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2014

Document Code: 201

**QUARTERLY STATEMENT**  
**AS OF JUNE 30, 2014**  
**OF THE CONDITION AND AFFAIRS OF THE**  
**AultCare Insurance Company**

NAIC Group Code	4805 (Current Period)	0000 (Prior Period)	NAIC Company Code	77216	Employer's ID Number	341624818
Organized under the Laws of	Ohio		State of Domicile or Port of Entry		Ohio	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[X]	Property/Casualty[ ]	Hospital, Medical & Dental Service or Indemnity[ ]			
	Dental Service Corporation[ ]	Vision Service Corporation[ ]	Health Maintenance Organization[ ]			
	Other[ ]	Is HMO Federally Qualified? Yes[X] No[ ] N/A[ ]				
Incorporated/Organized	08/15/1989		Commenced Business	11/01/1989		
Statutory Home Office	2600 Sixth Street SW (Street and Number)		Canton, OH, 44710 (City or Town, State, Country and Zip Code)			
Main Administrative Office	2600 Sixth Street SW (Street and Number)		Canton, OH, 44710 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	2600 Sixth Street SW (Street and Number)		Canton, OH, 44710 (City or Town, State, Country and Zip Code)			
Internet Web Site Address	www.aultcare.com		(Area Code) (Telephone Number)			
Statutory Statement Contact	Jeffrey Alan Scheatzle (Name) jscheatzle@aultman.com (E-Mail Address)		(330)363-4057 (Area Code)(Telephone Number)(Extension) (330)363-5012 (Fax Number)			

**OFFICERS**

Name	Title
Rick L. Haines	President
Joseph J. Feltes	Secretary
Mark D. Wright	Treasurer
Edward J. Roth III	Executive Vice President

**OTHERS**

**DIRECTORS OR TRUSTEES**

William Wallace M.D.	Gregory A. Haban M.D.
Christopher E. Remark	Edward J. Roth III
Rick L. Haines	Michael A. Rich M.D.
Mark D. Wright	John B. Humphrey Jr., M.D.
Darryl J. Dillenback	Allen Rovner M.D.
Joseph J. Feltes Esq.	Mark N. Rose M.D.

State of Ohio  
 County of Stark 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)  
 Rick L. Haines  
 (Printed Name)  
 1.  
 President  
 (Title)

(Signature)  
 Joseph J. Feltes  
 (Printed Name)  
 2.  
 Secretary  
 (Title)

(Signature)  
 Mark D. Wright  
 (Printed Name)  
 3.  
 Treasurer  
 (Title)

Subscribed and sworn to before me this  
 \_\_\_\_\_ day of \_\_\_\_\_, 2014

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

Yes[X] No[ ]

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(Notary Public Signature)

**DIRECTORS OR TRUSTEES (continued)**

## ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	47,774,443		47,774,443	45,131,703
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....	13,564,591		13,564,591	14,881,302
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate:				
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 (\$.....12,126,006), cash equivalents (\$.....0) and short-term investments (\$.....1,223,665) .....	13,349,671		13,349,671	19,105,183
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives .....				
8. Other invested assets .....	14,371,135		14,371,135	12,224,446
9. Receivables for securities .....				
10. Securities lending reinvested collateral assets .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	89,059,840		89,059,840	91,342,634
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	376,613		376,613	331,539
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	12,710,572		12,710,572	3,510,962
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	1,596,856		1,596,856	3,758,549
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 .....	1,806,002		1,806,002	2,558,803
18.1 Current federal and foreign income tax recoverable and interest thereon .....	575,000		575,000	575,000
18.2 Net deferred tax asset .....	2,544,011		2,544,011	3,444,011
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....	956,652		956,652	880,179
21. Furniture and equipment, including health care delivery assets (\$.....0) .....				1
22. Net adjustments in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....				
24. Health care (\$.....9,020,443) and other amounts receivable .....	9,266,626	246,183	9,020,443	8,799,625
25. Aggregate write-ins for other than invested assets .....				
26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	118,892,173	246,183	118,645,990	115,201,302
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. TOTAL (Lines 26 and 27) .....	118,892,173	246,183	118,645,990	115,201,302
<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. ....				
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) .....				

## LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....1,021,600 reinsurance ceded)	31,634,058		31,634,058	32,755,190
2. Accrued medical incentive pool and bonus amounts	1,926,627		1,926,627	2,614,702
3. Unpaid claims adjustment expenses	585,400		585,400	600,700
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	798,851		798,851	798,851
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance	8,634,311		8,634,311	6,780,780
9. General expenses due or accrued	12,045,443		12,045,443	6,805,267
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable	2,202,112		2,202,112	2,418,575
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	465		465	
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20. Reinsurance in unauthorized and certified (\$.....0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	357,641		357,641	728,336
23. Aggregate write-ins for other liabilities (including \$.....0 current)				
24. Total liabilities (Lines 1 to 23)	58,184,908		58,184,908	53,502,401
25. Aggregate write-ins for special surplus funds	XXX	XXX		
26. Common capital stock	XXX	XXX	1,000,000	1,000,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	48,875,734	48,875,734
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX		
31. Unassigned funds (surplus)	XXX	XXX	10,585,348	11,823,167
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$.....0)	XXX	XXX		
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	60,461,081	61,698,901
34. Total Liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	118,645,990	115,201,302
<b>DETAILS OF WRITE-INS</b>				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				
2501.	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 To Date		Prior Year To Date	Prior Year Ended December 31
				4 Total
	1 Uncovered	2 Total	3 Total	
1. Member Months .....	XXX .....	691,912	701,660	1,389,948
2. Net premium income (including \$.....0 non-health premium income) .....	XXX .....	230,449,674	222,904,817	454,121,147
3. Change in unearned premium reserves and reserves 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 .....	230,449,674	222,904,817	454,121,147
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....		137,736,965	137,600,327	275,812,994
10. Other professional services .....				
11. Outside referrals .....		22,220,388	21,208,802	43,466,118
12. Emergency room and out-of-area .....		4,676,030	4,456,401	8,739,688
13. Prescription drugs .....		30,710,517	27,570,898	57,469,108
14. Aggregate write-ins for other hospital and medical .....		4,510,091	4,953,237	11,122,930
15. Incentive pool, withhold adjustments and bonus amounts .....		2,535,855	2,585,258	5,158,267
16. Subtotal (Lines 9 to 15) .....		202,389,847	198,374,923	401,769,105
<b>Less:</b>				
17. Net reinsurance recoveries .....		3,593,794	2,734,105	8,154,694
18. Total hospital and medical (Lines 16 minus 17) .....		198,796,053	195,640,818	393,614,410
19. Non-health claims (net) .....				
20. Claims adjustment expenses, including \$.....5,000,268 cost containment expenses .....		6,202,197	3,916,396	11,244,428
21. General administrative expenses .....		26,821,145	22,788,735	47,407,786
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) .....		231,819,395	222,345,949	452,266,624
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX .....	(1,369,721)	558,867	1,854,524
25. Net investment income earned .....		650,582	961,056	1,464,745
26. Net realized capital gains (losses) less capital gains tax of \$.....124,974 .....		708,188	874,222	769,837
27. Net investment gains or (losses) (Lines 25 plus 26) .....		1,358,769	1,835,278	2,234,582
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....				
29. Aggregate write-ins for other income or expenses .....				
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX .....	(10,952)	2,394,146	4,089,106
31. Federal and foreign income taxes incurred .....	XXX .....	(124,974)	647,907	(658,843)
32. Net income (loss) (Lines 30 minus 31) .....	XXX .....	114,022	1,746,238	4,747,949
<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 (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	XXX .....			
1401. Reinsurance Claims .....		4,510,091	4,953,237	11,122,930
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) .....		4,510,091	4,953,237	11,122,930
2901. ....				
2902. ....				
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page .....				
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....				

## STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>			
33. Capital and surplus prior reporting year .....	61,698,901	58,364,264	58,364,264
34. Net income or (loss) from Line 32 .....	114,022	1,746,238	4,747,949
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	(234,369)	39,243	1,214,854
37. Change in net unrealized foreign exchange capital gain or (loss) .....			
38. Change in net deferred income tax .....	(900,000)		(1,249,989)
39. Change in nonadmitted assets .....	(217,473)	93,054	321,824
40. Change in unauthorized and certified reinsurance .....			
41. Change in treasury stock .....			
42. Change in surplus notes .....			
43. Cumulative effect of changes in accounting principles .....			
44. Capital Changes:			
44.1 Paid in .....			
44.2 Transferred from surplus (Stock Dividend) .....			
44.3 Transferred to surplus .....			
45. Surplus adjustments:			
45.1 Paid in .....			
45.2 Transferred to capital (Stock Dividend) .....			
45.3 Transferred from capital .....			(1,700,000)
46. Dividends to stockholders .....			
47. Aggregate write-ins for gains or (losses) in surplus .....			
48. Net change in capital and surplus (Lines 34 to 47) .....	(1,237,820)	1,878,535	3,334,637
49. Capital and surplus end of reporting period (Line 33 plus 48) .....	60,461,081	60,242,799	61,698,901
<b>DETAILS OF WRITE-INS</b>			
4701. 0 .....			
4702. 0 .....			
4703. .....			
4798. Summary of remaining write-ins for Line 47 from overflow page .....			
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....			

**CASH FLOW**

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>				
1.	Premiums collected net of reinsurance .....	222,887,134	219,388,320	449,090,234
2.	Net investment income .....	880,358	1,075,146	1,953,450
3.	Miscellaneous income .....			
4.	<b>TOTAL (Lines 1 to 3) .....</b>	<b>223,767,491</b>	<b>220,463,466</b>	<b>451,043,684</b>
5.	Benefit and loss related payments .....	198,881,859	198,422,545	396,844,529
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	27,416,361	26,899,625	54,796,301
8.	Dividends paid to policyholders .....			
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....		(614,884)	(614,884)
10.	<b>TOTAL (Lines 5 through 9) .....</b>	<b>226,298,219</b>	<b>224,707,286</b>	<b>451,025,947</b>
11.	<b>Net cash from operations (Line 4 minus Line 10) .....</b>	<b>(2,530,728)</b>	<b>(4,243,820)</b>	<b>17,737</b>
<b>Cash from Investments</b>				
12.	Proceeds from investments sold, matured or repaid:			
12.1	Bonds .....	2,988,808	8,972,733	25,984,190
12.2	Stocks .....	2,000,000	5,250,000	5,250,000
12.3	Mortgage loans .....			
12.4	Real estate .....			
12.5	Other invested assets .....			
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....	(873)	(664)	(1,764)
12.7	Miscellaneous proceeds .....		0	6,650,660
12.8	<b>TOTAL investment proceeds (Lines 12.1 to 12.7) .....</b>	<b>4,987,935</b>	<b>14,222,069</b>	<b>37,883,086</b>
13.	Cost of investments acquired (long-term only):			
13.1	Bonds .....	5,756,972	6,522,859	23,552,800
13.2	Stocks .....	118,355	181,182	346,925
13.3	Mortgage loans .....			
13.4	Real estate .....			
13.5	Other invested assets .....	2,261,384	69,902	2,600,000
13.6	Miscellaneous applications .....	0		
13.7	<b>TOTAL investments acquired (Lines 13.1 to 13.6) .....</b>	<b>8,136,711</b>	<b>6,773,943</b>	<b>26,499,725</b>
14.	Net increase (or decrease) in contract loans and premium notes .....			
15.	<b>Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....</b>	<b>(3,148,776)</b>	<b>7,448,126</b>	<b>11,383,361</b>
<b>Cash from Financing and Miscellaneous Sources</b>				
16.	Cash provided (applied):			
16.1	Surplus notes, capital notes .....			
16.2	Capital and paid in surplus, less treasury stock .....			
16.3	Borrowed funds .....			
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....			
16.5	Dividends to stockholders .....			
16.6	Other cash provided (applied) .....	(76,009)		(1,240,264)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6) .....	(76,009)		(1,240,264)
<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) .....	(5,755,513)	3,204,306	10,160,834
19.	Cash, cash equivalents and short-term investments:			
19.1	Beginning of year .....	19,105,183	8,944,349	8,944,349
19.2	<b>End of period (Line 18 plus Line 19.1) .....</b>	<b>13,349,671</b>	<b>12,148,655</b>	<b>19,105,183</b>

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

20.0001	Cumulative effect of changes in accounting principles .....			
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## EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year .....	114,067	6,689	45,882	125		11,316	2,598	20,821		26,636
2. First Quarter .....	114,425	7,428	46,212	142		11,295	2,597	20,202		26,549
3. Second Quarter .....	115,079	8,548	46,205	154		11,258	2,577	20,178		26,159
4. Third Quarter .....										
5. Current Year .....										
6. Current Year Member Months .....	691,912	46,209	278,522	866		68,097	15,597	121,555		161,066
Total Member Ambulatory Encounters for Period:										
7. Physician .....	174,008	13,125	83,051	79			6,701	71,052		
8. Non-Physician .....	587,846	38,836	242,453	316			21,334	284,907		
9. Total .....	761,854	51,961	325,504	395			28,035	355,959		
10. Hospital Patient Days Incurred .....	17,245	609	4,564	13			305	11,754		
11. Number of Inpatient Admissions .....	3,904	146	1,210	3			74	2,471		
12. Health Premiums Written (a) .....	235,348,141	12,101,650	95,313,853	125,065		1,638,253	8,184,808	113,652,964		4,331,547
13. Life Premiums Direct .....										
14. Property/Casualty Premiums Written .....										
15. Health Premiums Earned .....	235,348,141	12,101,650	95,313,853	125,065		1,638,253	8,184,808	113,652,964		4,331,547
16. Property/Casualty Premiums Earned .....										
17. Amount Paid for Provision of Health Care Services .....	200,605,260	10,022,130	78,284,509	105,440		1,220,366	8,265,576	100,729,959		1,977,280
18. Amount Incurred for Provision of Health Care Services .....	202,389,847	10,369,286	79,024,900	105,440		1,168,790	7,956,866	99,254,474		4,510,091

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$....113,652,964.

## CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

## Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
<b>Individually Listed Claims Unpaid</b>						
0199999 Individually Listed Claims Unpaid .....	.....	.....	.....	.....	.....	.....
0499999 Subtotals .....	.....	.....	.....	.....	.....	.....
0599999 Unreported claims and other claim reserves .....	.....	.....	.....	.....	.....	32,655,658
0799999 Total Claims Unpaid .....	.....	.....	.....	.....	.....	32,655,658
0899999 Accrued Medical Incentive Pool And Bonus Amounts .....	.....	.....	.....	.....	.....	1,926,627

## UNDERWRITING AND INVESTMENT EXHIBIT

## ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical) .....	13,652,353	71,611,175		13,911,273	13,652,353	13,032,807
2. Medicare Supplement .....		105,440				
3. Dental only .....		1,220,366		254,989		306,564
4. Vision only .....						
5. Federal Employees Health Benefits Plan .....	999,524	7,266,053		502,578	999,524	811,288
6. Title XVIII - Medicare .....	11,834,079	88,895,880		15,245,218	11,834,079	16,884,530
7. Title XIX - Medicaid .....						
8. Other health .....	1,685,600	291,680		1,720,000	1,685,600	1,720,000
9. Health subtotal (Lines 1 to 8) .....	28,171,556	169,390,593		31,634,058	28,171,556	32,755,190
10. Healthcare receivables (a) .....	680,443				680,443	499,625
11. Other non-health .....						
12. Medical incentive pools and bonus amounts .....	2,623,930	600,000	(9,228)	1,935,855	2,614,702	2,614,702
13. Totals (Lines 9 - 10 + 11 + 12) .....	30,115,043	169,990,593	(9,228)	33,569,913	30,105,815	34,870,268

(a) Excludes \$.....8,340,000 loans or advances to providers not yet expensed.

# **Notes to Financial Statement**

## **SECTION A**

### 1. Summary of Significant Accounting Policies

A. The accompanying financial statements of AultCare Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

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

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

C. Accounting Policy

- (1) No Change.
- (2) No Change.
- (3) No Change.
- (4) No Change.
- (5) No Change.
- (6) No Change.
- (7) The Company has investments in subsidiaries and affiliates with a book adjusted carrying value totaling \$14,736,258. Of this amount, \$116,926 is invested in McKinley Life Agency, Ltd. \$3,610,269 is invested in AultCare Corporation. The remaining \$11,009,064 is invested in West Tuscarawas Property Management.
- (8) No Change.
- (9) No Change.
- (10) No Change.
- (11) No Change.
- (12) No Change.
- (13) No Change

### 2. Accounting Changes and Corrections of Errors

A. No Change.

### 3. Business Combinations and Goodwill

A. No Change.  
B. No Change.  
C. No Change.  
D. No Change.

### 4. Discontinued Operations

A. No Change.

### 5. Investments

A. No Change.  
B. No Change.  
C. No Change.  
D. No Change.  
E. No Change.

F. The Company owns \$11,009,064 worth of shares in West Tuscarawas Property Management, an affiliate company.

G. No Change.  
H. No Change.

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

A. No Change.  
B. No Change.

### 7. Investment Income

A. No Change.

### 8. Derivative Instruments

A. No Change.

# Notes to Financial Statement

## 9. Income Taxes

A. The components of the net deferred tax asset/ (liability) at Jun 30, 2014 are as follows:

1. (reported in thousands)		06/30/2014			06/30/2013			Change		
		(1) Ordinary	(2) Capital	(3) Col 1+2 Total	(4) Ordinary	(5) Capital	(6) Col 4+5 Total	(7) Col 1-4 Ordinary	(8) Col 2-5 Capital	(9) Col 7+8 Total
(a)	Gross Deferred Tax Assets	\$2,544	\$ -	\$2,544	\$4,694	\$ -	\$4,694	\$ -2150	\$ -	\$ -2150
(b)	Statutory Valuation Allowance Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(c)	Adjusted Gross Deferred Tax Assets(1a-1b)	\$2,544	\$ -	\$2,544	\$4,694	\$ -	\$4,694	\$ -2150	\$ -	\$ -2150
(d)	Deferred Tax Assets Nonadmitted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(e)	Subtotal (Net Deferred Tax Assets) (1c-1d)	\$2,544	\$ -	\$2,544	\$4,694	\$ -	\$4,694	\$ -2150	\$ -	\$ -2150
(f)	Deferred Tax Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(g)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f)	\$2,544	\$ -	\$2,544	\$4,694	\$ -	\$4,694	\$ -2150	\$ -	\$ -2150
2. (reported in thousands)		06/30/2014			06/30/2013			Change		
Admission Calculation Components SSAP No. 101		(1) Ordinary	(2) Capital	(3) Col 1+2 Total	(4) Ordinary	(5) Capital	(6) Col 4+5 Total	(7) Col 1-4 Ordinary	(8) Col 2-5 Capital	(9) Col 7+8 Total
(a)	Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$2,544	\$ -	\$2,544	\$4,694	\$ -	\$4,694	\$ -2150	\$ -	\$ -2150
(b)	Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Assets from 2(a) above) After Application of the Threshold Limitation. (The lesser of 2(b)1 and 2(b)2 Below)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Cont. Note 9 A 2

	1 Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2 Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	\$ -
(c)	Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(d)	Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	\$2,544	\$ -	\$2,544	\$4,694	\$ -	\$4,694	\$ -2150	\$ -	\$ -2150
3. (reported in thousands)		2014		2013						
(a)	Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount	15%		15%						
(b)	Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 Above	\$58,255		\$53,670						
4. (reported in thousands)		06/30/2014			06/30/2013			Change		
Impact of Tax Planning Strategies		(1) Ordinary	(2) Capital	(3) Col 1+2 Total	(4) Ordinary	(5) Capital	(6) Col 4+5 Total	(7) Col 1-4 Ordinary	(8) Col 2-5 Capital	(9) Col 7+8 Total
(a)	Adjusted Gross DTA's (% of total adjusted gross DTA's)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b)	Net Admitted Adjusted Gross DTA's (% of total net admitted adjusted gross DTA's)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(c)	Does the Company's Tax Planning Strategies Include the Use of Reinsurance?	Yes	No	X						

## B. Not Applicable

C. Current Income Taxes Incurred consist of the following major components:

1. Current Income Tax	(1) 06/30/2014	(2) 06/30/2013	(3) (Col 1-2) Change
(a) Federal	\$ -	\$404,000	\$ (404,000)
(b) Foreign	\$ -	\$ -	\$ -
(c) Subtotal	\$ -	\$404,000	\$ (404,000)
(d) Federal Income Tax on Net Capital Gains	\$ -	\$ -	\$ -
(e) Utilization of Capital Loss Carry-Forwards	\$ -	\$ -	\$ -
(f) Other	\$ -	\$ -	\$ -
(g) Federal and Foreign Income Taxes Incurred	\$ -	\$404,000	\$ (404,000)
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of Unpaid Losses	\$118,361	\$152,577	\$ (34,216)
(2) Unearned Premium Reserve	\$461,093	\$444,618	\$ 16,475
(3) Policyholder Reserves	\$155,720	\$2,295,000	\$ (2,139,280)
(4) Investments	\$ -	\$ -	\$ -
(5) Deferred Acquisition Costs	\$ -	\$ -	\$ -
(6) Policyholder Dividends Accrual	\$ -	\$ -	\$ -

## Notes to Financial Statement

(7) Fixed Assets	\$ -	\$ -	\$ -
(8) Compensation and Benefits Accrual	\$1,412,811	\$364,018	\$ 1,048,793
(9) Pension Accrual	\$ -	\$ -	\$ -
(10) Receivables – Allowance	\$43,787	\$77,787	\$ (34,000)
(11) Net Operating Loss Carry-Forward	\$236,350	\$ 1,360,000	\$ (1,123,650)
(12) Tax Credit Carry-Forward	\$ -	\$ -	\$ -
Other (including items <5% of total ordinary tax assets)	\$ 115,889	\$ -	\$ 115,889

Cont. Note 9 C 2

(14) Subtotal	\$2,544,011	\$4,694,000	\$ (2,149,989)
(b) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(c) Nonadmitted	\$ -	\$ -	\$ -
(d) Admitted ordinary deferred tax assets (2a14- 2b-2c)	\$2,544,011	\$4,694,000	\$ (2,149,989)
(e) Capital			
(1) Net Capital Loss Carry-Forward	\$ -	\$ -	\$ -
(2) Subtotal	\$ -	\$ -	\$ -
(f) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(g) Nonadmitted	\$ -	\$ -	\$ -
(h) Admitted capital deferred tax assets (2e2 - 2f - 2g)	\$ -	\$ -	\$ -
(i) Admitted deferred tax assets (2d + 2h)	\$2,544,011	\$4,694,000	\$ (2,149,989)
3. Deferred Tax Liabilities			
(a) Ordinary			
(1) Investments	\$ -	\$ -	\$ -
(2) Subtotal	\$ -	\$ -	\$ -
(b) Capital			
(1) Investments	\$ -	\$ -	\$ -
(2) Subtotal	\$ -	\$ -	\$ -
(c) Deferred tax liabilities (3a2 + 3b2)	\$ -	\$ -	\$ -
4. Net deferred tax assets/liabilities (2i - 3c)	\$2,544,011	\$4,694,000	\$ (2,149,989)

D. Among the more significant book to tax adjustments were the following:

	06/30/2014	Effective Tax Rate
Provision computed at statutory rate	\$1,436,486	34.0%
Change in nonadmitted assets	\$(321,824)	-7.6%
Tax exempt income, net of proration	\$ -	0.0%
Dividends received deduction, net of proration	\$ -	0.0%
Nondeductible expenses	\$27,200	0.6%
Elimination of IMR Amortization	\$ -	0.0%
Small Life Insurance Company Deduction	\$ -	0.0%
Prior year under (over) accrual	\$19,269	0.5%
Other	\$ -	0.0%
Total statutory income tax expense (benefit)	\$1,161,131	27.5%
	12/31/2012	Effective Tax Rate
Federal and foreign income taxes incurred	\$727,000	17.2%
Realized capital gains (losses) tax	\$ -	0.0%
Change in net deferred income taxes	\$ (1,249,989)	-29.6%
Total statutory income tax expense (benefit)	\$ (522,989)	-12.4%

E. Operating Loss and Tax Credit Carry forwards and Protective Tax Deposits

- (1) At Jun 30, 2014, the Company had no net operating loss carry forwards available to offset against future taxable income.
- (2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:
  - (a) 2013 \$0
  - (b) 2012 \$0
  - (c) 2011 \$1,619,766

F. Not Applicable.

Cont. Note 9

G. Federal or Foreign Income Tax Loss Contingencies

- (1) The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

10. Information Concerning Parent, Subsidiaries and Affiliates

A, B, C, The following transactions are all as of Jun 30, 2014; The Company has a capitation arrangement with Aultman Hospital and has paid \$18,426,847 in capitated claims for its

## Notes to Financial Statement

commercial enrollees under the terms of the existing agreement. Effective May 1, 2012, the Company entered into a capitation arrangement with Aultman Hospital for their Medicare enrollees and has paid \$32,493,141 in capitated claims for its Medicare enrollees under the terms of the new agreement. The Company has paid a total of \$50,919,988 in capitated claims to Aultman Hospital for its enrollees.

The Company has a management services agreement with Aultman Health Foundation, the parent and AultCare Corporation, an affiliate that allows various administrative, marketing, and claims processing services to be completed on behalf of the Company. The Company paid \$405,506 to Aultman Health Foundation for management services that were provided and paid \$28,428,706 of expenses to AultCare Corporation for management services. The Company has an operating lease for office space and paid \$271,693 to Aultman Health Foundation for rent.

D. At Jun 30, 2014, the Company reported \$0 due from the parent company, Aultman Health Foundation. The Company has an intercompany revolving credit facility in place with AultCare Corporation, an affiliate that allows AultCare Corporation to borrow and repay operating funds. As of Jun 30, 2014, AultCare Corporation owes \$3,610,269 under the terms of the agreement. The Company also has capitation arrangement with the parent company for anticipation of future services. As of Jun 30, 2013, the Company has paid \$8,340,000 Aultman Health Foundation for these future services.

E. No Change.

F. No Change.

G. No Change.

H. The Company has an investment in West Tuscarawas Property Management with an admitted asset value of \$11,009,064. The Company also had an investment in a subsidiary, McKinley Life Agency, Ltd. of \$116,926. Also, the Company had an investment in an affiliate, AultCare Corporation of \$3,610,269.

I. No Change.

J. No Change.

K. No Change.

L. No Change.

11. Debt

A. No Change.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. No Change.

B. Contributions of 3% of each employee's compensation are made each year. The Company's contribution for the defined contribution plan was \$242,025 and \$395,687 for 2014 and 2013 respectively.

C – F No Change.

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

(1) No Change.

(2) No Change.

(3) No Change.

(4) No Change.

(5) No Change.

(6) No Change.

(7) No Change.

(8) No Change.

(9) No Change.

(10) No Change.

(11) No Change.

(12) No Change.

(13) No Change.

14. Contingencies

A. No Change.

B. No Change.

C. No Change.

D. No Change.

E. During 2008, the Company underwent a Medicare Risk Adjustment Validation ("RADV") audit by the Centers for Medicare and Medicaid Services on the Company's 2006 Medicare Advantage data. Based on current available information obtained from the preliminary results of the Medicare RADV audit, the Company has established a reserve of \$458,000 as of Jun 30, 2014, which represents Management's best estimate of

## Notes to Financial Statement

potential liability. Final audit results are pending Centers for Medicare & Medicaid Services review and pronouncement of findings.

15. Leases

A. Lessee Operating Lease

(1) The Company leases office space in buildings from Aultman Health Foundation through operating lease agreements that will expire Jun 30, 2014. In 2014 and 2013 respectively, the company paid \$271,693 and \$702,518 to Aultman Health Foundation for rent expense. Certain rental commitments have renewal options extending through the year 2019. Some of these renewals are subject to adjustments in future periods.

(2) At January 1, 2014, the minimum aggregate rental commitments are as follows:

Year Ending December 31	Operating Leases
1. 2013	\$ 658,116

B. Leasing is not a significant part of the lessor's business activities in terms of revenue, net income, or assets.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

A. No Change.

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

A. No Change.

B. No Change.

C. No Change.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured (N/A – Title)

A. No Change.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators (N/A – Title)

A. No Change.

20. Fair Value Measurement

A. The Company has assets that are measured at fair value on a recurring basis.

(1) Fair Value Measurements at Reporting Date

(1) Description	(2) (Level 1)	(3) (Level 2)	(4) (Level 3)	(5) Total
a. Assets at fair value				
Common Stock	\$ 13,564,591	\$ -	\$ -	\$ -
Total assets at fair value	\$ 13,564,591	\$ -	\$ -	\$ -

(2) No Change.

(3) No Change.

21. Other Items

A. No Change.

B. No Change.

C. No Change.

D. At Jun 30, 2014 the Company had admitted assets of \$12,808,526 in accounts receivable and amounts due from agents. The Company routinely assesses the collectability of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition.

E. No Change.

F. No Change.

G. No Change.

H. On or about December 27, 2007, CSAHS/UHHS-Canton, Inc. d/b/a Mercy Medical Center ("Mercy"), a competitor of Aultman Hospital in Stark County, Ohio, filed an action in the Stark County Court of Common Pleas against Aultman Health Foundation, AultCare Corporation, Aultman Hospital, and AultCare Insurance Company (formerly McKinley Life Insurance Company) (collectively, "Defendants"). Mercy alleged that the four Defendants had each, among other things, violated Ohio's antitrust laws, tortiously interfered with Mercy's business relationships, engaged in unfair competition and deceptive practices, participated in a civil conspiracy, and violated Ohio's Pattern of Corrupt Activities Statute. The action went to trial, and in June, 2010, the jury rendered judgment in favor of the Defendants on five of the six Mercy claims that were still at issue by that time. With respect to the sixth claim, for an alleged violation of Ohio's Patten of Corrupt Activities Statute, the jury found "Aultman" liable

## Notes to Financial Statement

to Mercy for \$6,148,000 in damages. Mercy had sought \$110,000,000 in damages. On October 19, 2010, the trial judge overruled the four Defendants' motion for judgment notwithstanding the verdict and for a new trial, but denied Mercy's claim for prejudgment interest. The trial judge also granted Mercy injunctive relief and attorneys fees of \$4,000,000. Neither the one verdict on which Mercy prevailed nor any of the Court's October 19 orders allocated the jury's award among the four Defendants. The four Defendants appealed the jury verdict and the judge's orders on October 22, 2010. On March 5, 2012, the Court of Appeals affirmed the monetary awards to Mercy, but reversed the Trial Court's injunctive relief requiring payments to non-parties. On July 25, 2012, the Ohio Supreme Court accepted jurisdiction to hear that appeal. The parties' merit briefing was complete on December 21, 2012. On January 8, 2013, the Court scheduled oral Arguments on April 9, 2013. On January 14, 2013, Mercy filed a motion to dismiss the appeal as improvidently allowed, based in part on the change in Ohio Supreme Court Justices following the November 2012 elections. Defendants and several amici filed oppositions to the motion to dismiss on January 24, 2013. The Court granted Mercy's motion to dismiss without a written opinion on March 13, 2013. As a result of the Ohio Supreme Court's decision, Defendants became obligated to pay the original verdict of \$6.1 million and attorney fees of \$4.0 million plus the interest fees and Mercy's appellate costs. Accordingly, Defendants paid the judgment of \$14.7 million.

- 22. Events Subsequent
  - A. As of Aug 15, 2014, there have been no Type I events subsequent to June 30, 2014, which would have a material effect on the financial condition of the Company or on the financial statement issued Aug 15, 2014.
  - B. Subsequent events have been considered through June 30, 2014 for the statement issued on Aug 15, 2014.
- 23. Reinsurance
  - A. No Change.
  - B. No Change.
  - C. No Change.
- 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination (N/A –Title)
  - A. No Change.
  - B. No Change.
  - C. The Company has accrued \$0 of net premiums written as of Jun 30, 2014 for the group health plan. No other net premiums written by the Company are subject to retrospective rating features.
- 25. Change in Incurred Claims and Claims Adjustment Expenses
  - A. No Change.
- 26. Intercompany Pooling Arrangements
  - A. No Change.
- 27. Structured Settlements

## Notes to Financial Statement

28. A. No Change.  
 Health Care Receivables  
 A.

29. B. No Change.  
 Participating Policies  
 A. No Change.

30. Premium Deficiency Reserves  
 A. No Change.

31. Anticipated Salvage and Subrogation  
 A. No Change.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received within 90 Days of Billing	Actual Rebates Received within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
6/30/2014	591,415				
3/31/2014	591,415				
12/31/2013	395,222	6,193	-	449,457	-
9/30/2013	1,019,786	16,629	-	522,054	-
6/30/2013	1,328,765	7,650	6,261	348,887	-
3/31/2013	1,385,627	6,788	-	361,010	-
12/31/2012	1,383,510	8,905	-	686,934	-
9/30/2012	1,565,867	14,048	-	520,891	12,781
6/30/2012	1,849,809	11,356	2,214	847,167	-
3/31/2012	2,079,769	24,451	3,674	1,334,531	194,358
12/31/2011	2,088,068	16,152	-	961,472	15,482
9/30/2011	1,639,697	14,523	-	784,612	10,203
6/30/2011	1,177,689	176,531	-	913,051	11,507

**GENERAL INTERROGATORIES****PART 1 - COMMON INTERROGATORIES**  
**GENERAL**

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No[X]  
Yes [ ] No [ ] N/A[X]

1.2 If yes, has the report been filed with the domiciliary state? .....

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No[X]

2.2 If yes, date of change: .....

3.1 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 [ ]

3.2 If yes, complete Schedule Y, Parts 1 and 1A. Yes [ ] No[X]

3.3 If there have been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No[X]

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No[X]

4.2 If yes, provide the name of 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
.....	.....	.....

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No[X] N/A [ ]

If yes, attach an explanation. .....

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2010

6.2 State as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2010

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 09/21/2011

6.4 By what department or departments?  
Ohio Department of Insurance

6.5 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]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ ] No [ ] N/A[X]

7.1 Has this 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]

7.2 If yes, give full information .....

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? Yes [ ] No[X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.] .....

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

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes[X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain: .....

9.2 Has the code of ethics for senior managers been amended? Yes [ ] No[X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s). .....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No[X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s). .....

**FINANCIAL**

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No[X]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ ..... 0

**INVESTMENT**

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No[X]

11.2 If yes, give full and complete information relating thereto: .....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ ..... 11,009,064

13. Amount of real estate and mortgages held in short-term investments: \$ ..... 0

**GENERAL INTERROGATORIES (Continued)****INVESTMENT**

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?  
 14.2 If yes, please complete the following:

Yes[X] No[ ]

		1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21	Bonds .....	.....	.....
14.22	Preferred Stock .....	.....	.....
14.23	Common Stock .....	.....	.....
14.24	Short-Term Investments .....	.....	.....
14.25	Mortgages Loans on Real Estate .....	.....	.....
14.26	All Other .....	12,224,446	14,371,135
14.27	Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) .....	12,224,446	14,371,135
14.28	Total Investment in Parent included in Lines 14.21 to 14.26 above .....	.....	.....

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

16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:  
 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2  
 16.2 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2  
 16.3 Total payable for securities lending reported on the liability page

17. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

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

\$ ..... 0  
\$ ..... 0  
\$ ..... 0

Yes[X] No[ ]

1 Name of Custodian(s)	2 Custodian Address
FirstMerit Trust Company .....	4481 Munson St. NW #200, Canton, OH 44718 .....
The Vanguard Group .....	P.O. Box 2600 Valley Forge, PA 19482 .....

17.2 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)
.....	.....	.....

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes[ ] No[X]  
 17.4 If yes, give full and complete information relating thereto:

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

17.5 Identify all investment advisors, brokers/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	2 Name(s)	3 Address
.....	.....	.....

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[ ]  
 18.2 If no, list exceptions:

## **GENERAL INTERROGATORIES**

### **PART 2 - HEALTH**

**1. Operating Percentages:**

1.1 A&H loss percent	.....	87.360%
1.2 A&H cost containment percent	.....	2.120%
1.3 A&H expense percent excluding cost containment expenses	.....	11.400%

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

Yes[ ] No[X]

\$..... 0

2.2 If yes, please provide the amount of custodial funds held as of the reporting date.

Yes[ ] No[X]

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

\$..... 0

2.4 If yes, please provide the balance of the funds administered as of the reporting date.

**SCHEDULE S - CEDED REINSURANCE****Showing All New Reinsurance Treaties - Current Year to Date**

1 NAIC Company Code	2 ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Type of Reinsurer	8 Certified Reinsurer Rating (1 through 6)	9 Effective Date of Certified Reinsurer Rating
<b>Accident and Health - Non-affiliates</b>								
93440 .....	06-1041332 .....	04/01/2008 .....	HM LIFE INS CO .....	PA .....	ASL/AI .....	Authorized .....	.....	.....
13647 .....	26-4662908 .....	01/01/2009 .....	PRESIDIO REINS CORP .....	MT .....	QAA/G .....	Authorized .....	.....	.....

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS****Current Year to Date - Allocated by States and Territories**

State, Etc.	1 Active Status	Direct Business Only							
		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama (AL) .....	N .....								
2. Alaska (AK) .....	N .....								
3. Arizona (AZ) .....	N .....								
4. Arkansas (AR) .....	N .....								
5. California (CA) .....	N .....								
6. Colorado (CO) .....	N .....								
7. Connecticut (CT) .....	N .....								
8. Delaware (DE) .....	N .....								
9. District of Columbia (DC) .....	N .....								
10. Florida (FL) .....	N .....								
11. Georgia (GA) .....	N .....								
12. Hawaii (HI) .....	N .....								
13. Idaho (ID) .....	N .....								
14. Illinois (IL) .....	N .....								
15. Indiana (IN) .....	N .....								
16. Iowa (IA) .....	N .....								
17. Kansas (KS) .....	N .....								
18. Kentucky (KY) .....	N .....								
19. Louisiana (LA) .....	N .....								
20. Maine (ME) .....	N .....								
21. Maryland (MD) .....	N .....								
22. Massachusetts (MA) .....	N .....								
23. Michigan (MI) .....	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 .....	113,510,368	113,652,964		8,184,808			235,348,141	
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 .....	113,510,368	113,652,964		8,184,808			235,348,141	
60. Reporting entity contributions for Employee Benefit Plans .....	XXX .....								
61. Total (Direct Business) .....	(a) .....	1 .....	113,510,368	113,652,964		8,184,808		235,348,141	

**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.

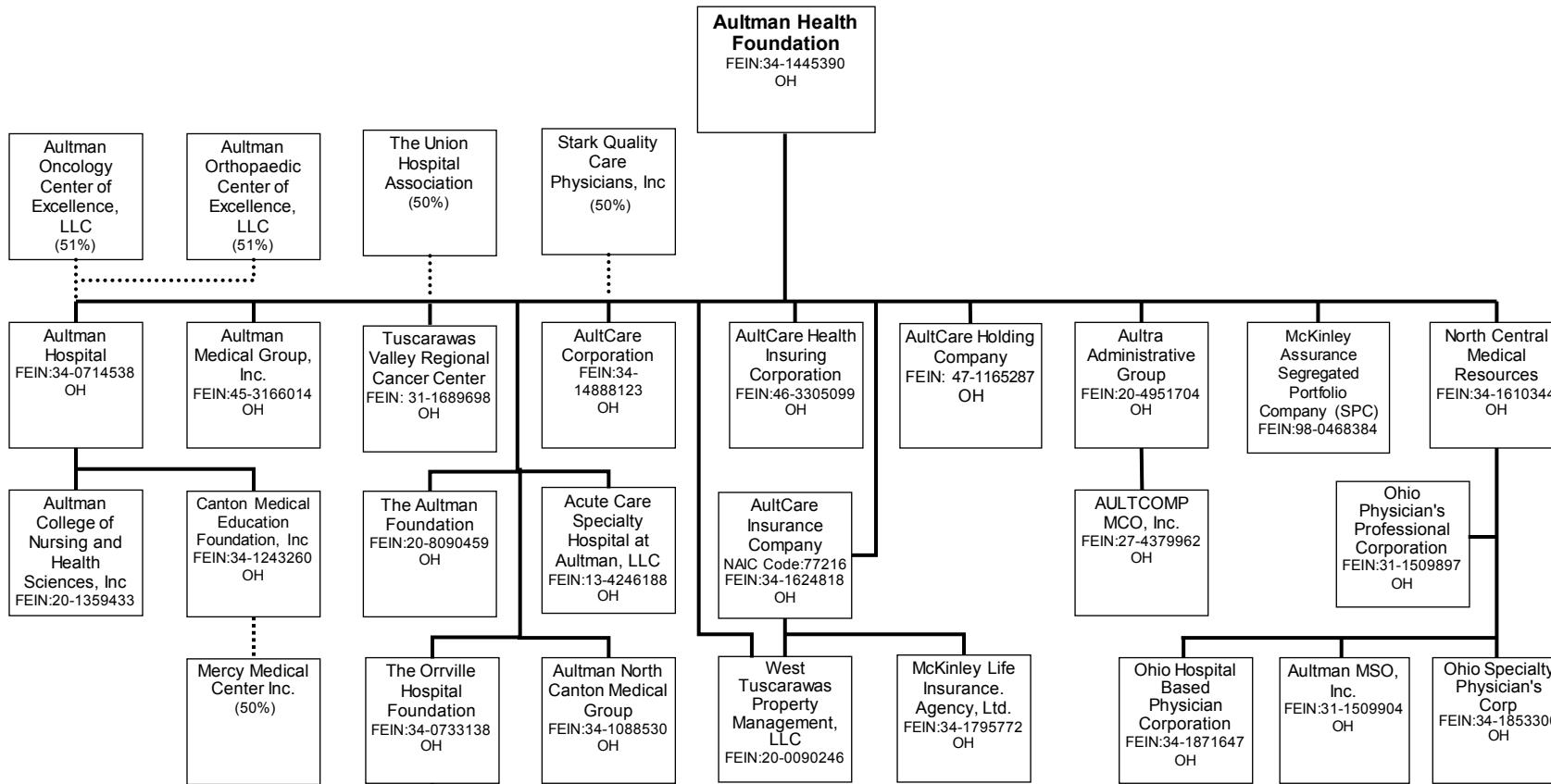
(a) Insert the number of L responses except for Canada and Other Alien.

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

## MEMBERS OF A HOLDING COMPANY GROUP

### PART 1 - ORGANIZATIONAL CHART

#### Aultman Organization Structure by Legal Entity



# SCHEDULE Y

## PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	FEDERAL RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies) / Person(s)	*
4805		00000	34-1445390			Aultman Health Foundation		US	UDP	Aultman Health Foundation	Board of Directors		Aultman Health Foundation	
		00000	34-0714538			Aultman Hospital		US	NIA	Aultman Health Foundation	Ownership	100.0	Aultman Health Foundation	
		77216	34-1624818			AultCare Insurance Company		US	RE	Aultman Health Foundation	Ownership	100.0	Aultman Health Foundation	
		00000	34-1488123			AultCare Corporation		US	IA	Aultman Health Foundation & Stark County Care Physicians, Inc				
		00000	20-0090246			West Tuscarawas Property Management, LLC		US	DS	McKinley Life Insurance Company	Other		Aultman Health Foundation	0000001
		00000	34-1795772			McKinley Life Insurance Agency, Ltd.		US	DS	McKinley Life Insurance Company	Ownership	94.0	Aultman Health Foundation	
		00000	20-4951704			Aultra Administrative Group		US	IA	AultCare Corporation	Management	100.0	Aultman Health Foundation	
		00000	27-4379962			AultComp MCO, Inc.		US	NIA	Aultman Health Foundation	Ownership	100.0	Aultman Health Foundation	
		00000	34-1853300			Ohio Specialty Physician's Corporation		US	NIA	North Central Medical Resources	Ownership	100.0	Aultman Health Foundation	
		00000	98-0468384			McKinley Assurance Segregated Portfolio Company (SPC)		US	NIA	Aultman Health Foundation	Ownership	100.0	Aultman Health Foundation	
		00000	20-1359433			Aultman College of Nursing and Health Sciences		US	NIA	Aultman Hospital	Ownership	100.0	Aultman Health Foundation	
		00000	31-1509904			Aultman MSO, Inc.		US	NIA	North Central Medical Resources	Ownership	100.0	Aultman Hospital	
		00000	20-8090459			The Aultman Foundation		US	NIA	Aultman Health Foundation	Ownership	100.0	Aultman Health Foundation	
		00000	31-1509897			Ohio Physicians Professional Corporation		US	NIA	North Central Medical Resources	Ownership	100.0	Aultman Health Foundation	
		00000	34-1610344			North Central Medical Resources		US	NIA	Aultman Health Foundation	Ownership	100.0	Aultman Health Foundation	
		00000	34-1871647			Ohio Hospital Based Physician Corporation		US	NIA	North Central Medical Resources	Ownership	100.0	Aultman Health Foundation	
		00000	31-1689698			Tuscarawas Valley Regional Cancer Center		US	NIA	Aultman Health Foundation	Ownership	100.0	Aultman Health Foundation	
		00000	13-4246188			Acute Care Specialty Hospital at Aultman, LLC		US	NIA	North Central Medical Resources	Ownership	100.0	Aultman Health Foundation	
		00000	34-1243260			Canton Medical Education Foundation		US	NIA	Aultman Health Foundation	Ownership	100.0	Aultman Hospital	0000003
		00000	46-3305099			AultCare Health Insuring Corporation		US	NIA	Other	Ownership, Board of Directors	50.0	Aultman Health Foundation	0000002
		00000	34-1088530			Aultman North Canton Medical		US	NIA	Aultman Health Foundation	Ownership	100.0	Aultman Health Foundation	
		00000	34-0733138			The Orville Hospital Foundation		US	NIA	Aultman Health Foundation	Ownership, Board of Directors	100.0	Aultman Health Foundation	
		00000	45-3166014			Aultman Medical Group, Inc		US	UDP	Aultman Health Foundation	Ownership	100.0	Aultman Health Foundation	
		15461	46-3305099			AultCare Health Insuring Corporation		US	IA	Aultman Health Foundation	Ownership	100.0	Aultman Health Foundation	
		00000	47-1165287			AultCare Holding Company		US	IA	Aultman Health Foundation	Ownership	100.0	Aultman Health Foundation	

Asterisk	Explanation
0000001	AultCare Corporation's governance is controlled by Aultman Health Foundation 50% and Stark Quality Care Physicians, Inc 50%, 100% of equity owned by Aultman Health Foundation
0000002	Tuscarawas Valley Regional Cancer Center is controlled by Aultman Health Foundation 50% and a non-insurance affiliate entity Union Hospital 50%
0000003	Canton Medical Education Foundation is controlled by Aultman Hospital 50% and a non-insurance affiliate entity Mercy Medical Center 50%

## **SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

**RESPONSE**

Yes

Explanations:

Bar Codes:



STATEMENT AS OF **June 30, 2014** OF THE **AultCare Insurance Company**  
**SCHEDULE A - VERIFICATION**  
**Real Estate**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	.....	.....
2. Cost of acquired:	.....	.....
2.1 Actual cost at time of acquisition .....	.....	.....
2.2 Additional investment made after acquisition .....	.....	.....
3. Current year change in encumbrances .....	.....	.....
4. Total gain (loss) on disposals .....	.....	.....
5. Deduct amounts received on disposals .....	.....	.....
6. Total foreign exchange change in book/adjusted carrying value .....	.....	.....
7. Deduct current year's other than temporary impairment recognized .....	.....	.....
8. Deduct current year's depreciation .....	.....	.....
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8) .....	.....	.....
10. Deduct total nonadmitted amounts .....	.....	.....
11. Statement value at end of current period (Line 9 minus Line 10) .....	.....	.....

**SCHEDULE B - VERIFICATION**  
**Mortgage Loans**

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....	.....	.....
2. Cost of acquired:	.....	.....
2.1 Actual cost at time of acquisition .....	.....	.....
2.2 Additional investment made after acquisition .....	.....	.....
3. Capitalized deferred interest and other .....	.....	.....
4. Accrual of discount .....	.....	.....
5. Unrealized valuation increase (decrease) .....	.....	.....
6. Total gain (loss) on disposals .....	.....	.....
7. Deduct amounts received on disposals .....	.....	.....
8. Deduct amortization of premium and mortgage interest points .....	.....	.....
9. Total foreign exchange change in book value/recorded investment .....	.....	.....
10. Deduct current year's other than temporary impairment recognized .....	.....	.....
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) .....	.....	.....
12. Total valuation allowance .....	.....	.....
13. Subtotal (Line 11 plus Line 12) .....	.....	.....
14. Deduct total nonadmitted amounts .....	.....	.....
15. Statement value at end of current period (Line 13 minus Line 14) .....	.....	.....

**SCHEDULE BA - VERIFICATION**  
**Other Long-Term Invested Assets**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	12,224,446	16,478,301
2. Cost of acquired:	.....	.....
2.1 Actual cost at time of acquisition .....	.....	.....
2.2 Additional investment made after acquisition .....	2,261,384	2,600,000
3. Capitalized deferred interest and other .....	.....	.....
4. Accrual of discount .....	.....	(114,695)
5. Unrealized valuation increase (decrease) .....	.....	(203,195)
6. Total gain (loss) on disposals .....	.....	(6,650,661)
7. Deduct amounts received on disposals .....	.....	.....
8. Deduct amortization of premium and depreciation .....	.....	.....
9. Total foreign exchange change in book/adjusted carrying value .....	.....	.....
10. Deduct current year's other than temporary impairment recognized .....	.....	.....
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) .....	14,371,135	12,224,446
12. Deduct total nonadmitted amounts .....	.....	.....
13. Statement value at end of current period (Line 11 minus Line 12) .....	14,371,135	12,224,446

**SCHEDULE D - VERIFICATION**  
**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	60,013,005	65,434,570
2. Cost of bonds and stocks acquired .....	5,875,327	23,899,725
3. Accrual of discount .....	23,756	38,497
4. Unrealized valuation increase (decrease) .....	(234,369)	1,214,855
5. Total gain (loss) on disposals .....	834,035	907,455
6. Deduct consideration for bonds and stocks disposed of .....	4,988,808	31,234,190
7. Deduct amortization of premium .....	183,912	247,906
8. Total foreign exchange change in book/adjusted carrying value .....	.....	.....
9. Deduct current year's other than temporary impairment recognized .....	.....	.....
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	61,339,034	60,013,005
11. Deduct total nonadmitted amounts .....	.....	.....
12. Statement value at end of current period (Line 10 minus Line 11) .....	61,339,034	60,013,005

**SCHEDULE D - PART 1B**  
**Showing the Acquisitions, Dispositions and Non-Trading Activity**  
**During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation**

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. NAIC 1 (a)	43,313,086	3,835,822	1,744,338	(32,958)	43,313,086	45,371,613		43,155,454
2. NAIC 2 (a)	2,359,044	225,439	162,902	(18,750)	2,359,044	2,402,830		1,976,249
3. NAIC 3 (a)								
4. NAIC 4 (a)								
5. NAIC 5 (a)								
6. NAIC 6 (a)								
7. Total Bonds	45,672,130	4,061,261	1,907,240	(51,708)	45,672,130	47,774,442		45,131,703
<b>PREFERRED STOCK</b>								
8. NAIC 1								
9. NAIC 2								
10. NAIC 3								
11. NAIC 4								
12. NAIC 5								
13. NAIC 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	45,672,130	4,061,261	1,907,240	(51,708)	45,672,130	47,774,442		45,131,703

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

**SCHEDULE DA - PART 1****Short - Term Investments**

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. <b>Totals</b>	1,223,665	XXX	1,236,417	7,325	3,005

**SCHEDULE DA - Verification****Short-Term Investments**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	1,868,257	230,483
2. Cost of short-term investments acquired		3,669,001
3. Accrual of discount		46
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	(873)	(1,764)
6. Deduct consideration received on disposals	628,910	2,004,437
7. Deduct amortization of premium	14,809	25,071
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	1,223,665	1,868,257
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	1,223,665	1,868,257

**SI04 Schedule DB - Part A Verification** ..... **NONE**

**SI04 Schedule DB - Part B Verification** ..... **NONE**

**SI05 Schedule DB Part C Section 1** ..... **NONE**

**SI06 Schedule DB Part C Section 2** ..... **NONE**

**SI07 Schedule DB - Verification** ..... **NONE**

**SI08 Schedule E - Verification (Cash Equivalents)** ..... **NONE**

**E01 Schedule A Part 2 .....** **NONE**

**E01 Schedule A Part 3 .....** **NONE**

**E02 Schedule B Part 2 .....** **NONE**

**E02 Schedule B Part 3 .....** **NONE**

## SCHEDULE BA - PART 2

## Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 CUSIP Identification	2 Name or Description	Location		5 Name of Vendor or General Partner	6 NAIC Designation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made After Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership
		3 City	4 State									
<b>Collateral Loans - Affiliated</b>	AULTCARE-AFFILIATED	CANTON	OHIO	AULTCARE INSURANCE COMPANY	77216	01/01/2009		1,218,265	2,261,384			
2699999 Subtotal - Collateral Loans - Affiliated								1,218,265	2,261,384			XXX
4599999 Total - Affiliated								1,218,265	2,261,384			XXX
4699999 TOTALS								1,218,265	2,261,384			XXX

## SCHEDULE BA - PART 3

## Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1 CUSIP Identification	2 Name or Description	Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Change in Book/Adjusted Carrying Value					15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income
		3 City	4 State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B./A.C.V. (9 + 10 - 11 + 12)	14 Total Foreign Exchange Change in B./A.C.V.					
4699999 TOTALS																		

QE03

NONE

## SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Governments</b>									
3133EDP48 .....	FFCB .....		06/24/2014 .....	FIRSTMERIT TRUST .....	XXX .....	1,250,000 .....	1,250,000 .....	1 .....	
0599999 Subtotal - Bonds - U.S. Governments .....					XXX .....	1,250,000 .....	1,250,000 .....		XXX .....
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>									
581557BB0 .....	MCKESSON CORP .....		04/08/2014 .....	FIRSTMERIT TRUST .....	XXX .....	124,929 .....	125,000 .....	126 .....	2 .....
427866AP3 .....	HERSHEY COMPANY .....		05/29/2014 .....	FIRSTMERIT TRUST .....	XXX .....	110,655 .....	100,000 .....	1,332 .....	1 .....
867914BG7 .....	SUNTRUST BANKS .....		05/08/2014 .....	FIRSTMERIT TRUST .....	XXX .....	100,510 .....	100,000 .....	49 .....	2 .....
075887AU3 .....	BECTON DICKINSON .....		06/30/2014 .....	FIRSTMERIT TRUST .....	XXX .....	79,327 .....	70,000 .....	438 .....	1 .....
459200AG6 .....	IBM CORP .....		06/09/2014 .....	FIRSTMERIT TRUST .....	XXX .....	130,840 .....	100,000 .....	884 .....	1 .....
36830JKJ2 .....	GE CAP RETAIL BK CD .....		04/28/2014 .....	FIRSTMERIT TRUST .....	XXX .....	225,000 .....	225,000 .....		1 .....
084601AG8 .....	BERKSHIRE BK CD .....		04/30/2014 .....	FIRSTMERIT TRUST .....	XXX .....	225,000 .....	225,000 .....		1 .....
17670LAH9 .....	CITIZENS STATE BK CD .....		04/30/2014 .....	FIRSTMERIT TRUST .....	XXX .....	225,000 .....	225,000 .....		1 .....
72766HBB0 .....	PLATINUM BK CD .....		04/30/2014 .....	FIRSTMERIT TRUST .....	XXX .....	225,000 .....	225,000 .....		1 .....
05580AAF1 .....	BMW BANK OF NA CD .....		05/30/2014 .....	FIRSTMERIT TRUST .....	XXX .....	225,000 .....	225,000 .....		1 .....
300185CH6 .....	EVERGREEN BK GRP CD .....		05/30/2014 .....	FIRSTMERIT TRUST .....	XXX .....	225,000 .....	225,000 .....		1 .....
33764J5D3 .....	FIRSTBANK PR CD .....		05/30/2014 .....	FIRSTMERIT TRUST .....	XXX .....	225,000 .....	225,000 .....		1 .....
58403BN93 .....	MEDALLION BK UT CD .....		05/29/2014 .....	FIRSTMERIT TRUST .....	XXX .....	225,000 .....	225,000 .....		1 .....
88413QAQ1 .....	THIRD FED SAV & LN CD .....		05/23/2014 .....	FIRSTMERIT TRUST .....	XXX .....	225,000 .....	225,000 .....		1 .....
909557DM9 .....	UNITED BANKERS CD .....		06/25/2014 .....	FIRSTMERIT TRUST .....	XXX .....	240,000 .....	240,000 .....		1 .....
3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated) .....					XXX .....	2,811,261 .....	2,760,000 .....	2,828 .....	XXX .....
8399997 Subtotal - Bonds - Part 3 .....					XXX .....	4,061,261 .....	4,010,000 .....	2,828 .....	XXX .....
8399999 Subtotal - Bonds .....					XXX .....	4,061,261 .....	4,010,000 .....	2,828 .....	XXX .....
9899999 Subtotal - Preferred and Common Stocks .....					XXX .....		XXX .....		XXX .....
9999999 Total - Bonds, Preferred and Common Stocks .....					XXX .....	4,061,261 .....	XXX .....	2,828 .....	XXX .....

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0.

## **SCHEDULE D - PART 4**

**Show All Long-Term Bonds and Stocks Sold, Redeemed or Otherwise Disposed of  
During the Current Quarter**

1	2	3 F o r e i g n	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B.I.A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B.I.A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)	
<b>Bonds - U.S. Governments</b>																					
3133XAPR2	FHLB	06/19/2014	FIRSTMERIT TRUST	XXX	1,284,338	1,250,000	1,257,500	1,251,347		(34,835)		(34,835)		1,216,512		33,488	33,488	27,344	02/13/2015	1	
0599999 Subtotal - Bonds - U.S. Governments				XXX	1,284,338	1,250,000	1,257,500	1,251,347		(34,835)		(34,835)		1,216,512		33,488	33,488	27,344	XXX	XXX	
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>																					
32115UA6	FIRST NATIONAL BK CD	04/14/2014	FIRSTMERIT TRUST	XXX	240,000	240,000	240,000	240,000						240,000					04/14/2014	1	
712498CF9	PEOPLES ST BK CD	06/27/2014	FIRSTMERIT TRUST	XXX	220,000	220,000	220,000	220,000						220,000					06/27/2014	1	
14040HAS4	CAPITAL ONE FINL	05/23/2014	FIRSTMERIT TRUST	XXX	100,000	100,000	108,664	102,549		(2,139)		(2,139)		100,410		(410)	(410)	3,688	05/23/2014	2	
74432QBJ3	PRUDENTIAL FIN MTN	06/30/2014	FIRSTMERIT TRUST	XXX	62,902	60,000	64,129	64,077		(3,887)		(3,887)		60,190		(190)	(190)	1,425	09/17/2015	2	
3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				XXX	622,902	620,000	632,793	626,626		(6,026)		(6,026)		620,600		(600)	(600)	5,113	XXX	XXX	
8399997 Subtotal - Bonds - Part 4				XXX	1,907,240	1,870,000	1,890,293	1,877,973		(40,861)		(40,861)		1,837,112		32,888	32,888	32,456	XXX	XXX	
8399999 Subtotal - Bonds				XXX	1,907,240	1,870,000	1,890,293	1,877,973		(40,861)		(40,861)		1,837,112		32,888	32,888	32,456	XXX	XXX	
<b>Common Stocks - Mutual Funds</b>																					
880284708	VANGUARD TOTAL STOCK MKT	04/04/2014	VANGUARD	43,936.731	2,000,000	XXX	1,200,697	7,365,599	148,816			148,816		7,514,415		799,303	799,303	32,529	XXX	1	
9299999 Subtotal - Common Stocks - Mutual Funds				XXX	2,000,000	XXX	1,200,697	7,365,599	148,816			148,816		7,514,415		799,303	799,303	32,529	XXX	XXX	
9799997 Subtotal - Common Stocks - Part 4				XXX	2,000,000	XXX	1,200,697	7,365,599	148,816			148,816		7,514,415		799,303	799,303	32,529	XXX	XXX	
9799999 Subtotal - Common Stocks				XXX	2,000,000	XXX	1,200,697	7,365,599	148,816			148,816		7,514,415		799,303	799,303	32,529	XXX	XXX	
9899999 Subtotal - Preferred and Common Stocks				XXX	2,000,000	XXX	1,200,697	7,365,599	148,816			148,816		7,514,415		799,303	799,303	32,529	XXX	XXX	
9999999 Total - Bonds, Preferred and Common Stocks				XXX	3,907,240	XXX	3,090,990	9,243,572	148,816	(40,861)		107,955		9,351,527		832,191	832,191	64,985	XXX	XXX	

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues ..... 0.

Q05

**E06 Schedule DB Part A Section 1 .....** **NONE**

**E07 Schedule DB Part B Section 1 .....** **NONE**

**E08 Schedule DB Part D Section 1 .....** **NONE**

**E09 Schedule DB Part D Section 2 - Collateral Pledged By Reporting Entity .....** **NONE**

**E09 Schedule DB Part D Section 2 - Collateral Pledged To Reporting Entity .....** **NONE**

**E10 Schedule DL - Part 1 - Securities Lending Collateral Assets .....** **NONE**

**E11 Schedule DL - Part 2 - Securities Lending Collateral Assets .....** **NONE**

**SCHEDULE E - PART 1 - CASH**

## Month End Depository Balances

1			2	3	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9
Depository		Code					First Month	Second Month	Third Month	
<b>open depositories</b>										
FirstMerit Bank - Trust .....	Canton, Ohio .....		0.100	310		591,037	726,287	815,456	XXX	
FirstMerit Bank - Brokered CDs .....	Canton, Ohio .....		0.100	294		1,368,652	245,665	226,777	XXX	
Huntington National Bank .....	Canton, Ohio .....					1,306,304	15,296,963	(204,206)	XXX	
FirstMerit Bank-ST CDs .....	Canton, Ohio .....								XXX	
Huntington National Bank .....	Canton, Ohio .....					12,913,216	10,122,844	11,274,998	XXX	
FirstMerit Bank - PIMCO .....	Canton, Ohio .....					932	932	932	XXX	
FirstMerit Bank - Richmond Capital .....	Canton, Ohio .....		0.100	181		159,792	123,573	12,048	XXX	XXX
0199998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (see Instructions) - open depositories .....		XXX	XXX ..							XXX
0199999 Totals - Open Depositories .....		XXX	XXX ..	785		16,339,932	26,516,265	12,126,006	XXX	
0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (see Instructions) - suspended depositories .....		XXX	XXX ..							XXX
0299999 Totals - Suspended Depositories .....		XXX	XXX ..							XXX
0399999 Total Cash On Deposit .....		XXX	XXX ..	785		16,339,932	26,516,265	12,126,006	XXX	
0499999 Cash in Company's Office .....		XXX	XXX ..	XXX ..						XXX
0599999 Total Cash .....		XXX	XXX ..	785		16,339,932	26,516,265	12,126,006	XXX	

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
8699999 Total - Cash Equivalents .....							

**N O N E**



## **MEDICARE PART D COVERAGE SUPPLEMENT**

### **Net of Reinsurance**

NAIC Group Code: 4805

NAIC Company Code: 77216

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected .....	.....	XXX .....	.....	XXX .....	.....
2. Earned Premiums .....	.....	XXX .....	.....	XXX .....	XXX .....
3. Claims Paid .....	.....	XXX .....	.....	XXX .....	.....
4. Claims Incurred .....	.....	XXX .....	.....	XXX .....	XXX .....
5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a) .....	XXX .....	..... 1,434	XXX .....	.....	..... 1,434
6. Aggregate Policy Reserves - change .....	XXX .....	XXX .....	XXX .....	XXX .....	XXX .....
7. Expenses Paid .....	.....	XXX .....	.....	XXX .....	.....
8. Expenses Incurred .....	.....	XXX .....	.....	XXX .....	XXX .....
9. Underwriting Gain or Loss .....	.....	XXX .....	.....	XXX .....	XXX .....
10. Cash Flow Results .....	XXX .....	XXX .....	XXX .....	XXX .....	(1,434)

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$.....0 due from CMS or \$.....0 due to CMS

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