

Amended Explanation Page

Summa Insurance Company
Amended Cover Page
12/31/14

Summa Insurance Company has amended the 12/31/14 Annual Statement to reflect tax adjustments made to the tax provision. The financial statement changes are as follows:

Assets:
Line 18.1, Federal income taxes recoverable increased by \$978,818.

Liabilities:
Line 30, Unassigned funds increased by \$978,818

The Annual Statement pages affected by these changes were:

2	26	Supp2
3	29	MD&A
5	37	



ANNUAL STATEMENT
For the Year Ending DECEMBER 31, 2014
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[] Dental Service Corporation[] Other[]		Property/Casualty[X] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[]	
Incorporated/Organized	08/07/1995		Commenced Business	02/01/1996		
Statutory Home Office	10 North Main Street (Street and Number)		Akron, OH, 44308 (City or Town, State, Country and Zip Code)			
Main Administrative Office			10 North Main Street (Street and Number)			
	Akron, OH, 44308 (City or Town, State, Country and Zip Code)		(330)996-8410 (Area Code) (Telephone Number)			
Mail Address	P.O. Box 3620 (Street and Number or P.O. Box)		Akron, OH, 44309 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records			10 North Main Street (Street and Number)			
	Akron, OH, 44308 (City or Town, State, Country and Zip Code)		(330)996-8410 (Area Code) (Telephone Number)			
Internet Website Address	SummaCare.com					
Statutory Statement Contact	Roy Douglas Hall (Name)		(330)996-8410-62057 (Area Code)(Telephone Number)(Extension)			
	hallroy@summacare.com (E-Mail Address)		(330)996-8553 (Fax Number)			

OFFICERS

Name	Title	#
Martin Paul Hauser	CEO	
Robert Andrew Gerberry	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	Kevin Cavalier, VP - Sales
Keith Johnson, VP - Third Party Administrator	James Loveless, VP - Individual Product Line
Judith Macro, VP - Corporate Services, Compliance Officer	James McNutt, VP - Finance, CFO
Donald Novosel, VP - Contracting & Network Development	Annette Ruby, VP - Health Services Management
Mumtaz Ibrahim M.D., Chief Medical Officer	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 McLivaine

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) Claude Maurius Vincenti (Printed Name) 1. President (Title)	(Signature) Robert Andrew Gerberry (Printed Name) 2. Secretary (Title)	(Signature) Brian Keith Derrick (Printed Name) 3. Treasurer (Title)
Subscribed and sworn to before me this 6th day of May, 2015	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes[] No[X] 2 05/12/2015 8
(Notary Public Signature)		

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	47,175,877		47,175,877	11,802,924
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)				
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....15,442,308, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....189,309, Schedule DA)	15,631,617		15,631,617	7,699,295
6.	Contract loans (including \$.....0 premium notes)				
7.	Derivatives (Schedule DB)				
8.	Other invested assets (Schedule BA)				
9.	Receivables for securities				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL)				
11.	Aggregate write-ins for invested assets				
12.	Subtotals, cash and invested assets (Lines 1 to 11)	62,807,494		62,807,494	19,502,219
13.	Title plants less \$.....0 charged off (for Title insurers only)				
14.	Investment income due and accrued	122,716		122,716	56,969
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection	1,125,231	305,832	819,399	874,934
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	3,199,481		3,199,481	443,987
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	2,229,081		2,229,081	1,403,042
18.2	Net deferred tax asset				567,210
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software	230,936		230,936	812,426
21.	Furniture and equipment, including health care delivery assets (\$.....0)	52,405	52,405		
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates	927,262		927,262	37,680,821
24.	Health care (\$.....1,177,280) and other amounts receivable	1,746,164	568,904	1,177,260	388,446
25.	Aggregate write-ins for other than invested assets	14,500	14,500		
26.	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	72,455,270	941,641	71,513,629	61,730,054
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	TOTAL (Lines 26 and 27)	72,455,270	941,641	71,513,629	61,730,054
DETAILS OF WRITE-INS					
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	14,500	14,500		
2502.	Deferred ACA Asset				
2503.	Pharmacy Rebates				
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	14,500	14,500		

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	25,620,497		25,620,497	23,144,138
2.	Accrued medical incentive pool and bonus amounts	270,001		270,001	216,000
3.	Unpaid claims adjustment expenses	456,658		456,658	462,191
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	6,346,416		6,346,416	4,894,070
9.	General expenses due or accrued	5,948,385		5,948,385	1,954,618
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	1,412,582		1,412,582	468,266
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)				823,696
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)	40,054,539		40,054,539	31,962,979
25.	Aggregate write-ins for special surplus funds	X X X	X X X		
26.	Common capital stock	X X X	X X X	2,500,062	2,500,062
27.	Preferred capital stock	X X X	X X X		
28.	Gross paid in and contributed surplus	X X X	X X X	82,866,381	32,866,381
29.	Surplus notes	X X X	X X X		35,000,000
30.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
31.	Unassigned funds (surplus)	X X X	X X X	(53,907,353)	(40,599,368)
32.	Less treasury stock, at cost:				
32.1	0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2	0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	31,459,090	29,767,075
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	71,513,629	61,730,054
DETAILS OF WRITE-INS					
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.		X X X	X X X		
2502.		X X X	X X X		
2503.		X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.		X X X	X X X		
3002.		X X X	X X X		
3003.		X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	29,767,075	57,954,975
34.	Net income or (loss) from Line 32	(13,508,684)	(10,566,667)
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	(30,582,313)	(21,579,211)
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	(567,210)	(374,422)
39.	Change in nonadmitted assets	30,377,889	(29,987,156)
40.	Change in unauthorized and certified reinsurance		
41.	Change in treasury stock		53,579
42.	Change in surplus notes	(35,000,000)	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	50,000,000	(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	972,333	(11,340)
48.	Net change in capital and surplus (Lines 34 to 47)	1,692,015	(28,187,900)
49.	Capital and surplus end of reporting year (Line 33 plus 48)	31,459,090	29,767,075
DETAILS OF WRITE-INS			
4701.	Deferred gain on sale of bonds to SummaCare, Inc.	(6,485)	
4702.	Gain on sale of bonds		(11,340)
4703.	Federal income tax adjustment	978,818	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	972,333	(11,340)

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, 2014 and December 31, 2013 and the results of its operations and its cash flow for the years then ended have been determined in accordance with accounting principles prescribed or permitted by the ODI. Management believes the difference in capital and surplus between NAIC SAP and accounting principles prescribed or permitted by the ODI is not material.

	State of Domicile	12/31/2014	12/31/2013
<u>Net Income</u>			
1) SIC state basis (Page 4, Line 32, Columns 2 & 3)	OH	(13,508,684)	(10,566,667)
2) State Prescribed Practices that increase / (decrease) NAIC SAP	OH	-	-
3) State Permitted Practices that increase / (decrease) NAIC SAP:	OH	-	-
4) NAIC SAP	OH	(13,508,684)	(10,566,667)
<u>Surplus</u>			
5) SIC state basis (Page 3, Line 33, Columns 3 & 4)	OH	31,459,090	29,767,075
6) State Prescribed Practices that increase / (decrease) NAIC SAP	OH	-	-
7) State Permitted Practices that increase / (decrease) NAIC SAP:	OH	-	-
8) NAIC SAP	OH	31,459,090	29,767,075

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.
- 4) Preferred stocks – None.
- 5) Mortgage loans on real estate – None.
- 6) Loan backed securities – None.
- 7) Investments in subsidiaries, controlled and affiliated entities - None.
- 8) Investments in joint ventures, partnerships and limited liability companies – None.
- 9) Accounting policy for derivatives – The Company does not invest in derivative instruments.
- 10) The Company anticipates investment income as a factor in premium deficiency calculation, in accordance with SSAP No. 54, Individual Group Accident and Health Contracts.
- 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

Notes to Financial Statements

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

- A. Statutory Purchase Method – None.**
- B. Statutory Merger – None.**
- C. Assumption Reinsurance – None.**
- D. Impairment Loss – None.**

4. Discontinued Operations – None.

5. Investments

- A. Mortgage Loans – None.**
- B. Debt Restructuring – None.**
- C. Reverse Mortgages – None.**
- D. Loan Backed Securities – None.**
- E. Repurchase Agreements – None.**
- F. Real Estate - None.**
- G. Investments in Low-Income Housing Tax Credits – None.**
- H. Restricted Assets – None.**
- I. Working Capital Finance Investments – None.**
- J. Offsetting and Netting of Assets and Liabilities – None.**
- K. Structured Notes – None.**

6. Joint Ventures, Partnerships and Limited Liability Companies

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

7. Investment Income

- A. The basis, by category of investment income, for excluding (nonadmitting) any investment income due and accrued.**

All accrued investment income was admitted for the period.
- B. The total amount excluded was \$0.**

8. Derivative Instruments – None.

A. The components of deferred tax asset / liability at December 31, 2014 and December 31, 2013 are as follows:

		12/31/14			12/31/2013			Change		
		Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
1.										
(a)	Gross Deferred Tax Assets	\$3,542,412	\$0	\$3,542,412	\$1,540,434	\$0	\$1,540,434	(\$7,398,022)	\$0	(\$7,398,022)
(b)	Statutory Valuation Allowance Adjustments	\$3,464,433	\$0	\$3,464,433	\$10,668,180	\$0	\$10,668,180	(\$7,203,747)	\$0	(\$7,203,747)
(c)	Adjusted Gross DTA's (1a-1b)	\$77,979	\$0	\$77,979	\$872,254	\$0	\$872,254	(\$794,275)	\$0	(\$794,275)
(d)	DTA's Nonadmitted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(e)	Subtotal Net DTA's (1c-1d)	\$77,979	\$0	\$77,979	\$872,254	\$0	\$872,254	(\$794,275)	\$0	(\$794,275)
(f)	Deferred Tax Liabilities	\$77,979	\$0	\$77,979	\$305,044	\$0	\$305,044	(\$227,065)	\$0	(\$227,065)
(g)	Net Admitted DTA / Net DTL (1e-1f)	\$0	\$0	\$0	\$567,210	\$0	\$567,210	(\$567,210)	\$0	(\$567,210)
2.	Admission Calculation Components SSAP No. 101									
(a)	Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(b)	Adjusted Gross DTA's Expected to be Realized (Excluding The Amount of DTA's From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2 (b) 1 and 2 (b) 2 Below)	\$0	\$0	\$0	\$872,254	\$0	\$872,254	(\$872,254)	\$0	(\$872,254)
1.	Adjusted Gross DTA's Expected to be Realized Following the Balance Sheet Date.	\$0	\$0	\$0	\$872,254	\$0	\$872,254	(\$872,254)	\$0	(\$872,254)
2.	Adjusted Gross DTA's Allowed Per Limitation Threshold.	XXX	XXX	\$4,718,863	XXX	XXX	\$4,379,980	XXX	XXX	\$338,883
(c)	Adjusted Gross DTA's (Excluding The Amount of DTA's from 2 (a) and 2 (b) above) Offset by Gross DTL's.	\$77,979	\$0	\$77,979	\$0	\$0	\$0	\$77,979	\$0	\$77,979
(d)	DTA's Admitted as the result of application of SSAP No. 101. Total (2(a)+2(b)+2(c))	\$77,979	\$0	\$77,979	\$872,254	\$0	\$872,254	(\$794,275)	\$0	(\$794,275)
3.		2014	2013							
(a)	Ratio Percentage used To Determine Recovery Period And Threshold Limitation Amount.	362%	344%							
(b)	Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2 (b) 2 Above.	\$31,459,090	\$29,199,865							
		12/31/2014			12/31/2013					
		Ordinary	Capital	Total	Ordinary	Capital	Total			
4.	Impact of Tax-Planning Strategies									
(a)	Determination of Adjusted Gross DTA's and Net Admitted DTA's By Tax Character as a percentage.									
1.	Adjusted Gross DTA's from 9A1c	\$77,979	\$0	\$77,979	\$872,254	\$0	\$872,254			
2.	Percentage of Adjusted Gross DTA's	0%	0%	0%	0%	0%	0%			
3.	Net Admitted Gross DTA's 9A1e	\$77,979	\$0	\$77,979	\$872,254	\$0	\$872,254			
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:

Notes to Financial Statements

	12/31/2014	12/31/2013	Change
1. Current Income Tax			
(a) Federal	(\$1,676,434)	(\$5,327,814)	\$3,651,320
(b) Foreign	\$0	\$0	\$0
(c) Subtotal	(\$1,676,434)	(\$5,327,814)	\$3,651,320
(d) Federal Income Tax on Net Capital Gains	\$0	\$0	\$0
(e) Utilization of Capital Loss Carry Forwards	\$0	\$0	\$0
(f) Other	\$0	\$0	\$0
(g) Federal and Foreign Income Taxes Incurred	(\$1,676,434)	(\$5,327,814)	\$3,651,320
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Unpaid Losses	\$73,117	\$86,082	(\$16,965)
(2) Unearned Premium Reserve	\$431,556	\$332,797	\$98,759
(3) Policyholder Reserves	0	\$0	\$0
(4) Investments	\$0	\$10,337,386	(\$10,337,386)
(5) Deferred Acquisition Costs	\$0	\$0	\$0
(6) Policyholder Dividends Accrual	\$0	\$0	\$0
(7) Fixed Assets	\$17,818	\$38,197	(\$20,379)
(8) Compensation and Benefits Accrual	\$479,505	\$453,375	\$26,130
(9) Pension Accrual	\$0	\$0	\$0
(10) Receivables - Nonadmitted	\$302,340	\$212,457	\$89,883
(11) Net Operating Loss Carry-Forward	\$2,195,673	\$0	\$2,195,673
(12) Other (Including items < 5% of total ordinary assets)	\$36,403	\$19,540	\$16,863
Subtotal	\$3,542,412	\$11,540,434	(\$7,998,022)
(b) Statutory Valuation Allowance	\$3,464,433	\$10,668,180	(\$7,203,747)
(c) Nonadmitted	\$0	\$0	\$0
(d) Admitted Ordinary Deferred Tax Assets	\$77,379	\$872,254	(\$794,275)
(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	\$77,379	\$872,254	(\$794,275)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$58,411	\$123,307	(\$65,436)
(2) Fixed Assets	\$19,245	\$180,128	(\$160,883)
(3) Deferred and Uncollected Premium	\$0	\$0	\$0
(4) Policyholder Reserves	\$0	\$0	\$0
(5) Other	\$323	\$1,009	(\$686)
Subtotal	\$77,379	\$305,044	(\$227,065)
(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	\$77,379	\$305,044	(\$227,065)
4. Net Deferred Tax Assets / Liabilities	\$0	\$567,210	(\$567,210)

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

	December 31, 2014	Effective Tax Rate
Provision computed at statutory rate	(\$5,162,961)	34.0%
Change in valuation allowance	(\$7,203,747)	47.4%
Change in nonadmitted assets	\$10,328,482	-68.0%
Items permanent in nature	\$928,942	-6.1%
Total statutory income taxes	(\$1,109,284)	7.3%
Federal income taxes incurred	(\$1,676,494)	11.0%
Change in net deferred income taxes	\$567,210	-3.7%
Total statutory income taxes	(\$1,109,284)	7.3%

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

1. The company has \$6,457,861 in net operating loss or tax credit carry-forwards as of December 31, 2014.
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, 2014 and December 31, 2013.

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

Notes to Financial Statements

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), SummaCare, Inc. (SummaCare or SC), 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.

B. & C. Transactions with Affiliated Organizations

The operating activities with affiliated entities as of December 31, 2014 and December 31, 2013 are as follows:

	2014	2013
Claims expense related to affiliated entities:		
SACH/STH	24,857,226	23,322,767
SPI	2,415,198	2,208,350
BCH	3,102,720	3,298,171
WRH	387,796	1,017,630
Management fees charged to SIC from Apex	633,207	671,490
Management fees charged to SIC from SMSO	11,009,072	10,497,082
Corporate expense allocation paid to SHS	2,100,000	1,485,412

On September 1, 2014, an internal restructuring transaction was completed in which Summa Health System Corporation, which owned all of the issued and outstanding stock of SIC, contributed its stock ownership in SIC to SummaCare. As part of this transaction, the \$35 million surplus note issued by SIC to SummaCare was cancelled with the funds being reclassified as a capital contribution made by SummaCare to SIC. In addition, SummaCare made additional capital contribution of \$15 million to SIC.

D. Balance outstanding with affiliated entities as of December 31, 2014 and December 31, 2013:

	Due from		Due to	
	2014	2013	2014	2013
SummaCare	910,756	37,435,158	—	—
Apex	—	187,869	380,986	—
ACO	—	13,527	—	—
SIA	16,506	44,267	—	—
SMSO	—	—	1,031,596	468,266
\$	927,262	37,680,821	1,412,582	468,266

E. Guarantees or undertakings – None.

F. In 2014 and 2013, the Company contracted with SMSO for general administrative services, which include but are not limited to claims processing, customer service, eligibility, human resources, computer support, programming, finance, and other general administrative services. Fees are based on actual expenses allocated from SMSO to the Company.

In 2014 and 2013, the Company was party to a Claims System Cost Allocation Services Agreement with Apex in which Apex agreed to make use of the claims system available to SIC. SIC agreed to pay a user fee based on direct and indirect costs incurred by Apex with respect to the system.

In 2014 and 2013, the Company was party to a Cost Allocation Services Agreement with SHS in which SHS agreed to be responsible for certain common services required by SIC in order to optimize cost savings and achieve higher levels of efficiencies. SIC agreed to pay a fee representing the expenses allocated from SHS.

G. All outstanding shares of common stock are owned by the parent, SummaCare, Inc.

Notes to Financial Statements

- H. Investments in upstream intermediate entities or ultimate parent – None.
- I. Investments in SCA entities - None.
- J. Investments in impaired SCA entities – None.
- K. Investments in foreign insurance subsidiaries – None.
- L. Investment in downstream noninsurance holding company – None.

11. Debt

SIC has no debt as of December 31, 2014.

12. Retirement Plans – None.

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

- 1) As of December 31, 2014, SC owned all of the 100 authorized and outstanding shares of SIC Class A common stock. SC 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
- 3) Dividend restrictions – In accordance with the Ohio Revised Code, the Company must receive approval from ODI to pay a dividend or distribution during 2015, 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, 2014, or (b) the Company's net gain from operations for the year ended December 31, 2014. Accordingly, during 2015, prior approval from the ODI is required for any dividend or distribution payment which exceeds \$3,145,909.
- 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) As part of an internal restructuring transaction that occurred on September 1, 2014, the \$35 million surplus note that was issued by SIC to SC was cancelled and the funds were reclassified as a capital contribution from SC to SIC. In addition, SC made an additional capital contribution to SIC of \$15 million.
- 10) The portion of unassigned funds represented or reduced by :
 - Nonadmitted Asset Values – \$941,641
 - Unrealized Gains (Losses) – (\$99,168)
- 11) Surplus notes - None.
- 12) Restatement in a quasi-reorganization – Not applicable
- 13) Quasi-reorganization – Not applicable.

14. Liabilities, Contingencies and Assessments

- A. Contingent commitments – None.
- B. Assessments

1) The following are assessments with liabilities recognized under SSAP 35R, Guarantee Fund and Other Assessments:

Risk Adjustment User Fee – Health and Humans Services (HHS) collects a user fee to support the administration of the HHS-operated risk adjustment program. This fee applies to issuers of risk adjustment plans in states in which HHS is operating the risk adjustment program. HHS projects the per capita risk adjustment user fee for 2014 is \$1 per enrollee per year. As of December 31, 2014 the Company has recorded a liability of \$5,502 for this program.

Exchange User Fee - HHS charges insurers a monthly fee to sell plans through federally run insurance exchanges. In 2014, insurers will be required to pay the government organization 3.5 percent of the premiums for each plan they

Notes to Financial Statements

sell through the federal exchanges. As of December 31, 2014 the Company has recorded a liability of \$47,862 for this program.

Patient Centered Outcomes Research Fee (PCORI) - The Patient Protection and Affordable Care Act (PPACA) of 2010 established the Patient-Centered Outcomes Research Institute (PCORI), which will be funded by the PCOR fee, a new fee assessed on employers. For 2014, the fee is calculated as \$2 multiplied by the average number of covered lives. As of December 31, 2014, the Company has recorded a liability of \$107,438 for this program.

Transitional Reinsurance Program – HHS created the transitional reinsurance program to provide funding to insurance issuers in the individual market that incur high claims costs for enrollees. Transitional reinsurance contributions for non-individual fully insured plans are considered an assessment because these plans are not eligible for reimbursement. Contributions to the transitional reinsurance program are calculated as \$5.25 per member per month. As of December 31, 2014 the Company recorded a liability related to the non-individual fully insured plans in the amount of \$3,042,396 for this program.

2) Assets recognized from paid premium tax offsets and policy surcharges prior year-end – 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 About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk – Not applicable.

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

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

19. Direct Premium Written / Produced by Managing General Agents / Third Party Administrators -
Not applicable.

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

21. Other Items

A. Extraordinary Items – None.

B. Troubled Debt Restructuring – None.

C. Other Disclosures and Unusual Items – None.

D. Business Interruption Insurance Recoveries – None.

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

F. Subprime Mortgage Related Exposure – None.

G. Retained Assets – None.

22. Events Subsequent

Type I – Recognized Subsequent Events

The following event was recognized on statutory statements for the period ending December 31, 2013.

Notes to Financial Statements

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.

As part of an internal restructuring transaction that occurred on September 1, 2014, the \$35 million surplus note issued by SIC to SummaCare was cancelled with the funds being reclassified as a capital contribution made by SummaCare to SIC.

Type II – Nonrecognized Subsequent Events

On January 1, 2015, the Company will be subject to an annual fee under section 9010 of the Federal 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 of the year the fee is due.. As of December 31, 2014, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2015, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2015 to be \$3,324,000. This assessment is expected to impact risk based capital by 38%. Reporting the ACA assessment as of December 31, 2014, would not have triggered an RBC action level.

	Current Year	Prior Year
A. ACA fee assessment payable for the upcoming year	\$3,324,000	\$3,162,000
B. ACA fee assessment paid	\$2,731,482	\$0
C. Premium written subject to ACA 9010 assessment	\$237,544,193	\$223,087,283
D. Total Adjusted Capital before surplus adjustment	\$31,459,090	
E. Authorized control level before surplus adjustment	\$8,695,175	
F. Total Adjusted Capital after surplus adjustment	\$28,135,090	
G. Authorized Control Level after surplus adjustment	\$8,695,175	
H. Would reporting the ACA assessment as of December 31, 2014 have triggered an RBC action level (YES/No)?	No	

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 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? \$_____

Notes to Financial Statements

- (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)

Section 3 – Ceded Reinsurance Report – Part B

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

Yes () No (X)

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

- B. Uncollectible Reinsurance – None.
- C. Commutation of Ceded Reinsurance – None.
- D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – None.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. Method used by reporting entity to estimate accrued retrospective premium adjustments – None.
- B. Accrued retrospective premiums are recorded through written premium or earned premium – None.
- C. Amount of net written premiums that are subject to retrospective rating features – None.
- D. Amount of medical loss ratio rebates required pursuant to the Public Health Service Act – None.
- E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

- 1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)? - YES.
- 2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year:

Notes to Financial Statements

a. Permanent ACA Risk Adjustment Program	
Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment	<u>\$741,296</u>
Liabilities	
2. Risk adjustment user fee payable for ACA Risk Adjustment	<u>\$5,502</u>
3. Premium adjustments payable due to ACA Risk Adjustment	<u>\$0</u>
Operations (Revenue & Expense)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	<u>\$741,296</u>
5. Reported in expense as ACA risk adjustment user fees (incurred/paid)	<u>\$5,502</u>
b. Transitional ACA Reinsurance Program	
Assets	
1. Amounts recoverable for claims paid due to ACA Reinsurance	<u>\$2,993,290</u>
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	<u>\$0</u>
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	<u>\$0</u>
Liabilities	
4. Liabilities for contributions payable due to ACA Reinsurance (Not reported as ceded resinruance premium)	<u>\$3,042,396</u>
5. Ceded reinsurance premiums payable due to ACA Reinsurance	<u>\$400,995</u>
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	<u>\$0</u>
Operations (Revenue & Expense)	
7. Ceded reinsurance premiums due to ACA Reinsurance	<u>\$400,995</u>
8. Reinsurance recoveries due to ACA Reinsurance payments or expected payments	<u>\$2,993,290</u>
9. ACA reinsurance contributions - not reported as ceded premium	<u>\$3,042,396</u>
c. Temporary ACA Risk Corridors Program	
Assets	
1. Accrued retrospective premium due to ACA Risk Corridors	<u>\$0</u>
Liabilities	
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	<u>\$0</u>
Operations (Revenue & Expense)	
3. Effect of ACA Risk Corridors on net premium income (paid/received)	<u>\$0</u>
4. Effect of ACA Risk Corridors on change in reserves for rate credits	<u>\$0</u>

3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reason for adjustments to prior year balance.

Notes to Financial Statements

three (three quarters). The admission of pharmacy rebates receivable are subject to the terms stated within SSAP No. 84 (Certain Healthcare Receivables).

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2014	\$719,868	\$0	\$0	\$0	\$0
9/30/2014	\$510,966	\$180,253	\$0	\$0	\$180,253
6/30/2014	\$551,514	\$383,774	\$0	\$0	\$383,774
3/31/2014	\$540,018	\$546,620	\$0	\$0	\$546,620
12/31/2013	\$528,500	\$520,656	\$0	\$0	\$520,656
9/30/2013	\$608,000	\$472,392	\$0	\$0	\$472,392
6/30/2013	\$590,599	\$458,310	\$0	\$0	\$458,310
3/31/2013	\$488,000	\$470,155	\$0	\$0	\$470,155
12/31/2012	\$624,017	\$476,710	\$0	\$0	\$476,710
9/30/2012	\$556,521	\$596,274	\$0	\$0	\$596,274
6/30/2012	\$719,351	\$595,094	\$0	\$0	\$595,094
3/31/2012	\$533,731	\$433,282	\$0	\$0	\$433,282

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, 2014
3. Was anticipated investment income utilized in the calculation?

YES

31. Anticipated Salvage Value and Subrogation – Not applicable.

FIVE-YEAR HISTORICAL DATA

	1 2014	2 2013	3 2012	4 2011	5 2010
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	71,513,629	61,730,054	95,298,386	85,786,645	75,133,883
2. TOTAL Liabilities (Page 3, Line 24)	40,054,539	31,962,979	37,343,411	31,873,422	26,896,778
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)	31,459,090	29,767,075	57,954,975	53,913,223	48,237,105
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	234,605,565	219,611,297	205,246,012	175,692,634	153,995,227
6. TOTAL Medical and Hospital Expenses (Line 18)	211,943,421	203,630,813	181,568,296	153,404,242	134,406,188
7. Claims adjustment expenses (Line 20)	3,223,020	3,266,492	1,547,276	1,375,852	1,258,824
8. TOTAL Administrative Expenses (Line 21)	34,892,476	28,931,670	25,435,496	22,517,199	19,701,317
9. Net underwriting gain (loss) (Line 24)	(15,453,352)	(16,217,678)	(3,305,056)	(1,604,659)	(1,371,102)
10. Net investment gain (loss) (Line 27)	264,025	318,872	326,288	320,984	678,724
11. TOTAL Other Income (Lines 28 plus 29)	4,149	4,325	(27,936)	4,519	6,689
12. Net income or (loss) (Line 32)	(13,508,684)	(10,566,667)	(2,054,229)	(180,344)	(773,958)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(8,162,952)	(12,734,585)	2,198,785	1,807,994	2,162,395
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	31,459,090	29,767,075	57,954,975	53,913,223	48,237,105
15. Authorized control level risk-based capital	8,695,175	8,483,697	12,014,407	11,319,295	10,579,534
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	51,835	59,289	56,247	51,093	44,342
17. TOTAL Members Months (Column 6, Line 7)	668,877	680,957	663,646	576,335	514,784
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	90.3	92.7	88.5	87.3	87.3
20. Cost containment expenses	0.2	0.2	0.2	0.2	0.3
21. Other claims adjustment expenses	1.2	1.3	0.6	0.6	0.5
22. TOTAL Underwriting Deductions (Line 23)	106.6	107.4	101.6	100.9	100.9
23. TOTAL Underwriting Gain (Loss) (Line 24)	(6.6)	(7.4)	(1.6)	(0.9)	(0.9)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	21,523,043	18,490,564	15,608,369	13,338,962	16,230,466
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	23,360,138	21,285,500	17,202,215	17,175,286	18,495,714
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
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
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				5,942,464	4,189,443
32. TOTAL of Above Lines 26 to 31			52,161,524	54,432,513	48,596,912
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::