Amended Explanation Page

Summa Insurance Company
Amended Cover Page
12/31/13

Summa Insurance Company has amended the 12/31/13 Annual Statement to correct discrepancies discovered by the NAIC related to Schedule S Part 7, Schedule T, and Notes to the Financial Statement.

The Annual Statement pages affected by these changes were:

26
37
38

10649201320100105 2013 Document Code: 201

ANNUAL STATEMENT

For the Year Ending December 31, 2013

OF THE CONDITION AND AFFAIRS OF THE

Summa Insurance Company, Inc.

NAIC Group Code 3259 (Current Period), 3259 (Prior Period) NAIC Company Code 10649 Employer's ID Number 34-1809108

Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio

Country of Domicile United States of America

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

Incorporated/Organized 08/07/1995 Commenced Business 02/01/1996

Statutory Home Office 10 North Main Street (Street and Number), Akron, OH, 44308 (City or Town, State, Country and Zip Code)

Main Administrative Office 10 North Main Street (Street and Number)

Akron, OH, 44308 (City or Town, State, Country and Zip Code) (330)996-8410 (Area Code) (Telephone Number)

Mail Address P.O. Box 3620 (Street and Number or P.O. Box), Akron, OH, 44309 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 10 North Main Street (Street and Number)

Akron, OH, 44308 (City or Town, State, Country and Zip Code) (330)996-8410 (Area Code) (Telephone Number)

Internet Website Address SummaCare.com

Statutory Statement Contact Roy Douglas Hall (Name) (330)996-8410-62057 (Area Code)(Telephone Number)(Extension)

hallroy@summacare.com (E-Mail Address) (330)996-8553 (Fax Number)

OFFICERS

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

OTHERS

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

DIRECTORS OR TRUSTEES

Martin Paul Hauser
Vincent Hadar Johnson Jr. M.D.
Erik Newman Steele D.O. #
Richard Allen Merolla
Kenneth Eugene Berkovitz M.D.
Richard Howard Marsh
Rajiv Vishnu Taliwal M.D.
Thomas Gene Knoll
Thomas Joseph Strauss
John Byron Silvers Ph.D.
Jay Curtis Williamson M.D.
Bradley Hall Crombie M.D.
Kathleen Tirbovich Geier
James Ross McIlvaine #

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

Subscribed and sworn to before me this 20th day of March, 2014

a. Is this an original filing? Yes[ ] No[X]
b. If no, 1. State the amendment number 2
2. Date filed 03/20/2014
3. Number of pages attached 3

(Notary Public Signature)

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

The ODI recognizes only statutory accounting practices prescribed or permitted by the State of Ohio (the State) for determining its solvency under Ohio Insurance Law. NAIC SAP has been adopted as a component of the prescribed or permitted practices by the State with some modifications. These modifications include a five-year life on Electronic Data Processing (EDP) equipment and a 90-day limitation on collection of affiliate balances. Accordingly, the admitted assets, liabilities, capital and surplus of the Company as of December 31, 2013 and December 31, 2012 and the results of its operations and its cash flow for the years then ended have been determined in accordance with accounting principles prescribed or permitted by the ODI. Management believes the difference in capital and surplus between NAIC SAP and accounting principles prescribed or permitted by the ODI is not material.

	State of Domicile	12/31/2013	12/31/2012
Net Income			
1) SummaCare state basis (Page 4, Line 32, Columns 2 & 3)	OH	(10,566,667)	(2,054,229)
2) State Prescribed Practices that increase / (decrease) NAIC SAP	OH	-	-
3) State Permitted Practices that increase / (decrease) NAIC SAP:	OH	-	-
4) NAIC SAP	OH	(10,566,667)	(2,054,229)
Surplus			
5) SummaCare state basis (Page 3, Line 33, Columns 3 & 4)	OH	29,767,075	57,954,975
6) State Prescribed Practices that increase / (decrease) NAIC SAP	OH	-	-
7) State Permitted Practices that increase / (decrease) NAIC SAP:	OH	-	-
8) NAIC SAP	OH	29,767,075	57,954,975

B. Use of Estimates

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

C. Accounting Policy

The Company uses the following accounting policies:

1) Cash and Short-Term Investments

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

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

3) Common stocks – None.

Notes to Financial Statements

4) Preferred stocks – None.

5) Mortgage loans on real estate – None.

6) Loan backed securities – None.

7) Investments in subsidiaries, controlled and affiliated entities

On November 15, 2013 the Company's subsidiary, SummaCare, Inc., converted from a for-profit corporation to a nonprofit corporation under Ohio law. At the time of conversion, the holder of all issued and outstanding shares of Common stock (Summa Insurance Company) became a Common Member of the Corporation and such issued and outstanding shares of Common stock were cancelled and extinguished. In addition, the holder of all issued and outstanding shares of Class A Preferred stock (Summa Health System) became a Class A Preferred Member of the Corporation and such issued and outstanding shares of Class A Preferred stock were cancelled and extinguished.

Due to the conversion of SummaCare from a for-profit corporation to a non-profit corporation, the Company now classifies its investment in SummaCare as Other Invested Assets on the Assets page of the Annual Statement dated December 31, 2013. In previous statement filings, the Company's investment in SummaCare was classified as common stock. The Company's investment in SummaCare is carried at audited statutory equity and is a nonadmitted asset according to the Ohio Department of Insurance.

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

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

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

11) The cost of healthcare services is recognized in the period in which services are provided. Healthcare expenses also include an estimate of the cost of services provided to SIC members by third party providers, which have been incurred but not reported to SIC. The estimate for incurred but not reported claims is based on actuarial projections of costs using historical paid claims data. Estimates are continually monitored and reviewed and, as settlements are made or estimates are adjusted, differences are reflected in current operations. Such estimates are subject to the impact of changes in the regulatory environment and economic conditions. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. While the ultimate amount of claims paid are dependent on future developments, management is of the opinion that the reserves for claims and the cost to process claims make a reasonable and appropriate provision to cover such claims.

12) The Company's capitalization policy and predefined thresholds have not changed from the prior period.

13) Pharmaceutical rebates are reported as a reduction of prescription drug expense. Receivables related to pharmaceutical rebates are recorded in accordance with SSAP No. 84, Certain Health Care Receivables and Receivables Under Government Insured Plans. Pharmacy rebates receivable are estimated by multiplying the most recent rebate received by three (three quarters).

2. Accounting Changes and Corrections of Errors

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

3. Business Combinations and Goodwill

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

4. Discontinued Operations

1) The Company entered into an agreement dated July 31, 2012 to sell its subsidiaries, Apex Benefits Services and Summa Insurance Agency, LLC, to Summa Integrated Services Organization for $8,086,075 in cash. The loss from the disposal of $45,984 was recorded as a reduction to capital and surplus.

2) The sale was completed on September 30, 2012.

3) Apex Benefits Services and Summa Insurance Agency were single members LLC's with Summa Insurance Company being the sole member. Summa Insurance Company transferred its membership to Summa Integrated Services Organization on the disposal date. This sale was approved by the Ohio Department of Insurance.

4) As of the balance sheet date, there are no remaining assets or liabilities of Apex Benefits Services, LLC or Summa Insurance Agency, LLC.

Notes to Financial Statements

5) The amounts related to Discontinued Operations and the effect on the Company's Balance Sheet and Statement of Revenue and Expenses is as follows:

Balance Sheet as of December 31, 2012

Assets			
a.	Line 5	Cash	$8,086,075
b.	Line 8	Other invested assets	($8,132,059)
c.	Line 28	Totals	($45,984)
Liabilities and Other Funds			
e.	Line 33	Total Capital and Surplus	($45,984)
f.	Line 34	Total	($45,984)

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.

H. Restricted Assets – 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.

8. Derivative Instruments – None.

9. Income Taxes

A. The components of deferred tax asset / liability at December 31, 2013 and December 31, 2012 are as follows:

Notes to Financial Statements

	12/31/13			12/31/2012			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
1.									
(a) Gross Deferred Tax Assets	$11,540,434	$0	$11,540,434	$1,417,749	$0	$1,417,749	$10,122,685	$0	$10,122,685
(b) Statutory Valuation Allowance Adjustments	$10,668,180	$0	$10,668,180	$0	$0	$0	$10,668,180	$0	$10,668,180
(c) Adjusted Gross DTA's (1a-1b)	$872,254	$0	$872,254	$1,417,749	$0	$1,417,749	($545,495)	$0	($545,495)
(d) DTA's Nonadmitted	$0	$0	$0	$0	$0	$0	$0	$0	$0
(e) Subtotal Net DTA's (1c-1d)	$872,254	$0	$872,254	$1,417,749	$0	$1,417,749	($545,495)	$0	($545,495)
(f) Deferred Tax Liabilities	$305,044	$0	$305,044	$476,117	$0	$476,117	($171,073)	$0	($171,073)
(g) Net Admitted DTA / Net DTL (1e-1f)	$567,210	$0	$567,210	$941,632	$0	$941,632	($374,422)	$0	($374,422)
2.									
Admission Calculation Components SSAP No. 101									
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	$0	$0	$0	$189,992	$0	$189,992	($189,992)	$0	($189,992)
(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)	$872,254	$0	$872,254	$1,227,757	$0	$1,227,757	($355,503)	$0	($355,503)
1. Adjusted Gross DTA's Expected to be Realized Following the Balance Sheet Date.	$872,254	$0	$872,254	$1,227,757	$0	$1,227,757	($355,503)	$0	($355,503)
2. Adjusted Gross DTA's Allowed Per Limitation Threshold.	XXX	XXX	$4,379,980	XXX	XXX	$8,480,584	XXX	XXX	($4,100,604)
(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))	$872,254	$0	$872,254	$1,417,749	$0	$1,417,749	($545,495)	$0	($545,495)
3.	2013	2012							
(a) Ratio Percentage used To Determine Recovery Period And Threshold Limitation Amount.	344%	471%							
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2 (b) 2 Above.	$29,199,865	$56,537,226							

	12/31/2013			12/31/2012		
	Ordinary	Capital	Total	Ordinary	Capital	Total
4.						
Impact of Tax-Planning Strategies						
(a) Determination of Adjusted Gross DTA's and Net Admitted DTA's By Tax Character as a percentage.						
1. Adjusted Gross DTA's from 9A1c	$872,254	$0	$872,254	$1,417,749	$0	$1,417,749
2. Percentage of Adjusted Gross DTA's	0%	0%	0%	0%	0%	0%
3. Net Admitted Gross DTA's 9A1e	$872,254	$0	$872,254	$1,417,749	$0	$1,417,749
4. Percentage of Net Admitted Adjusted Gross DTA's because of tax planning.	0%	0%	0%	0%	0%	0%
(b) Does the Company's tax planning strategies include reinsurance?	Yes ____	No X				

B. Regarding deferred tax liabilities not recognized – None.

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

	12/31/2013	12/31/2012	Change
1. Current Income Tax			
(a) Federal	($5,327,814)	($952,475)	($4,375,339)
(b) Foreign	$0	$0	$0
(c) Subtotal	($5,327,814)	($952,475)	($4,375,339)
(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	($5,327,814)	($952,475)	($4,375,339)
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Unpaid Losses	$86,082	$109,156	($23,074)
(2) Unearned Premium Reserve	$332,797	$403,684	($70,887)
(3) Policyholder Reserves	$0	$0	$0
(4) Investments	$10,397,986	$0	$10,397,986
(5) Deffered Acquisition Costs	$0	$0	$0
(6) Policyholder Dividends Accrual	$0	$0	$0
(7) Fixed Assets	$38,197	$204,357	($166,160)
(8) Compensation and Benefits Accrual	$453,375	$470,685	($17,310)
(9) Pension Accrual	$0	$0	$0
(10) Receivables - Nonadmitted	$212,457	$226,437	($13,980)
(11) Net Operating Loss Carry-Forward	$0	$0	$0
(12) Other (Including items < 5% of total ordinary assets)	$19,540	$3,430	$16,110
Subtotal	$11,540,434	$1,417,749	$10,122,685
(b) Statutory Valuation Allowance	$10,668,180	$0	$10,668,180
(c) Nonadmitted	$0	$0	$0
(d) Admitted Ordinary Deferred Tax Assets	$872,254	$1,417,749	($545,495)
(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	$872,254	$1,417,749	($545,495)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	$123,907	$196,658	($72,752)
(2) Fixed Assets	$180,128	$279,458	($99,330)
(3) Deferred and Uncollected Premium	$0	$0	$0
(4) Policyholder Reserves	$0	$0	$0
(5) Other	$1,009	$0	$1,009
Subtotal	$305,044	$476,117	($171,073)
(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	$305,044	$476,117	($171,073)
4. Net Deferred Tax Assets / Liabilities	$567,210	$941,632	($374,422)

Notes to Financial Statements

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, 2013	Effective Tax Rate
Provision computed at statutory rate	($5,404,124)	34.0%
Change in deferred income taxes	($374,422)	2.4%
Change in valuation allowance	$10,668,180	-67.1%
Change in nonadmitted assets	($10,217,846)	64.3%
Other Adjustments	$398	0.0%
Total statutory income taxes incurred	($5,327,814)	33.5%

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

1. The company does not have net operating loss or tax credit carry-forwards as of December 31, 2013.
2. 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: None
3. The Company has no protective tax deposits reported as admitted assets under Section 6603 of the internal Revenue Service Code as of December 31, 2013 and December 31, 2012.

F. Consolidation of Federal Income Tax Return

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

10. Information Concerning Parent, Subsidiaries, and Affiliates

A. Nature of the Relationships

Summa Insurance Company, Inc. (SIC or Company) is incorporated as a domestic stock property and casualty company. As such, SIC offers groups preferred provider products through which enrolled members elect to receive care from a Summa Preferred Provider ("network provider") or a non-network provider at the member's option. Subsidiaries and affiliated organizations of SIC include Summa Health System Community, HealthSpan Partners, Summa Health System (SHS), 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 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, Summa Robinson Health Ventures.

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

Notes to Financial Statements

B. & C. Transactions with Affiliated Organizations

The operating activities with affiliated entities as of December 31, 2013 and December 31, 2012 are as follows:

	2013	2012
Claims expense related to affiliated entities:		
SACH/STH	23,322,767	21,808,247
SPI	2,208,350	2,078,293
BCH	3,298,171	3,007,046
WRH	1,017,630	849,581
Management fees charged to SIC from SC	—	12,283,564
Management fees charged to SIC from Apex	671,490	312,648
Management fees charged to SIC from SMSO	10,497,082	0
Corporate expense allocation paid to SHS	1,485,412	1,500,000

D. Balance outstanding with affiliated entities as of December 31, 2013 and December 31, 2012:

	Due from		Due to	
	2013	2012	2013	2012
SummaCare	37,435,158	—	—	3,935,185
Apex	—	—	148,983	496,960
ACO	13,527	—	—	—
SACH/STH	—	—	—	173,869
SIA	44,267	—	—	—
SMSO	—	—	468,266	—
	$ 37,492,952	—	617,249	4,606,014

E. Guarantees or undertakings – None.

F. SIC members receive various medical services from SACH/STH and other SHS subsidiaries. Certain members of the board of directors of the Company are members of the board of trustees of SACH/STH's and SHS's subsidiary and affiliated organizations. During 2012, SIC contracted to receive administrative and claims processing services from SC. In 2013, a cost restructuring initiative was implemented to better match administrative expenses to the company that incurred the expense. This restructuring includes 1) the creation of SMSO to administer and allocate employee services to the appropriate company, and 2) the direct charge back of non-employee expenses to the company that incurred the expense 3) the elimination of the chargeback of administrative expenses from SC to SIC and Apex.

G. All outstanding shares of common stock are owned by the parent, Summa Health System Corporation.

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

I. The Company owns a 100% common membership interest in SummaCare, Inc.

J. Investments in impaired SCA entities – None.

K. Investments in foreign insurance subsidiaries – None.

L. Investment in downstream noninsurance holding company – None.

11. Debt

SIC has no debt as of December 31, 2013.

12. Retirement Plans – None.

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

1) As of December 31, 2013, SHS owned all of the 100 authorized and outstanding shares of SIC Class A common stock. SHS also owns all of the 606,463 outstanding shares of SIC Class C common stock with a par value of $.0001 per share.

2) Dividend rate, liquidation value and redemption schedule of preferred stock issues - None

Notes to Financial Statements

3) Dividend restrictions – In accordance with the Ohio Revised Code, the Company must receive approval from ODI to pay a dividend or distribution during 2014, 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, 2013, or (b) the Company's net gain from operations for the year ended December 31, 2013. Accordingly, during 2014, prior approval from the ODI is required for any dividend or distribution payment which exceeds $2,976,708.

4) Dates and amounts of dividends paid – None.

5) Portion of reporting entities profits that may be paid as ordinary dividends - Reference number 3 above.

6) Restrictions on unassigned funds – None.

7) Mutual 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 – $31,319,530

    Unrealized Gains (Losses) - $64,673

11) Surplus notes

Date Issued	Interest Rate	Par Value Face Amount	Carrying Value	Interest and / or Principal Paid Current Year	Total Interest and / or Principal Paid	Unapproved Interest and / or Principal	Date of Maturity
2/18/2014	3.25%	$35,000,000	$35,000,000	$0	$0	$0	3/1/2044

The surplus note in the amount of $35 million, listed in the above table, was issued to SummaCare, Inc. (subsidiary) in exchange for $35 million.

The surplus note listed in the above table is governed by the laws of the State of Ohio and shall be effective on February 18, 2014.

The surplus note has the following repayments conditions and restrictions:

(a) No principal payment shall be permitted on this Surplus Note unless such payment has received the prior approval of the Superintendent of the Ohio Department of Insurance (the "**Superintendent**").

(b) Periodic interest payments shall be paid as required under the terms of this Surplus Note, subject to the prior approval of the Superintendent.

(c) Not less than thirty (30) days prior to each Scheduled Interest Payment Date or Scheduled Maturity Date hereof, Borrower will seek the approval of the Superintendent to make each payment of interest on and the principal of this Surplus Note. In the event the Superintendent does not approve Borrower's request to make an interest or principal payment as scheduled herein, Borrower shall promptly notify Lender. The Scheduled Interest Payment Date or Scheduled Maturity Date, as the case may be, shall be extended and such payment or any unpaid portion thereof shall be made by Borrower on the next following Business Day on which Borrower shall have the approval of the Superintendent to make such payment or any unpaid portion thereof. Interest will continue to accrue on any such unpaid principal through the actual date of payment at the rate of interest stated on the face hereof. Interest will not accrue on interest with respect to which the Scheduled Interest Payment Date has been extended, during such period of extension.

(d) Subject to the prior approval of the Superintendent, Borrower may repay the principal hereof, or any part thereof, at any time prior to the Scheduled Maturity Date, without any penalty or premium whatsoever.

The surplus note has the following subordination and liquidation terms:

(a) In the event of the dissolution, liquidation, receivership, insolvency or bankruptcy of Borrower, repayment of principal and payment of interest under this Surplus Note shall be subordinated to the prior payment of, or provision for, all liabilities (including claim and policyholder liabilities) as reported in the statutory statement of assets and liabilities of Borrower, other than debts owed by Borrower to other holders of surplus notes issued by Borrower, with which this Surplus Note shall rank pari passu, but shall rank superior to the claim, interest, and equity arising in any equity interest in the Borrower held by its members.

12) Restatement in a quasi-reorganization – Not applicable

Notes to Financial Statements

13) Quasi-reorganization – Not applicable.

14. Contingencies

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

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

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

. A. Contingent commitments – None.

B. Assessments – None

C. Gain contingencies – None.

D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits – None.

E. All other contingencies – None.

15. Leases – None.

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

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

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

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

Not applicable.

20. Fair Value Measurement – The Company does not have any financial instruments carried at fair value.

21. Other Items

A. Extraordinary Items – None.

B. Troubled Debt Restructuring – None.

C. Other Disclosures and Unusual Items

Stock Option Plan

Under the 2000 Summa Insurance Company, Inc. Nonqualified Stock Option Plan (the Plan), the Company granted options to certain SHN (formerly Akron City Health System) physicians for the purchase of up to 38,190 restricted shares of Class B common stock. Under the Plan, the exercise price of each option is $50, and an option's maximum term is 10 years. Options were granted on January 1, 2000 and vested immediately as there is no requirement for future performance. The Plan also has a mandatory redemption period of three years, in which during the first 10 days of December 2001, 2002, and 2003, each participant has the right to require the Company to purchase all or part of the shares held by the participant, which are free of restrictions, at a purchase price equal to the fair market value of the shares at September 30 of the year during which the right is exercised. For participants that retire, resign from SHN or die during the year, the shares held by the participant are redeemed at the current market value**.** In November 2013, all of the independent

Notes to Financial Statements

physician shareholders' 6,617 shares of SIC Class B common stock were redeemed. In 2012, no options were exercised and no shares were redeemed.

D. **Business Interruption Insurance Recoveries** – None.

E. **State Transferable and Non-transferable Tax Credits** – None.

F. **Subprime Mortgage Related Exposure** – None.

G. **Retained Assets** – None.

22. Events Subsequent

Type I – Recognized Subsequent Events

On February 27, 2014, the Ohio Department of Insurance approved a transaction in which Summa Insurance Company issued a $35 million Surplus Note to its subsidiary, SummaCare, Inc. Summa Insurance Company recorded this transaction as an Amount Due from Subsidiary on the Assets page with a corresponding amount recorded as Surplus Notes on the Liabilities, Capital and Surplus page. SummaCare paid $35 million to Summa Insurance Company on February 27, 2014.

Type II – Nonrecognized Subsequent Events

On January 1, 2014, the Company will be subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, 2014. As of December 31, 2013, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2014, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2014 to be $3,162,000. This assessment is expected to impact risk based capital by 24%.

H. ACA fee assessment payable - $3,162,000

I. Assessment expected to affect RBC – 24%

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?

Notes to Financial Statements

Yes ( ) No (X)

a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. $______

b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement? $______

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

Yes ( ) No (X)

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. $0

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

Yes ( ) No (X)

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

B. **Uncollectible Reinsurance –** None.

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

D. **Certified Reinsurer Rating Downgraded or Status Subject to Revocation –** None.

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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:

		2013	2012
Balance at January 1	$	21,157,500	17,145,575
Prior Year Adjustment - Reinsurance		—	—
Incurred related to:			
Current year		206,281,749	183,034,142
Prior years		(2,811,370)	(1,666,952)
Total		203,470,379	181,367,190
Paid related to:			
Current year		183,146,611	161,880,642
Prior years		18,337,130	15,474,623
Total		201,483,741	177,355,265
Balance at End of Period	$	23,144,138	21,157,500

Reserves as of December 31, 2012 were $21,157,500. As of December 31, 2013, $18,337,130 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years are $9,000 as a result

Notes to Financial Statements

of re-estimation of unpaid claims principally on the PPO lines of insurance. Therefore, there has been $2,811,370 in favorable experience from December 31, 2012 to December 31, 2013. This favorable experience is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements – None.

27. Structured Settlements – None.

28. Healthcare Receivables

The company receives pharmacy rebates on a quarterly basis. As of December 31, 2013, a receivable was recorded equal to three quarters of rebates. Pharmacy rebates receivable are estimated by multiplying the most recent rebate received by three (three quarters). The admission of pharmacy rebates receivable are subject to the terms stated within SSAP No. 84 (Certain Healthcare Receivables).

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2013	$528,500	$0	$0	$0	$0
9/30/2013	$608,000	$214,014	$0	$0	$214,014
6/30/2013	$590,599	$369,321	$0	$0	$369,321
3/31/2013	$488,000	$469,825	$0	$0	$469,825
12/31/2012	$624,017	$479,046	$0	$0	$479,046
9/30/2012	$556,521	$494,997	$0	$0	$494,997
6/30/2012	$719,351	$594,181	$0	$0	$594,181
3/31/2012	$533,731	$432,372	$0	$0	$432,372
12/31/2011	$1,007,250	$779,591	$0	$0	$779,591
9/30/2011	$919,063	$840,010	$0	$0	$840,010
6/30/2011	$843,955	$821,800	$0	$0	$821,800
3/31/2011	$842,961	$834,830	$0	$0	$834,830

29. Participating Policies – None.

30. Premium Deficiency Reserves

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

1. Liability carried for premium deficiency reserve: $0
2. Date of the most recent evaluation of this liability: December 31, 2013
3. Was anticipated investment income utilized in the calculation? YES

31. Anticipated Salvage Value and Subrogation – Not applicable.

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 Plan 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	223,087,283						223,087,283	
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	N								
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	XXX								
59. Subtotal	XXX	223,087,283						223,087,283	
60. Reporting entity contributions for Employee Benefit Plans	XXX								
61. TOTAL (Direct Business)	(a) 1	223,087,283						223,087,283	
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX								

(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.: The Company only has business in the State of Ohio.