



10649201320100100

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[ <input checked="" type="checkbox"/> ] Dental Service Corporation[ <input type="checkbox"/> ] Other[ <input type="checkbox"/> ]	Property/Casualty[ <input checked="" type="checkbox"/> ] Vision Service Corporation[ <input type="checkbox"/> ] Is HMO Federally Qualified? Yes[ <input type="checkbox"/> ] No[ <input checked="" type="checkbox"/> ] N/A[ <input type="checkbox"/> ]	Hospital, Medical & Dental Service or Indemnity[ <input type="checkbox"/> ] Health Maintenance Organization[ <input type="checkbox"/> ]			
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)			
Primary Location of Books and Records	10 North Main Street (Street and Number)		Akron, OH, 44308 (City or Town, State, Country and Zip Code)			
Internet Website Address	SummaCare.com		(Area Code) (Telephone Number)			
Statutory Statement Contact	Roy Douglas Hall (Name) hallroy@summacare.com (E-Mail Address)		(330)996-8410-62057 (Area Code)(Telephone Number)(Extension) (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	Thomas Gene Knoll
Vincent Hadar Johnson Jr. M.D.	Thomas Joseph Strauss
Erik Newman Steele D.O. #	John Byron Silvers Ph.D.
Richard Allen Merolla	Jay Curtis Williamson M.D.
Kenneth Eugene Berkovitz M.D.	Bradley Hall Crombie M.D.
Richard Howard Marsh	Kathleen Tirbovich Geier
Rajiv Vishnu Taliwal M.D.	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)  
Martin Paul Hauser  
(Printed Name)  
1.  
CEO  
>Title)

(Signature)  
Claude Maurius Vincenti  
(Printed Name)  
2.  
President  
>Title)

(Signature)  
James Edward McNutt  
(Printed Name)  
3.  
Vice President - Finance, CFO  
>Title)

Subscribed and sworn to before me this  
28th day of February, 2014

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

Yes[] 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) .....	11,802,924		11,802,924	15,043,516
2. Stocks (Schedule D)				
2.1 Preferred stocks .....				
2.2 Common Stocks .....				52,161,524
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 (\$.....7,337,922, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....361,373, Schedule DA) .....	7,699,295		7,699,295	21,023,811
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....	30,582,313	24,864,410	5,717,903	
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) .....	50,084,532	24,864,410	25,220,122	88,228,851
13. Title plants less \$.....0 charged off (for Title insurers only) .....	56,969		56,969	98,057
14. Investment income due and accrued .....				
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	954,062	79,128	874,934	746,025
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 .....	443,987		443,987	350,123
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				16,210
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....	1,739,894		1,739,894	
18.2 Net deferred tax asset .....	567,210		567,210	941,632
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....	812,426		812,426	1,644,917
21. Furniture and equipment, including health care delivery assets (\$.....0) .....	112,343	112,343		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	37,492,952		37,492,952	
24. Health care (\$.....388,446) and other amounts receivable .....	847,419	458,973	388,446	3,272,571
25. Aggregate write-ins for other than invested assets .....	86,773	86,773		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	93,198,567	25,601,627	67,596,940	95,298,386
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	93,198,567	25,601,627	67,596,940	95,298,386
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. <b>TOTALS</b> (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. Prepaid Expenses .....	86,773	86,773		
2502. Deferred gain on sale of bonds to SummaCare .....				
2503. Pharmacy Rebates .....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. <b>TOTALS</b> (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	86,773	86,773		

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded) .....	23,144,138		23,144,138	21,157,500
2. Accrued medical incentive pool and bonus amounts .....	216,000		216,000	128,000
3. Unpaid claims adjustment expenses .....	462,191		462,191	291,396
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act .....				1,128,000
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserves .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....	4,894,070		4,894,070	5,936,530
9. General expenses due or accrued .....	1,954,618		1,954,618	1,976,416
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....				625,554
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....				
13. Remittances and items not allocated .....				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15. Amounts due to parent, subsidiaries and affiliates .....	617,249		617,249	4,606,014
16. Derivatives .....				
17. Payable for securities .....				
18. Payable for securities lending .....				
19. Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....823,696 unauthorized reinsurers and \$.....0 certified reinsurers) .....	823,696		823,696	1,494,001
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) .....	32,111,962		32,111,962	37,343,411
25. Aggregate write-ins for special surplus funds .....	XXX	XXX		
26. Common capital stock .....	XXX	XXX	2,500,062	2,500,062
27. Preferred capital stock .....	XXX	XXX		
28. Gross paid in and contributed surplus .....	XXX	XXX	32,866,381	33,589,064
29. Surplus notes .....	XXX	XXX	35,000,000	
30. Aggregate write-ins for other than special surplus funds .....	XXX	XXX		
31. Unassigned funds (surplus) .....	XXX	XXX	(34,881,465)	21,919,428
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$.....0) .....	XXX	XXX		53,579
32.2 .....0 shares preferred (value included in Line 27 \$.....0) .....	XXX	XXX		
33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) .....	XXX	XXX	35,484,978	57,954,975
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) .....	XXX	XXX	67,596,940	95,298,386
<b>DETAILS OF WRITE-INS</b>				
2301. Minority Interest .....				
2302. Deferred gain on sale of bonds to SummaCare, Inc. .....				
2303. Miscellaneous .....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				
2501. .....	XXX	XXX		
2502. .....	XXX	XXX		
2503. .....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	XXX	XXX		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	XXX	XXX		
3001. .....	XXX	XXX		
3002. .....	XXX	XXX		
3003. .....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page .....	XXX	XXX		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	XXX	XXX		

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
	XXX	680,957	663,646
1. Member Months .....	XXX .....	680,957	663,646
2. Net premium income (including \$.....0 non-health premium income) .....	XXX .....	219,611,297	205,246,012
3. Change in unearned premium reserves and reserve for rate credits .....	XXX .....	.....	.....
4. Fee-for-service (net of \$.....0 medical expenses) .....	XXX .....	.....	.....
5. Risk revenue .....	XXX .....	.....	.....
6. Aggregate write-ins for other health care related revenues .....	XXX .....	.....	.....
7. Aggregate write-ins for other non-health revenues .....	XXX .....	.....	.....
8. TOTAL Revenues (Lines 2 to 7) .....	XXX .....	219,611,297	205,246,012
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....	.....	175,379,308	155,566,679
10. Other professional services .....	.....	.....	.....
11. Outside referrals .....	.....	.....	.....
12. Emergency room and out-of-area .....	.....	.....	.....
13. Prescription drugs .....	.....	32,569,135	28,381,614
14. Aggregate write-ins for other hospital and medical .....	.....	.....	.....
15. Incentive pool, withhold adjustments and bonus amounts .....	.....	160,434	201,106
16. Subtotal (Lines 9 to 15) .....	.....	208,108,877	184,149,399
<b>Less:</b>			
17. Net reinsurance recoveries .....	.....	4,478,064	2,581,103
18. TOTAL Hospital and Medical (Lines 16 minus 17) .....	.....	203,630,813	181,568,296
19. Non-health claims (net) .....	.....	.....	.....
20. Claims adjustment expenses, including \$.....378,172 cost containment expenses .....	.....	3,266,492	1,547,276
21. General administrative expenses .....	.....	28,931,670	25,435,496
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) .....	.....	235,828,975	208,551,068
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX .....	(16,217,678)	(3,305,056)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	.....	312,130	326,288
26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....	.....	6,742	.....
27. Net investment gains (losses) (Lines 25 plus 26) .....	.....	318,872	326,288
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 .....	.....	4,325	(27,936)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX .....	(15,894,481)	(3,006,704)
31. Federal and foreign income taxes incurred .....	XXX .....	(5,327,814)	(952,475)
32. Net income (loss) (Lines 30 minus 31) .....	XXX .....	(10,566,667)	(2,054,229)
<b>DETAILS OF WRITE-INS</b>			
0601. .....	XXX .....	.....	.....
0602. .....	XXX .....	.....	.....
0603. .....	XXX .....	.....	.....
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX .....	.....	.....
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX .....	.....	.....
0701. .....	XXX .....	.....	.....
0702. .....	XXX .....	.....	.....
0703. .....	XXX .....	.....	.....
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX .....	.....	.....
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	XXX .....	.....	.....
1401. .....	.....	.....	.....
1402. .....	.....	.....	.....
1403. .....	.....	.....	.....
1498. Summary of remaining write-ins for Line 14 from overflow page .....	.....	.....	.....
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	.....	.....	.....
2901. Gain on the sale of fixed assets .....	.....	.....	.....
2902. Miscellaneous Income (Expense) .....	.....	4,325	(27,936)
2903. Finance and service charges not included in premiums .....	.....	.....	.....
2998. Summary of remaining write-ins for Line 29 from overflow page .....	.....	.....	.....
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....	.....	4,325	(27,936)

**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 .....	57,954,975	53,913,223
34. Net income or (loss) from Line 32 .....	(10,566,667)	(2,054,229)
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	(21,579,211)	3,239,746
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....	(374,422)	71,751
39. Change in nonadmitted assets .....	(24,269,253)	2,770,420
40. Change in unauthorized and certified reinsurance .....		
41. Change in treasury stock .....	53,579	
42. Change in surplus notes .....	35,000,000	
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 .....	(722,683)	
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 .....	(11,340)	14,064
48. Net change in capital and surplus (Lines 34 to 47) .....	(22,469,997)	4,041,752
49. Capital and surplus end of reporting year (Line 33 plus 48) .....	35,484,978	57,954,975
<b>DETAILS OF WRITE-INS</b>		
4701. Deferred gain on sale of bonds to SummaCare, Inc. ....		14,064
4702. Gain on sale of bonds .....	(11,340)	
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....		
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	(11,340)	14,064

**CASH FLOW**

		1 Current Year	2 Prior Year
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	218,439,928	205,565,148
2.	Net investment income .....	332,937	316,936
3.	Miscellaneous income .....		
4.	Total (Lines 1 through 3) .....	218,772,865	205,882,084
5.	Benefit and loss related payments .....	202,761,829	176,379,740
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	32,044,840	27,310,538
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	(2,962,366)	(6,979)
10.	Total (Lines 5 through 9) .....	231,844,303	203,683,299
11.	Net cash from operations (Line 4 minus Line 10) .....	(13,071,438)	2,198,785
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	9,235,402	4,090,000
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		8,086,075
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	9,235,402	12,176,075
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	5,979,126	4,485,469
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) .....	5,979,126	4,485,469
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) .....	3,256,276	7,690,606
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....	35,000,000	
16.2	Capital and paid in surplus, less treasury stock .....	(669,104)	
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) .....	(37,840,250)	891,039
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(3,509,354)	891,039
<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) .....	(13,324,516)	10,780,430
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	21,023,811	10,243,381
19.2	End of year (Line 18 plus Line 19.1) .....	7,699,295	21,023,811

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

20.0001	.....	.....	.....
---------	-------	-------	-------

## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

## DETAILS OF WRITE-INS

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical) .....	221,580,522	.....	3,475,986	218,104,536
2. Medicare Supplement .....	120,435	.....	.....	120,435
3. Dental only .....	.....	.....	.....	.....
4. Vision only .....	.....	.....	.....	.....
5. Federal Employees Health Benefits Plan .....	.....	.....	.....	.....
6. Title XVIII - Medicare .....	.....	.....	.....	.....
7. Title XIX - Medicaid .....	.....	.....	.....	.....
8. Other health .....	1,386,326	.....	.....	1,386,326
9. Health subtotal (Lines 1 through 8) .....	223,087,283	.....	3,475,986	219,611,297
10. Life .....	.....	.....	.....	.....
11. Property/casualty .....	.....	.....	.....	.....
12. TOTALS (Lines 9 to 11) .....	223,087,283	.....	3,475,986	219,611,297

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	205,961,805	204,762,054	66,594						1,133,157	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	350,123	350,123								
1.4 Net	205,611,682	204,411,931	66,594						1,133,157	
2. Paid medical incentive pools and bonuses	72,434	72,434								
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	23,144,138	23,105,604	14,077						24,457	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	23,144,138	23,105,604	14,077						24,457	
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	216,000	216,000								
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	21,157,500	21,146,558	10,942							
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	21,157,500	21,146,558	10,942							
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	128,000	128,000								
11. Amounts recoverable from reinsurers December 31, prior year	350,123	350,123								
12. Incurred benefits:										
12.1 Direct	207,948,443	206,721,100	69,729						1,157,614	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded										
12.4 Net	207,948,443	206,721,100	69,729						1,157,614	
13. Incurred medical incentive pools and bonuses	160,434	160,434								

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

# UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Compre- hensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 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 .....	23,144,138	23,105,604	14,077	.....	.....	.....	.....	.....	24,457	.....
2.2 Reinsurance assumed .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.3 Reinsurance ceded .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.4 Net .....	23,144,138	23,105,604	14,077	.....	.....	.....	.....	.....	24,457	.....
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 .....	23,144,138	23,105,604	14,077	.....	.....	.....	.....	.....	24,457	.....
4.2 Reinsurance assumed .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.3 Reinsurance ceded .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.4 Net .....	23,144,138	23,105,604	14,077	.....	.....	.....	.....	.....	24,457	.....

## 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	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	18,294,000	181,989,990	9,000	23,096,604	18,303,000	21,146,558
2. Medicare Supplement .....	9,000	57,594		14,077	9,000	10,942
3. Dental only .....						
4. Vision only .....						
5. Federal Employees Health Benefits Plan .....						
6. Title XVIII - Medicare .....						
7. Title XIX - Medicaid .....						
8. Other health .....	34,130	1,099,027		24,457	34,130	
9. Health subtotal (Lines 1 to 8) .....	18,337,130	183,146,611	9,000	23,135,138	18,346,130	21,157,500
10. Healthcare receivables (a) .....						
11. Other non-health .....						
12. Medical incentive pool and bonus amounts .....	72,434		72,000	144,000	144,434	128,000
13. TOTALS (Lines 9 - 10 + 11 + 12) .....	18,409,564	183,146,611	81,000	23,279,138	18,490,564	21,285,500

(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 2009	2 2010	3 2011	4 2012	5 2013
1. Prior .....					
2. 2009 .....	121,702	137,899	137,926	137,926	137,926
3. 2010 .....	XXX	119,199	132,510	132,510	132,510
4. 2011 .....	XXX	XXX	140,039	155,643	155,643
5. 2012 .....	XXX	XXX	XXX	161,880	180,289
6. 2013 .....	XXX	XXX	XXX	XXX	183,147

**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 2009	2 2010	3 2011	4 2012	5 2013
1. Prior .....	193				
2. 2009 .....	140,005	137,926	137,926	137,926	137,926
3. 2010 .....	XXX	136,348	132,511	132,510	132,510
4. 2011 .....	XXX	XXX	157,240	155,647	155,643
5. 2012 .....	XXX	XXX	XXX	183,162	180,370
6. 2013 .....	XXX	XXX	XXX	XXX	206,426

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2009 .....	145,849	137,926	15,910	11.535	153,836	105.476			153,836	105.476
2. 2010 .....	153,981	132,510	1,259	0.950	133,769	86.874			133,769	86.874
3. 2011 .....	175,693	155,643	1,376	0.884	157,019	89.371			157,019	89.371
4. 2012 .....	205,246	180,289	1,698	0.942	181,987	88.668	81		182,068	88.707
5. 2013 .....	219,611	183,147	2,672	1.459	185,819	84.613	23,279	462	209,560	95.423

**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 2009	2 2010	3 2011	4 2012	5 2013
1. Prior .....	.....	.....	.....	.....	.....
2. 2009 .....	121,702	137,899	137,926	137,926	137,926
3. 2010 .....	XXX	119,161	132,465	132,465	132,465
4. 2011 .....	XXX	XXX	136,245	151,804	151,804
5. 2012 .....	XXX	XXX	XXX	161,403	179,769
6. 2013 .....	XXX	XXX	XXX	XXX	181,990

**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 2009	2 2010	3 2011	4 2012	5 2013
1. Prior .....	193	.....	.....	.....	.....
2. 2009 .....	140,005	137,926	137,926	137,926	137,926
3. 2010 .....	XXX	136,307	132,466	132,465	132,465
4. 2011 .....	XXX	XXX	153,045	151,808	151,804
5. 2012 .....	XXX	XXX	XXX	182,674	179,850
6. 2013 .....	XXX	XXX	XXX	XXX	205,231

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2009 .....	145,849	137,926	15,910	11.535	153,836	105.476	.....	.....	153,836	105.476
2. 2010 .....	153,909	132,465	1,256	0.948	133,721	86.883	.....	.....	133,721	86.883
3. 2011 .....	171,706	151,804	1,346	0.887	153,150	89.193	.....	.....	153,150	89.193
4. 2012 .....	203,989	179,769	1,690	0.940	181,459	88.955	81	.....	181,540	88.995
5. 2013 .....	218,105	181,990	2,658	1.461	184,648	84.660	23,241	459	208,348	95.527

**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 2009	2 2010	3 2011	4 2012	5 2013
1. Prior .....	.....	.....	.....	.....	.....
2. 2009 .....	.....	.....	.....	.....	.....
3. 2010 .....	XXX	38	45	45	45
4. 2011 .....	XXX	XXX	42	57	57
5. 2012 .....	XXX	XXX	XXX	60	69
6. 2013 .....	XXX	XXX	XXX	XXX	58

**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 2009	2 2010	3 2011	4 2012	5 2013
1. Prior .....	.....	.....	.....	.....	.....
2. 2009 .....	.....	.....	.....	.....	.....
3. 2010 .....	XXX	41	45	45	45
4. 2011 .....	XXX	XXX	55	57	57
5. 2012 .....	XXX	XXX	XXX	71	69
6. 2013 .....	XXX	XXX	XXX	XXX	72

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2009 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2. 2010 .....	72	45	0	0.349	45	62.718	.....	.....	45	62.718
3. 2011 .....	95	57	1	1.794	58	61.077	.....	.....	58	61.077
4. 2012 .....	108	69	1	1.411	70	64.790	.....	.....	70	64.790
5. 2013 .....	120	58	1	1.459	59	49.039	14	14	73	60.705

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
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare .....	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare .....	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare .....	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid .....	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid .....	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid .....	NONE

# UNDERWRITING AND INVESTMENT EXHIBIT

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

### Other

#### Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior .....	.....	.....	.....	.....	.....
2. 2009 .....	.....	.....	.....	.....	.....
3. 2010 .....	XXX	.....	.....	.....	.....
4. 2011 .....	XXX	XXX	.....	3,752	3,782
5. 2012 .....	XXX	XXX	XXX	.....	417
6. 2013 .....	XXX	XXX	XXX	.....	451
					1,099

#### 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 2009	2 2010	3 2011	4 2012	5 2013
1. Prior .....	.....	.....	.....	.....	.....
2. 2009 .....	.....	.....	.....	.....	.....
3. 2010 .....	XXX	.....	.....	.....	.....
4. 2011 .....	XXX	XXX	.....	4,140	3,782
5. 2012 .....	XXX	XXX	XXX	.....	417
6. 2013 .....	XXX	XXX	XXX	.....	451
					1,123

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2009 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2. 2010 .....	.....	.....	3	.....	3	.....	.....	.....	3	.....
3. 2011 .....	3,892	3,782	29	0.758	3,811	97.910	.....	.....	3,811	97.910
4. 2012 .....	1,149	451	7	1.534	458	39.854	.....	.....	458	39.854
5. 2013 .....	1,386	1,099	13	1.212	1,112	80.254	24	3	1,139	82.202

# UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Compre- hensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
1. Unearned premium reserves .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2. Additional policy reserves (a) .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3. Reserve for future contingent benefits .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4. Reserve for rate credits or experience rating refunds (including \$##### for investment income) .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
5. Aggregate write-ins for other policy reserves .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
6. TOTALS (Gross) .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
7. Reinsurance ceded .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
8. TOTALS (Net) (Page 3, Line 4) .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
9. Present value of amounts not yet due on claims .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
10. Reserve for future contingent benefits .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
11. Aggregate write-ins for other claim reserves .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
12. TOTALS (Gross) .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
13. Reinsurance ceded .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
14. TOTALS (Net) (Page 3, Line 7) .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
<b>DETAILS OF WRITE-INS</b>									
0501. .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
0502. .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
0503. .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1101. .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1102. .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1103. .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	.....	.....	.....	.....	.....	.....	.....	.....	.....

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

**N O N E**

# 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) .....	10,730	53,651	472,126		536,507
2. Salaries, wages and other benefits .....	144,055	506,190	9,530,661		10,180,906
3. Commissions (less \$.....0 ceded plus \$.....0 assumed) .....			10,203,383		10,203,383
4. Legal fees and expenses .....			47,475		47,475
5. Certifications and accreditation fees .....					
6. Auditing, actuarial and other consulting services .....	514	4,404	558,921		563,839
7. Traveling expenses .....	982	37	63,969		64,988
8. Marketing and advertising .....	69		1,091,276		1,091,345
9. Postage, express and telephone .....	10,036	170,442	186,280		366,758
10. Printing and office supplies .....	5,223	134	397,087		402,444
11. Occupancy, depreciation and amortization .....	1,587	7,936	151,648		161,171
12. Equipment .....			33,812		33,812
13. Cost or depreciation of EDP equipment and software .....	76,734		1,378,467		1,455,201
14. Outsourced services including EDP, claims, and other services .....	116,556	1,282,591	1,169,634		2,568,781
15. Boards, bureaus and association fees .....	349		11,818		12,167
16. Insurance, except on real estate .....			162,725		162,725
17. Collection and bank service charges .....				13,163	13,163
18. Group service and administration fees .....		824,891	1,493,989		2,318,880
19. Reimbursements by uninsured plans .....					
20. Reimbursements from fiscal intermediaries .....					
21. Real estate expenses .....					
22. Real estate taxes .....					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....					
23.2 State premium taxes .....			1,325,798		1,325,798
23.3 Regulatory authority licenses and fees .....			68,261		68,261
23.4 Payroll taxes .....	9,355	38,044	510,952		558,351
23.5 Other (excluding federal income and real estate taxes) .....					
24. Investment expenses not included elsewhere .....					
25. Aggregate write-ins for expenses .....	1,982		73,388		75,370
26. TOTAL Expenses Incurred (Lines 1 to 25) .....	378,172	2,888,320	28,931,670	13,163	(a) 32,211,325
27. Less expenses unpaid December 31, current year .....		462,191	1,954,618		2,416,809
28. Add expenses unpaid December 31, prior year .....		291,396	1,976,416		2,267,812
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) .....	378,172	2,717,525	28,953,468	13,163	32,062,328

**DETAILS OF WRITE-INS**

2501. Miscellaneous Expenses .....	1,982		73,388		75,370
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) .....	1,982		73,388		75,370

(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) .....	320,529	320,529
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) .....	4,764	4,764
7. Derivative instruments .....	(f) .....	.....	.....
8. Other invested assets .....	.....	.....	.....
9. Aggregate write-ins for investment income .....	.....	.....	.....
10. Total gross investment income .....	325,293	325,293	325,293
11. Investment expenses .....	(g) .....	13,163	13,163
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) .....	.....	13,163	13,163
17. Net Investment income (Line 10 minus Line 16) .....	.....	.....	312,130
<b>DETAILS OF WRITE-INS</b>			
0901. .....	.....	.....	.....
0902. .....	.....	.....	.....
0903. .....	.....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....
0999. <b>TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)</b> .....	.....	.....	.....
1501. .....	.....	.....	.....
1502. .....	.....	.....	.....
1503. .....	.....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....	.....
1599. <b>TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above)</b> .....	.....	.....	.....

(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 .....	6,742	.....	6,742	.....	.....
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 .....	.....	.....	.....	(21,579,211)	.....
9. Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10. Total capital gains (losses) .....	6,742	.....	6,742	(21,579,211)	.....

**DETAILS OF WRITE-INS**

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

**EXHIBIT OF NONADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 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) .....	24,864,410	.....	(24,864,410)
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) .....	24,864,410	.....	(24,864,410)
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 .....	79,128	26,408	(52,720)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....	.....	.....	.....
15.3 Accrued retrospective premiums .....	.....	.....	.....
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	.....	.....	.....
16.2 Funds held by or deposited with reinsured companies .....	.....	.....	.....
16.3 Other amounts receivable under reinsurance contracts .....	.....	.....	.....
17. Amounts receivable relating to uninsured plans .....	.....	.....	.....
18.1 Current federal and foreign income tax recoverable and interest thereon .....	.....	.....	.....
18.2 Net deferred tax asset .....	.....	.....	.....
19. Guaranty funds receivable or on deposit .....	.....	.....	.....
20. Electronic data processing equipment and software .....	.....	488,401	488,401
21. Furniture and equipment, including health care delivery assets .....	112,343	177,982	65,639
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 .....	458,973	548,199	89,226
25. Aggregate write-ins for other than invested assets .....	86,773	91,384	4,611
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	25,601,627	1,332,374	(24,269,253)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	.....	.....	.....
28. Total (Lines 26 and 27) .....	25,601,627	1,332,374	(24,269,253)
<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 Expenses .....	86,773	91,384	4,611
2502. Deferred gain on bonds sold to SummaCare .....	.....	.....	.....
2503. .....	.....	.....	.....
2598. Summary of remaining write-ins for Line 25 from overflow page .....	.....	.....	.....
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	86,773	91,384	4,611

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations .....						
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....	56,247	54,840	56,667	58,131	59,289	680,957
4. Point of Service .....						
5. Indemnity Only .....						
6. Aggregate write-ins for other lines of business .....						
7. TOTAL .....	56,247	54,840	56,667	58,131	59,289	680,957
<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

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	<u>12/31/2013</u>	<u>12/31/2012</u>
<b><u>Net Income</u></b>			
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	<u>(10,566,667)</u>	<u>(2,054,229)</u>
<b><u>Surplus</u></b>			
5) SummaCare state basis (Page 3, Line 33, Columns 3 & 4)	OH	35,484,978	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	<u>35,484,978</u>	<u>57,954,975</u>

### 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 its admittance is subject to section 3925.08(I) of the Ohio Revised Code.

- 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.

## **Notes to Financial Statements**

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

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

Balance Sheet as of December 31, 2012

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

### **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	\$0	\$0	\$3,596,347	\$0	\$0	\$1,417,749	\$0	\$8,178,598
(b)	Statutory Valuation Allowance Adjustments	\$0	\$0	\$8,724,093	\$0	\$0	\$0	\$0	\$8,724,093
(c)	Adjusted Gross DTA's (1a-1b)	\$0	\$0	\$872,254	\$0	\$0	\$1,417,749	(\$545,495)	\$0
(d)	DTA's Nonadmitted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(e)	Subtotal Net DTA's (1c-1d)	\$0	\$0	\$872,254	\$0	\$0	\$1,417,749	(\$545,495)	\$0
(f)	Deferred Tax Liabilities	\$0	\$0	\$305,044	\$0	\$0	\$476,117	\$0	(\$171,073)
(g)	Net Admitted DTA / Net DTL (1e-1f)	\$0	\$0	\$567,210	\$0	\$0	\$941,632	(\$374,422)	\$0
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
(b)	Adjusted Gross DTA's Expected to be Realized (Excluding The Amount of DTA's From (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
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
2.	Adjusted Gross DTA's Allowed Per Limitation Threshold.	XXX	XXX	\$3,491,779	XXX	XXX	\$8,480,584	XXX	XXX
(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
(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
3.		2013	2012						
(a)	Ratio Percentage used To Determine Recovery Period And Threshold Limitation Amount.	261%	471%						
(b)	Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2 (b) 2 Above.	\$34,917,788	\$56,537,226						
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
<b>1. Current Income Tax</b>			
(a) Federal	(\$5,327,814)	(\$352,475)	(\$4,375,339)
(b) Foreign	\$0	\$0	\$0
(c) Subtotal	(\$5,327,814)	(\$352,475)	(\$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)	(\$352,475)	(\$4,375,339)
<b>2. Deferred Tax Assets:</b>			
(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	\$8,453,893	\$0	\$8,453,893
(5) Deferred 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	\$3,596,347	\$1,417,749	\$8,178,598
(b) Statutory Valuation Allowance	\$8,724,093	\$0	\$8,724,093
(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)
<b>3. Deferred Tax Liabilities:</b>			
(a) Ordinary			
(1) Investments	\$123,307	\$196,658	(\$72,752)
(2) Fixed Assets	\$180,128	\$273,458	(\$93,330)
(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)
<b>4. Net Deferred Tax Assets / Liabilities</b>			
	\$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:**

	<u>December 31, 2013</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	(\$5,404,124)	34.0%
Change in deferred income taxes	(\$374,422)	2.4%
Change in valuation allowance	\$8,724,093	-54.9%
Change in nonadmitted assets	(\$8,273,759)	52.1%
Other Adjustments	\$398	0.0%
<b>Total statutory income taxes incurred</b>	<b><u>(\$5,327,814)</u></b>	<b><u>33.5%</u></b>

**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:

	<b>2013</b>	<b>2012</b>
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:

	<b>Due from</b>		<b>Due to</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
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	—
	<b>\$ 37,492,952</b>	<b>—</b>	<b>617,249</b>	<b>4,606,014</b>

**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 \$3,548,498.
- 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 – \$25,601,627

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

## Notes to Financial Statements

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
- 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**

#### 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

## **Notes to Financial Statements**

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

### **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%.

- A. ACA fee assessment payable - \$3,162,000
- B. 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?

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

## Notes to Financial Statements

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:

	<b>2013</b>	<b>2012</b>
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	<u>(2,811,370)</u>	<u>(1,666,952)</u>
Total	<u>203,470,379</u>	<u>181,367,190</u>
Paid related to:		
Current year	183,146,611	161,880,642
Prior years	<u>18,337,130</u>	<u>15,474,623</u>
Total	<u>201,483,741</u>	<u>177,355,265</u>
Balance at End of Period	<u>\$ 23,144,138</u>	<u>21,157,500</u>

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 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.

## **Notes to Financial Statements**

### **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).

<u>Quarter</u>	<u>Statements</u>	Estimated	Actual	Actual		
		Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Rebates Received Within 90 Days of Billing	Rebates Received Within 91 to 180 Days of Billing	Rebates Received More Than 180 Days After Billing
12/31/2013	\$528,500	\$221,860		\$0	\$0	\$221,860
9/30/2013	\$608,000	\$376,983		\$0	\$0	\$376,983
6/30/2013	\$590,599	\$449,548		\$0	\$0	\$449,548
3/31/2013	\$488,000	\$469,857		\$0	\$0	\$469,857
12/31/2012	\$624,017	\$476,546		\$0	\$0	\$476,546
9/30/2012	\$556,521	\$496,162		\$0	\$0	\$496,162
6/30/2012	\$719,351	\$595,146		\$0	\$0	\$595,146
3/31/2012	\$533,731	\$433,334		\$0	\$0	\$433,334
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.**

**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, complete Schedule Y, Parts 1, 1A and 2.

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[ ]  
Ohio

1.3 State Regulating?

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[X] No[ ]

2.2 If yes, date of change:

11/15/2013

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2012

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.

12/31/2012

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).

07/02/2013

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]  
Yes[ ] No[ ] N/A[X]

3.6 Have all of the recommendations within the latest financial examination report been complied with?

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:

Yes[ ] No[X]

4.11 sales of new business?

Yes[ ] No[X]

4.12 renewals?

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:

Yes[ ] No[X]

4.21 sales of new business?

Yes[ ] No[X]

4.22 renewals?

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,

7.21 State the percentage of foreign control

0.000%

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.

Yes[ ] No[X]

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

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] ..			

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young LLP, 925 Euclid Ave, Cleveland, OH 44115

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes[ ] No[X]

10.2 If response to 10.1 is "yes," provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes[ ] No[X]

10.4 If response to 10.3 is "yes," provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes[X] No[ ] N/A[ ]

10.6 If the response to 10.5 is "NO" or "N/A" please explain:

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Michael Cellini, Actuary, Ernst & Young LLP, 5 Times Square, New York, NY 10036

**GENERAL INTERROGATORIES (Continued)**

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?  
 12.11 Name of real estate holding company  
 12.12 Number of parcels involved  
 12.13 Total book/adjusted carrying value  
 12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:  
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?  
 13.3 Have there been any changes made to any of the trust indentures during the year?  
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 c. Compliance with applicable governmental laws, rules and regulations;  
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 e. Accountability for adherence to the code.  
 14.11 If the response to 14.1 is no, please explain:  
 14.2 Has the code of ethics for senior managers been amended?  
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers?  
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?  
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

**BOARD OF DIRECTORS**

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?  
 17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?  
 18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

**FINANCIAL**

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?  
 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.11 To directors or other officers  
 20.12 To stockholders not officers  
 20.13 Trustees, supreme or grand (Fraternal only)  
 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.21 To directors or other officers  
 20.22 To stockholders not officers  
 20.23 Trustees, supreme or grand (Fraternal only)

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?  
 21.2 If yes, state the amount thereof at December 31 of the current year:  
 21.21 Rented from others  
 21.22 Borrowed from others  
 21.23 Leased from others  
 21.24 Other

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?  
 22.2 If answer is yes:  
 22.21 Amount paid as losses or risk adjustment  
 22.22 Amount paid as expenses  
 22.23 Other amounts paid

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?  
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

**INVESTMENT**

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)  
 24.02 If no, give full and complete information, relating thereto  
 All securities are in the possession of FirstMerit Bank, N.A.  
 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?  
 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.  
 24.06 If answer to 24.04 is no, report amount of collateral for other programs.  
 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?  
 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

**GENERAL INTERROGATORIES (Continued)**

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A[X]

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

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

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

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

25.21 Subject to repurchase agreements	\$..... 0
25.22 Subject to reverse repurchase agreements	\$..... 0
25.23 Subject to dollar repurchase agreements	\$..... 0
25.24 Subject to reverse dollar repurchase agreements	\$..... 0
25.25 Pledged as collateral	\$..... 0
25.26 Placed under option agreements	\$..... 0
25.27 Letter stock or securities restricted as to sale	\$..... 0
25.28 On deposit with state or other regulatory body	\$..... 0
25.29 Other	\$..... 0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....

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

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

26.2 If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No[X]

27.2 If yes, state the amount thereof at December 31 of the current year. \$..... 0

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

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

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

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No[X]

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

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

28.05 Identify all investment advisors, 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 .....	Chris Creahan .....	106 S Main St. Akron OH 44308 .....

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

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	2	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
	Statement (Admitted) Value	Fair Value	
30.1 Bonds .....	11,802,924	11,738,251	(64,673)
30.2 Preferred stocks .....			
30.3 Totals .....	11,802,924	11,738,251	(64,673)

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 12/31/2013 as determined by Interactive Data Corp.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes[ ] No[X]  
 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes[ ] No[ ] N/A[X]  
 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

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

32.2 If no, list exceptions:

**OTHER**

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 0  
 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

34.1 Amount of payments for legal expenses, if any? \$..... 47,475  
 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
Squire Sanders LLP .....	47,475

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$..... 0  
 35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

**GENERAL INTERROGATORIES (Continued)****PART 2 - HEALTH INTERROGATORIES**

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes[X] No[ ]
1.2 If yes, indicate premium earned on U.S. business only:	\$..... 120,435
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.	\$..... 69,729
1.6 Individual policies - Most current three years:	
1.61 Total premium earned	\$..... 120,435
1.62 Total incurred claims	\$..... 69,729
1.63 Number of covered lives	..... 49
All years prior to most current three years:	
1.64 Total premium earned	\$..... 0
1.65 Total incurred claims	\$..... 0
1.66 Number of covered lives	..... 0
1.7 Group policies - Most current three years:	
1.71 Total premium earned	\$..... 0
1.72 Total incurred claims	\$..... 0
1.73 Number of covered lives	..... 0
All years prior to most current three years:	
1.74 Total premium earned	\$..... 0
1.75 Total incurred claims	\$..... 0
1.76 Number of covered lives	..... 0

## 2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator	219,611,297	205,246,012
2.2 Premium Denominator	219,611,297	205,246,012
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4 Reserve Numerator	23,360,138	22,413,500
2.5 Reserve Denominator	23,360,138	22,413,500
2.6 Reserve Ratio (2.4 / 2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[ ] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[ ]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[ ] No[X] N/A[ ]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

Yes[X] No[ ]

- 5.31 Comprehensive Medical \$..... 300,000
- 5.32 Medical Only \$..... 0
- 5.33 Medicare Supplement \$..... 0
- 5.34 Dental & Vision \$..... 0
- 5.35 Other Limited Benefit Plan \$..... 0
- 5.36 Other \$..... 0

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

The Company's provider contracts include insolvency provisions, continuity of care provisions and hold harmless language.

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes[X] No[ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

- 8.1 Number of providers at start of reporting year ..... 7,000
- 8.2 Number of providers at end of reporting year ..... 7,000

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[ ] No[X]

9.2 If yes, direct premium earned:

- 9.21 Business with rate guarantees between 15-36 months ..... 0
- 9.22 Business with rate guarantees over 36 months ..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[ ]

10.2 If yes:

- 10.21 Maximum amount payable bonuses \$..... 216,000
- 10.22 Amount actually paid for year bonuses \$..... 72,434
- 10.23 Maximum amount payable withholds \$..... 0
- 10.24 Amount actually paid for year withholds \$..... 0

11.1 Is the reporting entity organized as:

- 11.12 A Medical Group/Staff Model, Yes[ ] No[X]
- 11.13 An Individual Practice Association (IPA), or, Yes[ ] No[X]
- 11.14 A Mixed Model (combination of above)? Yes[ ] No[ ]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

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?

11.6 If the amount is calculated, show the calculation.

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

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

**GENERAL INTERROGATORIES (Continued)**

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

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

Yes[ ] No[X]

\$..... 0

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

Yes[ ] No[X]

\$..... 0

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

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

**FIVE-YEAR HISTORICAL DATA**

	1 2013	2 2012	3 2011	4 2010	5 2009
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. TOTAL Admitted Assets (Page 2, Line 28) .....	67,596,940	95,298,386	85,786,645	75,133,883	69,368,679
2. TOTAL Liabilities (Page 3, Line 24) .....	32,111,962	37,343,411	31,873,422	26,896,778	28,601,475
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) .....	35,484,978	57,954,975	53,913,223	48,237,105	40,767,204
<b>INCOME STATEMENT (Page 4)</b>					
5. TOTAL Revenues (Line 8) .....	219,611,297	205,246,012	175,692,634	153,995,227	145,849,050
6. TOTAL Medical and Hospital Expenses (Line 18) .....	203,630,813	181,568,296	153,404,242	134,406,188	138,022,515
7. Claims adjustment expenses (Line 20) .....	3,266,492	1,547,276	1,375,852	1,258,824	15,664,527
8. TOTAL Administrative Expenses (Line 21) .....	28,931,670	25,435,496	22,517,199	19,701,317	4,623,480
9. Net underwriting gain (loss) (Line 24) .....	(16,217,678)	(3,305,056)	(1,604,659)	(1,371,102)	(12,461,472)
10. Net investment gain (loss) (Line 27) .....	318,872	326,288	320,984	678,724	367,991
11. TOTAL Other Income (Lines 28 plus 29) .....	4,325	(27,936)	4,519	6,689	2,370
12. Net income or (loss) (Line 32) .....	(10,566,667)	(2,054,229)	(180,344)	(773,958)	(7,357,826)
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	(13,071,438)	2,198,785	1,807,994	2,162,395	(6,078,898)
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. TOTAL Adjusted Capital .....	35,484,978	57,954,975	53,913,223	48,237,105	40,767,204
15. Authorized control level risk-based capital .....	13,387,206	12,014,407	11,319,295	10,579,534	8,940,644
<b>ENROLLMENT (Exhibit 1)</b>					
16. TOTAL Members at End of Period (Column 5, Line 7) .....	59,289	56,247	51,093	44,342	43,889
17. TOTAL Members Months (Column 6, Line 7) .....	680,957	663,646	576,335	514,784	513,842
<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) .....	92.7	88.5	87.3	87.3	94.6
20. Cost containment expenses .....	0.2	0.2	0.2	0.3	2.1
21. Other claims adjustment expenses .....	1.3	0.6	0.6	0.5	8.6
22. TOTAL Underwriting Deductions (Line 23) .....	107.4	101.6	100.9	100.9	108.5
23. TOTAL Underwriting Gain (Loss) (Line 24) .....	(7.4)	(1.6)	(0.9)	(0.9)	(8.5)
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) .....	18,490,564	15,608,369	13,338,962	16,230,466	12,982,000
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	21,285,500	17,202,215	17,175,286	18,495,714	14,964,365
<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) .....		52,161,524	48,490,049	44,407,469	27,766,598
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....	5,717,903		5,942,464	4,189,443	2,697,626
32. TOTAL of Above Lines 26 to 31 .....	5,717,903	52,161,524	54,432,513	48,596,912	30,464,224
33. TOTAL investment in parent included in Lines 26 to 31 above .....					

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

If no, please explain::

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

State, Etc.	1 Active Status	Direct Business Only							9 Deposit - Type Contracts
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	
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 .....	.....	.....	.....	.....	.....	.....	.....	.....

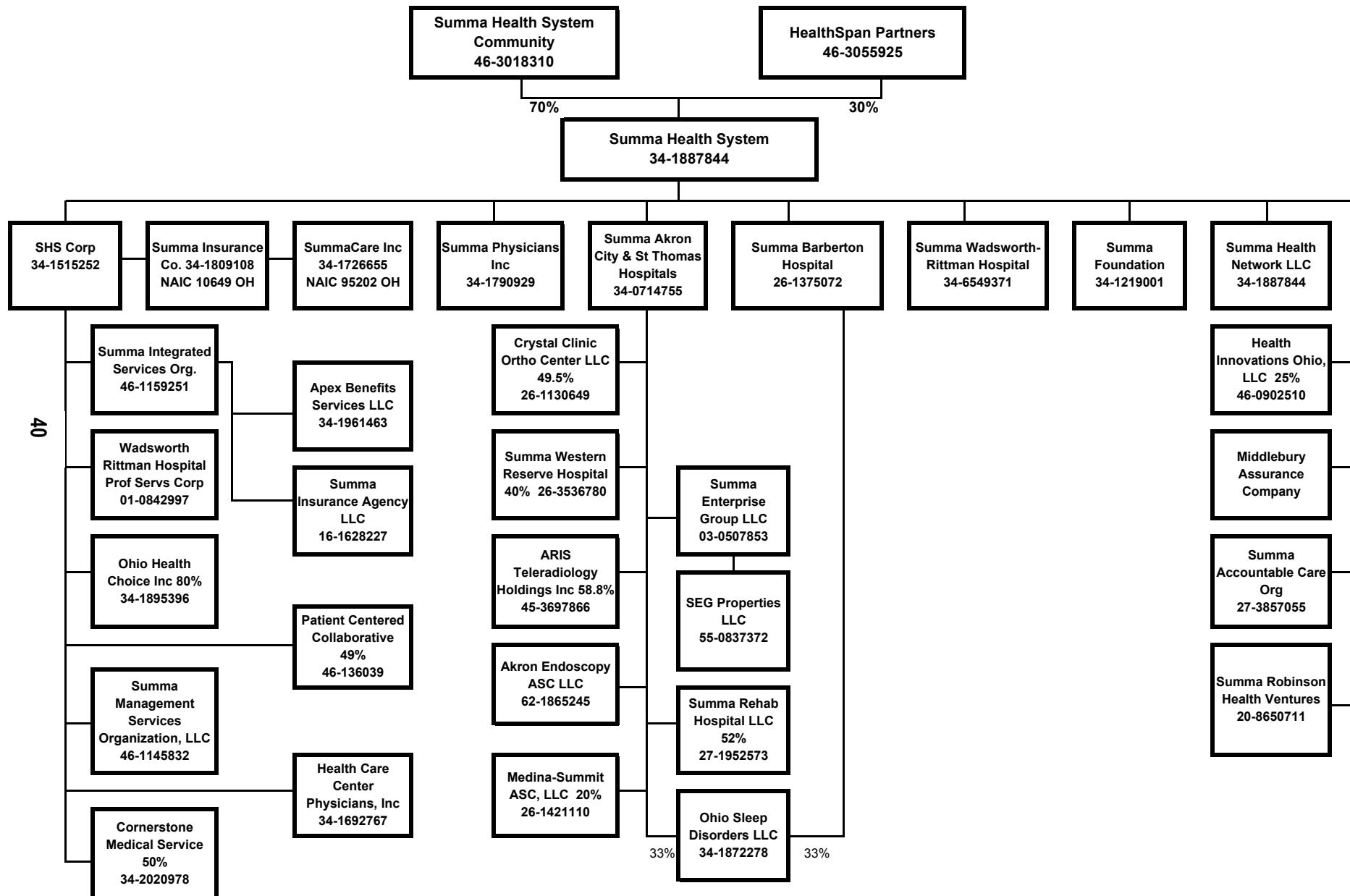
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

## **SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER**

## MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 - ORGANIZATIONAL CHART



# INDEX TO HEALTH ANNUAL STATEMENT

Analysis of Operations By Lines of Business .....	7
Assets .....	2
Cash Flow .....	6
Exhibit 1 - Enrollment By Product Type for Health Business Only .....	17
Exhibit 2 - Accident and Health Premiums Due and Unpaid .....	18
Exhibit 3 - Health Care Receivables .....	19
Exhibit 3A - Analysis of Health Care Receivables Collected and Accrued .....	20
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus .....	21
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates .....	22
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates .....	23
Exhibit 7 - Part 1 - Summary of Transactions With Providers .....	24
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries .....	24
Exhibit 8 - Furniture, Equipment and Supplies Owned .....	25
Exhibit of Capital Gains (Losses) .....	15
Exhibit of Net Investment Income .....	15
Exhibit of Nonadmitted Assets .....	16
Exhibit of Premiums, Enrollment and Utilization (State Page) .....	30
Five-Year Historical Data .....	29
General Interrogatories .....	27
Jurat Page .....	1
Liabilities, Capital and Surplus .....	3
Notes To Financial Statements .....	26
Overflow Page For Write-ins .....	44
Schedule A - Part 1 .....	E01
Schedule A - Part 2 .....	E02
Schedule A - Part 3 .....	E03
Schedule A - Verification Between Years .....	SI02
Schedule B - Part 1 .....	E04
Schedule B - Part 2 .....	E05
Schedule B - Part 3 .....	E06
Schedule B - Verification Between Years .....	SI02
Schedule BA - Part 1 .....	E07
Schedule BA - Part 2 .....	E08
Schedule BA - Part 3 .....	E09
Schedule BA - Verification Between Years .....	SI03
Schedule D - Part 1 .....	E10
Schedule D - Part 1A - Section 1 .....	SI05
Schedule D - Part 1A - Section 2 .....	SI08
Schedule D - Part 2 - Section 1 .....	E11
Schedule D - Part 2 - Section 2 .....	E12
Schedule D - Part 3 .....	E13
Schedule D - Part 4 .....	E14
Schedule D - Part 5 .....	E15
Schedule D - Part 6 - Section 1 .....	E16
Schedule D - Part 6 - Section 2 .....	E16
Schedule D - Summary By Country .....	SI04
Schedule D - Verification Between Years .....	SI03
Schedule DA - Part 1 .....	E17
Schedule DA - Verification Between Years .....	SI10
Schedule DB - Part A - Section 1 .....	E18
Schedule DB - Part A - Section 2 .....	E19
Schedule DB - Part A - Verification Between Years .....	SI11
Schedule DB - Part B - Section 1 .....	E20
Schedule DB - Part B - Section 2 .....	E21
Schedule DB - Part B - Verification Between Years .....	SI11
Schedule DB - Part C - Section 1 .....	SI12
Schedule DB - Part C - Section 2 .....	SI13
Schedule DB - Part D - Section 1 .....	E22
Schedule DB - Part D - Section 2 .....	E23

# INDEX TO HEALTH ANNUAL STATEMENT

Schedule DB - Verification .....	SI14
Schedule DL - Part 1 .....	E24
Schedule DL - Part 2 .....	E25
Schedule E - Part 1 - Cash .....	E26
Schedule E - Part 2 - Cash Equivalents .....	E27
Schedule E - Part 3 - Special Deposits .....	E28
Schedule E - Verification Between Years .....	SI15
Schedule S - Part 1 - Section 2 .....	31
Schedule S - Part 2 .....	32
Schedule S - Part 3 - Section 2 .....	33
Schedule S - Part 4 .....	34
Schedule S - Part 5 .....	35
Schedule S - Part 6 .....	36
Schedule S - Part 7 .....	37
Schedule T - Part 2 - Interstate Compact .....	39
Schedule T - Premiums and Other Considerations .....	38
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group .....	40
Schedule Y - Part 1A - Detail of Insurance Holding Company System .....	41
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates .....	42
Statement of Revenue and Expenses .....	4
Summary Investment Schedule .....	SI01
Supplemental Exhibits and Schedules Interrogatories .....	43
Underwriting and Investment Exhibit - Part 1 .....	8
Underwriting and Investment Exhibit - Part 2 .....	9
Underwriting and Investment Exhibit - Part 2A .....	10
Underwriting and Investment Exhibit - Part 2B .....	11
Underwriting and Investment Exhibit - Part 2C .....	12
Underwriting and Investment Exhibit - Part 2D .....	13
Underwriting and Investment Exhibit - Part 3 .....	14