .....			
24. Health care and other amounts receivable .....	1,242,133	1,368,000	125,867
25. Aggregate write-ins for other than invested assets .....	1,361,929	1,298,115	(63,814)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	3,415,558	3,625,383	209,825
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28. Total (Lines 26 and 27) .....	3,415,558	3,625,383	209,825
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....			
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....			
2501. Prepaid Assets .....	1,361,929	1,298,115	(63,814)
2502. ....			
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page .....			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	1,361,929	1,298,115	(63,814)

## 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 .....	23,367	23,996	24,137	24,380	24,556	290,327
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....						
4. Point of Service .....						
5. Indemnity Only .....						
6. Aggregate write-ins for other lines of business .....						
7. TOTAL .....	23,367	23,996	24,137	24,380	24,556	290,327
<b>DETAILS OF WRITE-INS</b>						
0601. ....						
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....						

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

SummaCare, Inc.'s (the Company or SC) statutory financial statements are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance (ODI) and in accordance with the Accounting Practices and Procedures Manual.

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

	<u>State of Domicile</u>	<u>2012</u>	<u>2011</u>
<b><u>Net Income</u></b>			
1) SummaCare state basis (Page 4, Line 32, Columns 2 & 3)	OH	3,874,917	3,646,758
2) State Prescribed Practices that increase / (decrease) NAIC SAP:	OH	-	-
3) State Permitted Practices that increase / (decrease) NAIC SAP:	OH	-	-
4) NAIC SAP	OH	3,874,917	3,646,758
<b><u>Surplus</u></b>			
5) SummaCare state basis (Page 3, Line 33, Columns 3 & 4)	OH	52,197,316	48,490,049
6) State Prescribed Practices that increase / (decrease) NAIC SAP:	OH	-	-
7) State Permitted Practices that increase / (decrease) NAIC SAP:	OH	-	-
8) NAIC SAP	OH	52,197,316	48,490,049

#### B. Use of Estimates

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

#### C. Accounting Policy

The Company uses the following accounting policies:

1) Cash and Short-Term Investments

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

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

3) Common stocks – None.

4) Preferred stocks – None.

5) Mortgage loans on real estate – None.

6) Loan backed securities – None.

7) Investments in subsidiaries, controlled and affiliated entities – None.

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

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

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

## Notes to Financial Statements

- 11) The cost of healthcare services is recognized in the period in which services are provided. Healthcare expenses also include an estimate of the cost of services provided to the Company's members by third party providers, which have been incurred but not reported to the Company. The estimate for incurred but not reported claims is based on actuarial projections of costs using historical paid claims data. Estimates are continually monitored and reviewed and, as settlements are made or estimates are adjusted, differences are reflected in current operations. Such estimates are subject to the impact of changes in the regulatory environment and economic conditions. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. While the ultimate amount of claims paid are dependent on future developments, management is of the opinion that the reserves for claims and the cost to process claims make a reasonable and appropriate provision to cover such claims.
- 12) The Company's capitalization policy and predefined thresholds have not changed from the prior period.
- 13) Pharmaceutical rebates are reported as a reduction of prescription drug expense. Receivables related to pharmaceutical rebates are recorded in accordance with SSAP No. 84, Certain Health Care Receivables and Receivables Under Government Insured Plans.

### 2. Accounting Changes and Corrections of Errors – None.

### 3. Business Combinations and Goodwill

On December 31, 1999 Summa Health System (SHS) reorganized resulting in a change in ownership of SC. Prior to December 31, 1999, SC was a wholly-owned subsidiary of Akron City Health System (ACHS). As part of the reorganization, SIC received SC's voting common stock for no consideration.

### 4. Discontinued Operations – None.

### 5. Investments

- A. Mortgage Loans – None.
- B. Debt Restructuring – None.
- C. Reverse Mortgages – None.
- D. Loan backed securities – None.
- E. Repurchase agreements – None.
- F. Real Estate – None.
- G. Investments in low-income housing tax credits – None.

### 6. Joint Ventures, Partnerships and Limited Liability Companies

- A. For investments in joint ventures, partnerships and limited liability companies that exceed 10% of the admitted assets of the insurer. – None.
- B. Impaired investments in joint ventures, partnerships and limited liability companies – None.

### 7. Investment Income

- A. The basis, by category of investment income, for excluding (nonadmitting) any investment income due and accrued - All accrued investment income was admitted for the period.
- B. Total amount excluded - None

### 8. Derivative Instruments – None.

### 9. Income Taxes

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

## Notes to Financial Statements

	12/31/12			12/31/2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
1.									
(a) Gross Deferred Tax Assets	\$2,653,357	\$0	\$2,653,357	\$2,686,710	\$0	\$2,686,710	(\$33,353)	\$0	(\$33,353)
(b) Statutory Valuation Allowance Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(c) Adjusted Gross DTA's (1a-1b)	\$2,653,357	\$0	\$2,653,357	\$2,686,710	\$0	\$2,686,710	(\$33,353)	\$0	(\$33,353)
(d) DTA's Nonadmitted	\$61,693	\$0	\$61,693	\$320,342	\$0	\$320,342	(\$258,649)	\$0	(\$258,649)
(e) Subtotal Net DTA's (1c-1d)	\$2,591,664	\$0	\$2,591,664	\$2,366,368	\$0	\$2,366,368	\$225,296	\$0	\$225,296
(f) Deferred Tax Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(g) Net Admitted DTA / Net DTL (1e-1f)	\$2,591,664	\$0	\$2,591,664	\$2,366,368	\$0	\$2,366,368	\$225,296	\$0	\$225,296
2.									
Admission Calculation Components SSAP No. 101									
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$2,591,664	\$0	\$2,591,664	\$2,366,368	\$0	\$2,366,368	\$225,296	\$0	\$225,296
(b) Adjusted Gross DTA's Expected to be Realized (Excluding The Amount of DTA's From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2 (b) 1 and 2 (b) 2 Below)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1. Adjusted Gross DTA's Expected to be Realized Following the Balance Sheet Date.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Adjusted Gross DTA's Allowed Per Limitation Threshold.	XXX	XXX	\$7,440,848	XXX	XXX	\$6,918,552	XXX	XXX	\$522,296
(c) Adjusted Gross DTA's (Excluding The Amount of DTA's from 2 (a) and 2 (b) above) Offset by Gross DTL's.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(d) DTA's Admitted as the result of application of SSAP No. 101. Total (2(a)+2(b)+2(c))	\$2,591,664	\$0	\$2,591,664	\$2,366,368	\$0	\$2,366,368	\$225,296	\$0	\$225,296
3.									
(a) Ratio Percentage used To Determine Recovery Period And Threshold Limitation Amount.	2012 552%	2011 516%							
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2 (b) 2 Above.	\$49,605,652	\$46,123,681							
4.									
Impact of Tax-Planning Strategies									
(a) Adjusted Gross DTA's [% of Total Adjusted Gross DTA's]	0%	0%	0%	0%	0%	0%	0%	0%	0%
(b) Net Admitted Adjusted Gross DTA's [% of Total Net Admitted Adj. Gross DTA's]	0%	0%	0%	0%	0%	0%	0%	0%	0%
(c) Does the Company's tax-planning strategies include the use of reinsurance?	Yes _____	No <input checked="" type="checkbox"/>							

**B. Regarding deferred tax liabilities not recognized – None.**

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

## Notes to Financial Statements

	12/31/2012	12/31/2011	Change
1. Current Income Tax			
(a) Federal	\$1,974,225	\$2,735,721	(\$761,496)
(b) Foreign	\$0	\$0	\$0
(c) Subtotal	\$1,974,225	\$2,735,721	(\$761,496)
(d) Federal Income Tax on Net Capital Gains	\$0	\$0	\$0
(e) Utilization of Capital Loss Carry Forwards	\$0	\$0	\$0
(f) Other	\$0	\$0	\$0
(g) Federal and Foreign Income Taxes Incurred	\$1,974,225	\$2,735,721	(\$761,496)
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Unpaid Losses	\$0	\$0	\$0
(2) Unearned Premium Reserve	\$0	\$0	\$0
(3) Policyholder Reserves	\$873,574	\$907,064	(\$33,510)
(4) Investments	\$61,693	\$60,796	\$897
(5) Deferred Acquisition Costs	\$0	\$0	\$0
(6) Policyholder Dividends Accrual	\$0	\$0	\$0
(7) Fixed Assets	\$405,939	\$389,319	\$16,680
(8) Compensation and Benefits Accrual	\$390,001	\$398,182	(\$8,181)
(9) Pension Accrual	\$0	\$0	\$0
(10) Receivables - Nonadmitted	\$922,090	\$924,406	(\$2,316)
(11) Net Operating Loss Carry-Forward	\$0	\$0	\$0
(12) Other (Including items < 5% of total ordinary assets)	\$0	\$6,324	(\$6,324)
Subtotal	\$2,653,357	\$2,686,710	(\$33,353)
(b) Statutory Valuation Allowance	\$0	\$0	\$0
(c) Nonadmitted	\$61,693	\$320,342	(\$258,649)
(d) Admitted Ordinary Deferred Tax Assets	\$2,591,664	\$2,366,368	\$225,296
(e) Capital			
(1) Investments	\$0	\$0	\$0
(2) Net Capital Loss Carry-Forward	\$0	\$0	\$0
(3) Real Estate	\$0	\$0	\$0
(4) Other	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0
(f) Statutory Valuation Allowance Adjustment	\$0	\$0	\$0
(g) Nonadmitted	\$0	\$0	\$0
(h) Admitted Capital Deferred Tax Assets	\$0	\$0	\$0
(i) Admitted Deferred Tax Assets	\$2,591,664	\$2,366,368	\$225,296
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$0	\$0	\$0
(2) Fixed Assets	\$0	\$0	\$0
(3) Deferred and Uncollected Premium	\$0	\$0	\$0
(4) Policyholder Reserves	\$0	\$0	\$0
(5) Other	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0
(b) Capital			
(1) Investments	\$0	\$0	\$0
(2) Real Estate	\$0	\$0	\$0
(3) Other	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0
(c) Deferred Tax Liabilities	\$0	\$0	\$0
4. Net Deferred Tax Assets / Liabilities	\$2,591,664	\$2,366,368	\$225,296

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

	December 31, 2012	Effective Tax Rate
Provision computed at statutory rate	\$1,988,708	34.0%
Change in deferred income taxes	(\$33,353)	-0.6%
Items permanent in nature	\$35,470	0.6%
Change in nonadmitted assets	(\$16,600)	-0.3%
Total statutory income taxes incurred	\$1,974,225	33.8%

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

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

	Ordinary	Capital	Total
2012	1,603,631	-	1,603,631
2011	2,681,521	-	2,681,521

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

F. Consolidation of Federal Income Tax Return

## Notes to Financial Statements

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

### 10. Information Concerning Parent, Subsidiaries, and Affiliates

#### A. Nature of the Relationships

SummaCare, Inc. is a wholly owned subsidiary of Summa Insurance Company, Inc. (SIC). SIC is a majority-owned subsidiary of Summa Health System (SHS).

Subsidiaries and affiliated organizations of SHS include Summa Health System Corporation (SHSC), Summa Akron City & St. Thomas Hospitals (SACH/STH), Summa Health Network LLC (SHN), Apex Benefits Services, LLC (Apex), Summa Insurance Agency, LLC (SIA), Summa Cuyahoga Falls General Hospital (CFGH), Summa Barberton Hospital (BCH), Summa Wadsworth-Rittman Hospital (WRH), Wadsworth-Rittman Professional Services Corporation, Crystal Clinic Orthopedic Center, LLC, Summa Physicians, Inc. (SPI), Summa Foundation, Health Care Center Physicians Inc. (HCCP), Middlebury Assurance Corp. (MAC), Summa Enterprise Group (SEG), Summa Enterprise Group Properties (SEG Properties), Summa Rehabilitation Hospital, LLC, Ohio Health Choice, Inc. (OHC), Cornerstone Medical Services (Cornerstone), ARIS Teleradiology LLC (ARIS), Summa Western Reserve Hospital (SWRH), Ohio Sleep Disorders, Summa Accountable Care Organization (ACO), Akron Endoscopy Associates (Akron Endoscopy) Summa Integrated Services Organization (SISO), Summa Management Services Organization (SMSO), Patient Centered Collaborative, Health Innovations Ohio, LLC, and Medina-Summit ASC, LLC.

The Company is licensed in Ohio as a health-insuring corporation (HIC) under Chapter 1751 of the Ohio Revised Code. SC contracts with providers to provide comprehensive health care services to a defined enrolled population (members) for a predetermined monthly fee. The population from which the Company draws its membership is predominately located in Northeast Ohio. The Company is subject to competition from other health insuring companies as well as to the regulations of certain state and federal agencies. The Company is also subject to periodic financial examinations by those regulatory authorities.

#### B. & C. Transactions with Affiliated Organizations

SC members receive various medical services from SACH/STH, and other SHS subsidiaries. Certain members of the board of directors of the Company are members of the board of trustees of SACH/STH's and SHS's subsidiary and affiliated organizations. During 2011, SC incurred health care costs representing premium payments made to SIC for health care costs associated with the indemnity portion on specific SC insurance plans.

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

	<u>2012</u>	<u>2011</u>
Claims expense related to affiliated entities:		
SIC	\$ —	4,427
SACH/STH	47,585,927	47,907,568
SPI	8,577,250	7,543,658
BCH	8,760,628	8,171,757
ARIS	31,712	43,867
WRH	3,167,567	3,094,071
Cornerstone	3,369,585	3,235,226
ACO	1,147,020	846,562
Management fees charged to SIC	12,283,564	10,417,790
Management fees charged to Apex	15,519,109	10,259,678
Management fees charged to OHC	9,275	8,930
Management fees charged to SHN	48,000	48,000
Management fees charged from SHN	354,242	326,197
Management fees charged from Apex	445,488	533,676
Management fees charged from OHC	342,635	177,471
Corporate expense allocation paid to SHS	1,964,004	1,834,935

## Notes to Financial Statements

D. The balances outstanding with affiliated entities as of December 31, 2012 and December 31, 2011 are as follows:

	Due from		Due to	
	2012	2011	2012	2011
SHN	\$ —	—	42,180	23,915
SIC	3,935,185	3,484,358	—	—
SACH / STH	—	—	247,063	2,887,371
OHC	691	791	—	—
Apex	1,551,253	1,475,067	—	—
WRH	—	—	—	125,509
BCH	—	—	—	521,759
CFGH	—	22,065	—	—
SIA	—	—	182	—
ACO	43,162	—	—	4,847,603
	\$ 5,530,291	4,982,281	289,425	8,406,157

E. Guarantees or undertakings – None.

F. During 2012 and 2011, the Company contracted to provide administrative and claims processing services to SIC and Apex. In 2012 and 2011, the Company contracted to reimburse SHN a portion of their total operating expenses. Expenses were recognized based on the amount charged to the Company from SHN.

G. All outstanding shares of SummaCare are owned by the parent, Summa Insurance Company, a property and casualty insurance company domiciled in the State of Ohio.

H. Investments in upstream intermediate entities or ultimate parent – None.

I. Investments in SCA Entities – None.

J. Investments in impaired SCA entities – None.

K. Investments in foreign insurance subsidiaries – None.

L. Investment in downstream noninsurance holding company – None.

### 11. Debt

SC has no debt as of December 31, 2012.

### 12. Retirement Plans

A. Defined Benefit Plan - None.

B. Defined Contribution Plan

The Company has a defined contribution 401(k) plan that is available to all eligible employees. The plan provides for employee contributions of up to 15% of eligible salary and employer matching contributions of 50% of each employee's voluntary contribution. The matching contribution is limited to 6% of each employee's pay. Expense under this plan was approximately \$889,166 for period ending December 31, 2012 and was \$786,225 for year ending December 31, 2011.

C. Multiemployer Plan – None.

D. Consolidated / Holding Company Plan

SHS maintains a noncontributory defined benefit pension plan (DB Plan), Summa Health System Retirement Income Plan and Trust, for the benefit of eligible employees in which the Company participates. The benefits are based upon years of service, as defined by the DB Plan. It is the System's policy to contribute annually to the DB Plan amounts that are actuarially determined to provide the DB Plan with sufficient assets to meet future benefit payment requirements.

Effective January 1, 2002, the Company's employees became participants in Summa Health System Retirement Income Plan and Trust (the Plan), however, the Company has no direct liability for the Plan obligations. Pension amounts are allocated to the Company based on its pro rata portion of the DB Plan periodic benefit obligation. The Company has recorded expense associated with involvement in the DB Plan of \$60,333 and \$225,700 as part of salaries, wages, and fringe benefits expense for the periods ended December 31, 2012 and December 31, 2011, respectively.

E. Postemployment Benefits and Compensated Absences – None.

## Notes to Financial Statements

F. Impact of Medicare Modernization Act on Postretirement Benefits – None.

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

- 1.) As of December 31, 2011, SHS owned all of the 100 issued and outstanding shares of SC's preferred stock. The par value of the preferred stock is \$1 per share. SIC owns all of the 570 issued and outstanding shares of SC common stock. The par value of the common stock is \$1 per share.
- 2.) Dividends on the preferred stock are cumulative at an annual rate of \$500 per share. No dividends have been declared or paid by the Company on its preferred stock; accordingly, there are \$991,667 of dividends in arrears as of December 31, 2012 and \$941,667 of dividends in arrears at December 31, 2011.
- 3.) No dividends can be paid on the Company's common stock until the dividends in arrears on preferred stock are paid. Dividends are cumulative.
- 4.) Date and amounts of dividends paid – Not applicable.
- 5.) In accordance with the Ohio Revised Code, the Company must receive approval from ODI to pay a dividend or distribution during 2013, which when combined with the dividends or distributions paid within the preceding 12 months exceeds the greater of either (a) 10% of the Company's capital and surplus as of December 31, 2012, or (b) the Company's net gain from operations for the year ended December 31, 2012.
- 6.) Restrictions on unassigned funds – None.
- 7.) Mutual Reciprocals - None.
- 8.) Stock held by the Company for special purposes – None.
- 9.) Special surplus funds – None.
- 10.) The portion of unassigned funds represented or reduced by :  

Nonadmitted Asset Values –	\$3,415,558
Unrealized Gains (Losses) –	\$3,610,868
- 11.) Surplus notes – None.
- 12.) Restatement in a quasi-reorganization – Not applicable
- 13.) Quasi-reorganization – Not applicable.

### 14. Contingencies

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

### 15. Leases

#### A. Lessee Leasing Arrangements

1. The company leases equipment and its facility under noncancelable operating leases expiring at various dates from 2012 to 2016. Rent expense was approximately \$2,260,065 as of December 31, 2012 and was \$2,159,116 for year ending December 31, 2011.

## Notes to Financial Statements

2. Future minimum payments under noncancelable operating leases are as follows:

Year ended December 31:

2013	2,073,708
2014	2,073,968
2015	2,129,766
2016	1,938,777

Total minimum future commitment	\$ 8,216,219
------------------------------------	--------------

3. The Company has not entered into any sale-leaseback transactions.

**B. Lessor Leasing Arrangements - None**

**16. Information Regarding Off-Balance Sheet Risk** – Not Applicable.

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

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

**19. Direct Premium Written / Produced by Managing General Agents / Third Party Administrators** – Not Applicable.

**20. Fair Value Measurement** – Not Applicable.

**21. Other Items** – None.

**22. Events Subsequent** – None.

**23. Reinsurance**

**A. Ceded Reinsurance Report**

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?  
Yes ( ) No (X)

If yes, give full details.

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

Yes ( ) No (X)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?  
Yes ( ) No (X)

- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in

## Notes to Financial Statements

a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. \$ \_\_\_\_\_

- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement? \$ \_\_\_\_\_
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under reinsurance policies?

Yes ( ) No (X)

If yes, give full details.

### Section 3 – Ceded Reinsurance Report – Part B

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

Yes ( ) No (X)

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

**B. Uncollectible Reinsurance – None.**

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

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

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

Activity in claims unpaid is summarized as follows:

	<u>2012</u>	<u>2011</u>
Balance at January 1	\$ 26,381,584	23,345,751
Incurred related to:		
Current year	221,858,397	220,202,279
Prior years	(3,319,445)	(2,660,000)
Total	<u>218,538,952</u>	<u>217,542,279</u>
Paid related to:		
Current year	196,230,038	193,987,446
Prior years	23,043,139	20,519,000
Total	<u>219,273,177</u>	<u>214,506,446</u>
Balance at End of Period	<u>\$ 25,647,359</u>	<u>26,381,584</u>

Reserves as of December 31, 2011 were \$26,381,584. As of December 31, 2012, \$23,043,139 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years are \$19,000 as a result of re-estimation of unpaid claims principally on the Medicare lines of insurance. Therefore, there has been \$3,319,445 in favorable development since December 31, 2011 to December 31, 2012. This favorable development is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

**26. Intercompany Pooling Arrangements – None.**

**27. Structured Settlements – None.**

## Notes to Financial Statements

### 28. Healthcare Receivables

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

<u>Quarter</u>	<u>Estimated Pharmacy Rebates as Reported on Financial Statements</u>	<u>Pharmacy Rebates as Billed or Otherwise Confirmed</u>	<u>Actual Rebates Received Within 90 Days of Billing</u>	<u>Actual Rebates Received Within 91 to 180 Days of Billing</u>	<u>Actual Rebates Received More Than 180 Days After Billing</u>
12/31/2012	\$1,242,133	\$0	\$0	\$0	\$0
9/30/2012	\$1,077,790	\$683,906	\$0	\$0	\$683,906
6/30/2012	\$1,342,850	\$1,132,985	\$0	\$0	\$1,132,985
3/31/2012	\$866,461	\$886,078	\$0	\$0	\$886,078
12/31/2011	\$1,368,000	\$1,473,271	\$0	\$0	\$1,473,271
9/30/2011	\$1,138,678	\$1,479,234	\$0	\$0	\$1,479,234
6/30/2011	\$1,577,964	\$1,491,295	\$0	\$0	\$1,491,295
3/31/2011	\$1,541,092	\$1,487,459	\$0	\$0	\$1,487,459
12/31/2010	\$1,545,000	\$1,547,850	\$0	\$0	\$1,547,850
9/30/2010	\$1,133,202	\$1,516,786	\$0	\$0	\$1,516,786
6/30/2010	\$1,022,074	\$1,448,788	\$0	\$0	\$1,448,788
3/31/2010	\$1,297,617	\$1,699,056	\$0	\$0	\$1,699,056

29. **Participating Policies** – None.

### 30. Premium Deficiency Reserves

Premium deficiency losses are recognized when it is probable that expected claim expenses will exceed future premiums on existing health contracts. For purposes of premium deficiency losses, contracts are grouped in a manner consistent with the Company's method of acquiring, servicing and measuring the profitability of such contracts. There were no premium deficiency reserves recorded as of December 31, 2012 and December 31, 2011, respectively.

31. **Anticipated Salvage Value and Subrogation** – None

# 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[ ] No[X]
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2007
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 01/12/2009
- 3.4 By what department or departments?  
Ohio Department of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[ ] No[ ] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[ ] No[ ] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[ ] No[X]
- 4.12 renewals? Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[ ] No[X]
- 4.22 renewals? Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

1 Nationality	2 Type of Entity
.....	.....

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young LLP, 925 Euclid Ave, Suite 1300, Cleveland, OH 44115
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[ ] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes[ ] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[ ] N/A[ ]
- 10.6 If the response to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Michael J. Cellini, Ernst & Young LLP, 5 Times Square, New York, NY 10036
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes[ ] No[X]



## GENERAL INTERROGATORIES (Continued)

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

- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes[X] No[ ]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$ ..... 0
- 25.22 Subject to reverse repurchase agreements \$ ..... 0
- 25.23 Subject to dollar repurchase agreements \$ ..... 0
- 25.24 Subject to reverse dollar repurchase agreements \$ ..... 0
- 25.25 Pledged as collateral \$ ..... 0
- 25.26 Placed under option agreements \$ ..... 0
- 25.27 Letter stock or securities restricted as to sale \$ ..... 0
- 25.28 On deposit with state or other regulatory body \$ ..... 449,126
- 25.29 Other \$ ..... 0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
FirstMerit Trust .....	106 South Main Street, Akron, OH 44308 .....

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

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

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

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

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

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

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

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

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

## GENERAL INTERROGATORIES (Continued)

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

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

		1  Statement (Admitted) Value	2  Fair Value	3  Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds .....	65,854,347	69,465,215	3,610,868
30.2	Preferred stocks .....			
30.3	Totals .....	65,854,347	69,465,215	3,610,868

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

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

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

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

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

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

32.2 If no, list exceptions:

### OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ ..... 144,329

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

1 Name	2 Amount Paid
Ohio Association of Health Plans .....	36,082

34.1 Amount of payments for legal expenses, if any? \$ ..... 51,423

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

1 Name	2 Amount Paid
Squires, Sanders, Dempsey .....	19,161

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

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

1 Name	2 Amount Paid

# GENERAL INTERROGATORIES (Continued)

## PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes  No
- 1.2 If yes, indicate premium earned on U.S. business only: \$ ..... 0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ ..... 0
- 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ ..... 0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ ..... 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 .....	255,417,103	256,520,831
2.2 Premium Denominator .....	255,417,103	256,520,831
2.3 Premium Ratio (2.1 / 2.2) .....	1.000	1.000
2.4 Reserve Numerator .....	25,693,359	26,678,944
2.5 Reserve Denominator .....	25,693,359	26,678,944
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
- 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  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  N/A
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes  No
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical \$ ..... 300,000
- 5.32 Medical Only \$ ..... 0
- 5.33 Medicare Supplement \$ ..... 0
- 5.34 Dental & Vision \$ ..... 0
- 5.35 Other Limited Benefit Plan \$ ..... 0
- 5.36 Other \$ ..... 0
- 6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:  
The Company's provider contracts include insolvency provisions, continuity of care provisions, and hold harmless language.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes  No
- 7.2 If no, give details:
- 8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year ..... 6,000
- 8.2 Number of providers at end of reporting year ..... 6,000
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes  No
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months ..... 0
- 9.22 Business with rate guarantees over 36 months ..... 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes  No
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ ..... 46,000
- 10.22 Amount actually paid for year bonuses \$ ..... 122,036
- 10.23 Maximum amount payable withholds \$ ..... 0
- 10.24 Amount actually paid for year withholds \$ ..... 0
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes  No
- 11.13 An Individual Practice Association (IPA), or, Yes  No
- 11.14 A Mixed Model (combination of above)? Yes  No
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes  No
- 11.3 If yes, show the name of the state requiring such net worth.  
Ohio
- 11.4 If yes, show the amount required. \$ ..... 1,500,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes  No
- 11.6 If the amount is calculated, show the calculation.
- 12. List service areas in which the reporting entity is licensed to operate:

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

## GENERAL INTERROGATORIES (Continued)

1 Name of Service Area
Lorain .....
Mahoning .....
Trumbull .....
Sandusky .....
Erie .....
Huron .....
Lake .....
Tuscarawas .....
Columbiana .....
Defiance .....
Allen .....
Lucas .....
Seneca .....
Ashland .....

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

Yes  No

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

\$ ..... 0

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

Yes  No

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

\$ ..... 0

## FIVE-YEAR HISTORICAL DATA

	1 2012	2 2011	3 2010	4 2009	5 2008
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. TOTAL Admitted Assets (Page 2, Line 28) .....	88,247,856	93,089,313	86,953,205	44,722,003	55,994,688
2. TOTAL Liabilities (Page 3, Line 24) .....	36,050,540	44,599,264	42,545,736	16,955,405	28,810,207
3. Statutory surplus .....	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
4. TOTAL Capital and Surplus (Page 3, Line 33) .....	52,197,316	48,490,049	44,407,469	27,766,598	27,184,481
<b>INCOME STATEMENT (Page 4)</b>					
5. TOTAL Revenues (Line 8) .....	283,277,051	277,256,846	294,198,694	265,364,175	240,743,152
6. TOTAL Medical and Hospital Expenses (Line 18) .....	218,409,628	217,980,323	228,155,325	207,037,065	192,684,037
7. Claims adjustment expenses (Line 20) .....	4,681,575	4,130,890	4,585,416	2,750,778	3,520,662
8. TOTAL Administrative Expenses (Line 21) .....	55,791,959	50,064,537	54,139,480	53,398,452	55,451,263
9. Net underwriting gain (loss) (Line 24) .....	4,393,889	5,081,096	7,318,473	2,177,880	(10,912,810)
10. Net investment gain (loss) (Line 27) .....	1,435,275	1,278,041	1,057,153	1,442,564	2,209,212
11. TOTAL Other Income (Lines 28 plus 29) .....	19,978	23,342	15,132		
12. Net income or (loss) (Line 32) .....	3,874,917	3,646,758	5,145,543	2,943,155	(6,159,699)
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	4,516,702	1,576,141	11,017,718	1,049,968	(10,070,731)
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. TOTAL Adjusted Capital .....	52,197,316	48,490,049	44,407,469	27,766,598	27,184,481
15. Authorized control level risk-based capital .....	8,989,198	8,946,199	9,646,442	6,155,224	5,725,941
<b>ENROLLMENT (Exhibit 1)</b>					
16. TOTAL Members at End of Period (Column 5, Line 7) .....	24,556	23,367	27,567	25,256	25,983
17. TOTAL Members Months (Column 6, Line 7) .....	290,327	281,800	331,836	299,596	312,942
<b>OPERATING PERCENTAGE (Page 4)</b>					
(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) .....	85.5	85.0	84.4	85.5	89.0
20. Cost containment expenses .....	0.6	0.7	0.6	0.2	0.4
21. Other claims adjustment expenses .....	1.2	1.0	1.1	0.9	1.2
22. TOTAL Underwriting Deductions (Line 23) .....	109.2	106.1	106.1	108.7	116.2
23. TOTAL Underwriting Gain (Loss) (Line 24) .....	1.7	2.0	2.7	0.9	(5.0)
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) .....	23,184,175	20,754,940	18,885,621	6,297,065	7,704,000
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	26,678,944	23,437,007	23,262,255	6,279,226	8,020,393
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1) .....					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. TOTAL of Above Lines 26 to 31 .....					
33. TOTAL investment in parent included in Lines 26 to 31 above .....					

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

If no, please explain::

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

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	L		255,661,173					255,661,173	
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	N								
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Marianas Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X		255,661,173					255,661,173	
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	(a) 1		255,661,173					255,661,173	
<b>DETAILS OF WRITE-INS</b>									
5801.	X X X								
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

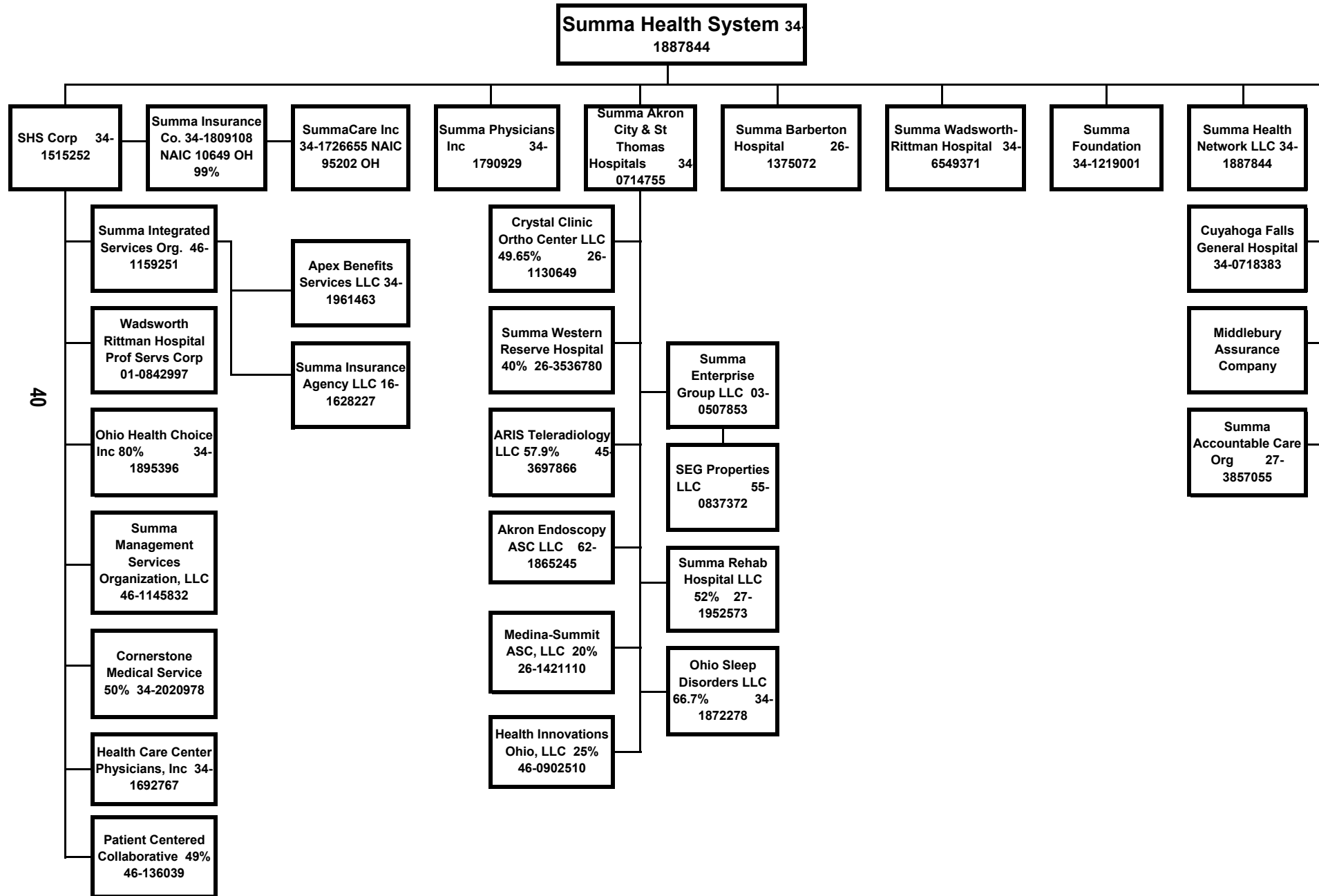
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

## MEMBERS OF A HOLDING COMPANY GROUP

### PART 1 - ORGANIZATIONAL CHART



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