

April 27, 2015
Mr. Barry Ankrom
Financial Analyst
Ohio Department of Insurance
50 West Town Street, Suite 300
Columbus, Ohio 43215

Re: NAIC Company Code - 12747 - EIC 2014 Annual Statement – Amended

Dear Mr. Ankrom:

This letter is to notify the Department of the amended filing of the Company's 2014 Annual Statement and explain the changes made in the amended filing. The following items are changed from the original filing:

- Page 36 – Schedule S – Part 6 – Line 5, Column 1

The amount of Total hospital and medical expenses did not agree to the Statement of Revenues and Expenses, Line 18. The filing software cross checks did not identify the error in the amount recorded. This amount has been updated to match Line 18.

- Page 37 – Schedule S – Part 7 – Lines 4 &14, Column 2

Due to a classification error in a support schedule, the amount on these lines were mis-reported. The amounts have been updated to reflect the correct classification based on the underlying assets and liabilities for which we received reinsurance credit.

- Page 26.10 – Note 23 Reinsurance – Ceded Reinsurance Report – Section 3, Part B

This footnote was updated to match Page 37 – Schedule S – Part 7 – Lines 4, Column 2.

Should you have any questions or comments, I can be reached at (330) 486-4846 or email at sgonia@envisionrx.com.

Sincerely,

Envision Insurance Company

Scott D. Gonia, CPA
Vice President, Insurance Accounting



ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2014
 OF THE CONDITION AND AFFAIRS OF THE

Envision Insurance Company

NAIC Group Code	00000 (Current Period)	00000 (Prior Period)	NAIC Company Code	12747	Employer's ID Number	20-4308924
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States					
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 [] No []			
Incorporated/Organized	02/08/2006		Commenced Business	01/01/2007		
Statutory Home Office	2181 East Aurora Road (Street and Number)		Twinsburg, OH, US 44087 (City or Town, State, Country and Zip Code)			
Main Administrative Office	2181 East Aurora Road Twinsburg, OH, US 44087 (Street and Number)		330-405-8089 (Area Code) (Telephone Number)			
Mail Address	2181 East Aurora Road (Street and Number or P.O. Box)		Twinsburg, OH, US 44087 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	2181 East Aurora Road Twinsburg, OH, US 44087 (Street and Number)		330-405-8089 (Area Code) (Telephone Number) (Extension)			
Internet Web Site Address	www.envisionrx.com					
Statutory Statement Contact	Scott David Gonia CPA (Name)		330-486-4846 (Area Code) (Telephone Number) (Extension)			
	eicaccounting@envisionrx.com (E-Mail Address)		330-486-4801 (Fax Number)			

OFFICERS

Name	Title	Name	Title
William Carl Epling	President & Chief Operating Officer	Kimberly Sue Kirkbride	Treasurer
Michael Pryor DeMinico #	Vice President & Secretary	Thomas John Welsh	Chief Financial Officer & Executive Vice President

OTHER OFFICERS

Frank John Sheehy #	Chief Executive Officer	Catherine Hoagland Strautman	Executive Vice President
Dawn Gail Sherman #	Executive Vice President	Eugene Paul Samuels JD	General Counsel

DIRECTORS OR TRUSTEES

William Carl Epling	Barry Irwin Katz R.Ph.	Kimberly Sue Kirkbride	Kevin Michael Nagle
Eugene Paul Samuels JD	Catherine Hoagland Strautman	Thomas John Welsh	John Rayner Schilling #
Sharad Mansukani #			

State of Ohio
 County of Summit

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The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of 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.

William Carl Epling President & Chief Operating Officer	Kimberly Sue Kirkbride Treasurer	Michael Pryor DeMinico Vice President & Secretary
Subscribed and sworn to before me this day of _____,	a. Is this an original filing? Yes [] No [X] b. If no: 1. State the amendment number _____ 2. Date filed _____ 3. Number of pages attached _____	
	1 04/28/2015 15	

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Envision Insurance Company (Company) 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 for determining and reporting the financial condition and results of operations of an insurance company and 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. There is no deviation from the NAIC Accounting Practices and Procedures Manual.

	2014	2013
NET INCOME		
Envision Insurance Company, state basis (Page 4, Line 32, Column 2 & 3)	(\$3,128,956)	\$1,810,186
State Prescribed Practices that increases/(decreases) NAIC SAP	\$0	\$0
State Permitted Practices that increases/(decreases) NAIC SAP	\$0	\$0
NAIC SAP	<u>(\$3,128,956)</u>	<u>\$1,810,186</u>

SURPLUS

Envision Insurance Company, state basis (Page 3, Line 33, Column 3 & 4)	\$37,645,697	\$25,464,310
State Prescribed Practices that increases/(decreases) NAIC SAP	\$0	\$0
State Permitted Practices that increases/(decreases) NAIC SAP	\$0	\$0
NAIC SAP	<u>\$37,645,697</u>	<u>\$25,464,310</u>

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements 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

The Company receives premium for plans offered under Medicare Part D. Premiums are earned on a monthly basis over the terms of the contract. There are 5 sources of Premium as follows:

- 1) Part D Subsidy – The amount of Premium remitted by Medicare for each individual that is enrolled in a plan (“Insured”).
- 2) Basic Member Premium - The amount of Premium remitted by the individual Insured.
- 3) Low Income Premium Subsidy - The amount of Basic Member Premium remitted by Medicare for each Insured eligible for Low Income Subsidies (“LIS”). This amount is paid on behalf of the Insured for their Premium.
- 4) Risk Corridor Adjustment – The calculated Premium adjustment for losses that exceed the target profit thresholds that are set in the Company’s annual Medicare Part D bids.
- 5) Supplemental Member Premium – Premium an Insured pays for Enhanced Benefit coverage and/or non-Medicare covered drugs.

Expenses incurred in connection with acquiring new business and retaining existing business are charged to operations as incurred.

In addition, the Company abides by the following policies:

- 1) The Company has no short-term investments.
- 2) Bonds are stated at amortized cost. Amortization of the bond premium or discount is calculated using the scientific (constant yield) interest method taking into consideration specified interest and premium provisions over the life of the bonds.
- 3) The Company has no investments in common stocks.
- 4) The Company has no preferred stocks.
- 5) The Company has no mortgage loans.

NOTES TO FINANCIAL STATEMENTS

- 6) The Company has no loan-backed securities.
- 7) The Company has no investments in subsidiaries, controlled or affiliated entities.
- 8) The Company has no investments in joint ventures, partnerships or limited liability companies
- 9) The Company has no derivatives.
- 10) The Company had no premium deficiency calculation.
- 11) The Company's claims primarily consist of prescription drug claims processed at the point of sale with the pharmacy. As such, no estimate for loss liabilities or claims adjustment expenses is needed. All loss liabilities are based on claims and claims adjustments expenses processed, but unpaid to the pharmacy benefit manager.
- 12) The Company does not have a capitalization policy.
- 13) The Company does not have pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors

None.

3. Business Combination and Goodwill

- A. Statutory Purchase Method - Not Applicable
- B. Statutory Merger - Not Applicable
- C. Assumption Reinsurance - Not Applicable
- D. Impairment Loss - Not Applicable

4. Discontinued Operations

The Company had no operations that were discontinued during 2014 or 2013.

5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company did not have investments in mortgage loans at December 31, 2014 or 2013.

- B. Debt Restructuring

The Company did not have invested assets that were restructured debt at December 31, 2014 or 2013.

- C. Reverse Mortgages

The Company did not have investments in reverse mortgages at December 31, 2014 or 2013.

- D. Loan-Backed Securities

The Company did not have loan-backed securities at December 31, 2014 or 2013.

- E. Repurchase Agreements

The Company did not enter into repurchase agreements at December 31, 2014 or 2013.

- F. Real Estate

The Company did not have any reportable real estate transactions for the year ended December 31, 2014 or 2013.

- G. Low-Income Housing Tax Credits (LIHTC)

The Company did not have any investments in LIHTC at December 31, 2014 or 2013.

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Envision Insurance Company

NOTES TO FINANCIAL STATEMENTS

H. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	1 Total Gross Restricted from Current Year	2 Total Gross Restricted from Prior Year	3 Increase/(Decrease) (1 minus 2)	4 Total Current Year Admitted Restricted	5 Percentage Gross Restricted to Total Assets	6 Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown						
b. Collateral held under security lending agreements						
c. Subject to repurchase agreements						
d. Subject to reverse repurchase agreements						
e. Subject to dollar repurchase agreements						
f. Subject to dollar reverse repurchase agreements						
g. Place under option contracts						
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock						
i. FHLB capital stock						
j. On deposit with states	\$4,801,774	\$4,244,783	\$557,064	\$4,801,774	0.9%	0.9%
k. On deposit with other regulatory bodies						
l. Pledged as collateral to FHLB (Including assets backing funding agreements)						
m. Pledged as collateral not captured in other categories						
n. Other restricted assets						
o. Total Restricted Assets	\$4,801,774	\$4,244,783	\$557,064	\$4,801,774	0.9%	0.9%

I. Working Capital Finance Investments

The Company did not have any working capital finance investments for the year ended December 31, 2014 or 2013.

J. Offsetting and Netting of Assets and Liabilities

The Company did not have any offsetting and netting of assets and liabilities for the year ended December 31, 2014 or 2013.

K. Structured Notes

The Company did not have any structured notes for the year ended December 31, 2014 or 2013.

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company did not have investments in Joint Ventures, Partnerships or Limited Liability Companies that exceeded 10% of its admitted assets at December 31, 2014 or 2013.
- B. Not applicable to the Company.

7. Investment Income

- A. The Company had no due and accrued investment income with amounts that are over 90 days past due.
- B. At December 31, 2014 and 2013 there was no non-admitted accrued investment interest income.

8. Derivative Instruments

The Company has no derivative instruments at December 31, 2014 or 2013.

9. Income Taxes

For the period January 1, 2013 to November 3, 2013, EIC was considered an S Corporation under the Internal Revenue Code. In lieu of corporate Federal income and state taxes, the shareholders of

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Envision Insurance Company

NOTES TO FINANCIAL STATEMENTS

an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, there are no current or deferred taxes recorded by EIC for this time period.

Effective with the acquisition of EPH by TPG Capital and EPH's conversion to a limited liability company on November 4, 2013, EIC became a C Corporation under the Internal Revenue Code. A tax provision for the period from November 4, 2013 to December 31, 2013 has been recorded and applicable deferred taxes have been recorded as of December 31, 2013.

The Change in net deferred income tax on the Statement of Revenue and Expenses is composed of the following components for 2013:

Cumulative effect of change in tax status	\$ 517,338
Change in net deferred tax assets	<u>(103,565)</u>
Change in net deferred income tax	<u>\$ 413,773</u>

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

	12/31/2014			12/31/2013			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	\$ 965,201	\$ -	\$ 965,201	\$ 526,854	\$ -	\$ 526,854	\$ 438,347	\$ -	\$ 438,347
(b) Statutory Valuation Allowance Adjustments	-	-	-	-	-	-	-	-	-
(c) Adjusted Gross Deferred Tax Assets									
(1a-1b)	965,201	-	965,201	526,854	-	526,854	438,347	-	438,347
(d) Deferred Tax Assets Nonadmitted	24,312	-	24,312	30,609	-	30,609	(6,297)	-	(6,297)
(e)									
Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	940,889	-	940,889	496,245	-	496,245	444,644	-	444,644
(f) Deferred Tax Liabilities	129,575	-	129,575	113,080	-	113,080	16,495	-	16,495
(g) Net Admitted Deferred Tax Asset/ (Net Deferred Tax Liability) (1e - 1f)	\$ 811,314	\$ -	\$ 811,314	\$ 383,165	\$ -	\$ 383,165	\$ 428,149	\$ -	\$ 428,149

	12/31/2014			12/31/2013			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
1.									
Admission Calculation Components									
SSAP No. 101									
(a) Federal Income Taxes Paid in Prior Years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recoverable Through Loss Carrybacks	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(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)	\$ 681,739	-	\$ 681,739	\$ 270,085	-	\$ 270,085	\$ 411,654	-	\$ 411,654
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	\$ 940,889	-	\$ 940,889	\$ 496,244	-	\$ 496,244	\$ 444,645	-	\$ 444,645
2. Adjusted Gross Deferred Tax Assets Allowed Per Limitation Threshold	XXX	XXX	\$ -	XXX	XXX	\$ -	XXX	XXX	\$ -
(c) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) Offset by Gross Deferred Tax Liabilities	\$ 129,575	-	\$ 129,575	\$ 113,080	-	\$ 113,080	\$ 16,495	-	\$ 16,495
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101									
Total (2(a) + 2(b) + 2(c))	\$ 811,314	\$ -	\$ 811,314	\$ 383,165	\$ -	\$ 383,165	\$ 428,149	\$ -	\$ 428,149

	2014	2013
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount	317%	350%
(b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 Above	\$ 36,834,383	\$ 25,081,145

4. EIC did not have any tax planning strategies, including reinsurance, that would affect admitted deferred tax assets.

B. There are no deferred tax liabilities that are not recognized at December 31, 2014 and 2013.

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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Envision Insurance Company

NOTES TO FINANCIAL STATEMENTS

	(1) 12/31/2014	(2) 12/31/2013	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 54,932	\$ 246,084	\$ (191,152)
(b) Foreign	-	-	-
(c) Subtotal	<u>54,932</u>	<u>246,084</u>	<u>(191,152)</u>
(d) Federal income tax on net capital gains	-	-	-
(e) Utilization of capital loss carryforwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	<u>\$ 54,932</u>	<u>\$ 246,084</u>	<u>\$ (191,152)</u>
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ -	\$ -	\$ -
(2) Unearned premium reserve	-	-	-
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	25,726	32,390	(6,664)
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	508,608	494,464	14,144
(11) Net operating loss carry-forward	411,147	411,147	411,147
(12) Tax credit carryforward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	19,720	19,720	19,720
(99) Subtotal	\$ 965,201	\$ 526,854	\$ 438,347
(b) Statutory valuation allowance adjustments	-	-	-
(c) Nonadmitted	24,312	30,609	(6,297)
(d) Admitted ordinary deferred tax assets (2(a)(99) - 2(b) -2(c))	940,889	496,245	444,644
(e - h) Admitted capital deferred tax assets	-	-	-
(i) Admitted deferred tax assets (2(d) + 2(h))	\$ 940,889	\$ 496,245	\$ 444,644
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$ -	\$ -	\$ -
(2) Fixed Assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax assets)	(129,575)	(113,080)	(16,495)
(99) Subtotal	\$ (129,575)	\$ (113,080)	\$ (16,495)
(b) Capital	-	-	-
(c) Deferred tax liabilities	\$ (129,575)	\$ (113,080)	\$ (16,495)
4. Net deferred tax assets/liabilities (2(i) + 3(c))	<u>\$ 811,314</u>	<u>\$ 383,165</u>	<u>\$ 428,149</u>

D. There are no significant reconciling items that affect EIC's incurred tax rate as compared to the federal statutory rate.

E. Not applicable.

F. The company's federal income tax return was consolidated with the parent, EPH, at December 31, 2013 and November 3, 2014 before the acquisition noted above. For the periods after the acquisition, the Company's return will no longer be consolidated.

G. Not applicable.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of the relationship

Envision Insurance Company is a wholly-owned subsidiary of Envision Pharmaceutical Holdings LLC. ("EPH"). Rx Options, LLC ("ROI") and First Florida Insurers of Tampa, LLC ("FFI") are affiliates of EIC and wholly-owned subsidiaries of EPH.

B. Significant transactions for each Period

See Note 13 regarding the issuance of a surplus note to EPH in December 2014.

C. Intercompany Management and Service Arrangements

The Company has a pharmacy benefit management services agreement ("PBMSA") with ROI. The transactions under the agreement totaled \$1,580,930,036 and \$1,722,488,860 for the years end December 31, 2014 and 2013, respectively.

The Company has a general insurance agency agreement with FFI. The Company incurred \$2,330,472 and \$1,283,474 in commissions to FFI for the years end December 31, 2014 and 2013, respectively.

D. Amounts Due to or from Related Parties

At December 31, 2014 and December 31, 2013, the Company reported \$0 and \$349,649 due from affiliates and \$105,314,612 and \$73,058,693 due to affiliates, respectively. Additionally, the amounts reported as unpaid claims and unpaid claims adjustment expenses are due to ROI under the PBMSA in the amounts of \$19,824,163 and \$852,345 as of December 31, 2014 and \$5,907,544 and \$1,170,263 as of December 31, 2013. The December 31, 2014 payable balances represent intercompany transactions that will be settled in accordance with the settlement terms of the PBMSA.

E. The Company did not enter into guarantees or undertaking for the benefit of an affiliate which would result in a material contingent exposure of the Company's or any affiliated insurer's assets or liabilities.

F. Management, Service Contracts, Cost Sharing Arrangements

Under the PBMSA, ROI has agreed to provide certain management services to the Company. These designated services include but are not limited to payroll, claims processing, facilities, customer service and other general administrative services. The PBMSA with ROI was extended to December 31, 2014.

G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Company are owned by EPH.

H. Amount Deducted for Investment in Upstream Company

None

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

None

J. Write-down for Impairments of Investments in Subsidiaries, Controlled or Affiliated Companies

None

K. Investment in a Foreign Insurance Subsidiary

None

11. Debt

The Company has no debt outstanding at December 31, 2014 and 2013.

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

Not applicable to the Company.

NOTES TO FINANCIAL STATEMENTS

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

1) Outstanding Shares

As of December 31, 2014, the Company has 20,000 shares of \$100 par value common stock authorized, issued and outstanding.

2) Preferred Stock

The Company has no preferred stock outstanding.

3) Dividend Restriction

The Company does not pay dividends.

4) Dividends Paid

The Company does not pay dividends.

5) Profits Payable as Dividends

The Company does not pay dividends.

6) Unassigned Surplus Restriction

Unassigned surplus funds are not restricted at December 31, 2014.

7) Mutual Surplus Advances

There have been no advances to surplus at December 31, 2014.

8) Company Stock Held for Special Purpose

There are no shares of stock held for special purposes at December 31, 2014.

9) Changes in Special Surplus Funds

There are no special surplus funds at December 31, 2014.

10) Changes in Unassigned Funds

The Company has no cumulative unrealized capital gains and losses included in unassigned funds.

11) Surplus Notes

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note	Interest And/Or Principal Paid Current Year	Total Interest And/Or Principal Paid	Unapproved Interest And/Or Principal	Date of Maturity
12/23/2014	0.34%	\$15,000,000	\$15,000,000	\$0	\$0	\$0	12/15/2015
	Total	\$15,000,000	\$15,000,000	\$0	\$0	\$0	XXX

On December 23, 2014, the Company received a loan in the form of a \$15 million note from its parent, EPH. The note, which has been issued to maintain risk based capital requirements, has been recorded as a surplus note and included as a component of statutory net worth. Payment of principal or interest is subject to approval by the Ohio Department of Insurance. Payment of the principal or interest on this note is subordinated to the prior payment of all claims of the policyholders, claimants, beneficiaries and all other classes of creditors other than surplus note holders. Additionally, no accrued interest has been recorded as approval for payment has not been obtained from the Ohio Department of Insurance.

12) Reinstatement due to Prior Quasi-Reorganizations

The Company had no restatements due to prior quasi-reorganizations.

13) Quasi-Reorganizations over Prior 10 Years

The Company has not been involved in quasi-reorganization during the past 10 years.

NOTES TO FINANCIAL STATEMENTS

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

The Company has no contingent commitments at December 31, 2014.

B. Assessments

The Company has not recorded a liability for an assessment as of December 31, 2014.

C. Gain Contingencies

The Company has no gain contingencies at December 31, 2014.

D. Claims-Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

Not Applicable to the Company.

E. Joint and Several Liabilities

Not Applicable to the Company

F. All Other Contingencies

On March 17, 2010, the Company commenced arbitration in order to pursue the collection of funds owed to the Company by Quality Health Plans (QHP) under a reinsurance agreement. The net asset amount in dispute is \$2.5 million, in which \$3.7 million in gross assets has been non-admitted on the Company's statutory financial statements. In November 2011, QHP was placed in receivership by the Florida Department of Insurance. The Company is awaiting its share of the receivership assets.

In January 2013, the Company filed a lawsuit against the principal owners, parent companies, and attorneys of QHP ("Defendants") asserting causes of action for racketeering, conspiracy, fraud and other wrongful acts arising from the improper and illegal profiteering from a federal Medicare contract. The suit alleged that, under the Medicare fraud scheme, the Defendants made material misrepresentations and willfully withheld relevant and important information from the Company which resulted in millions of dollars of damages to the Company. The suit also sought punitive damages and costs. In December 2014, this lawsuit was settled and the Company received \$25,000 related to the settlement of the claims.

15. Leases

A. Lessee Leasing Arrangements

The Company has not entered into any lessee leasing arrangements.

The Company has not entered into any sale and leaseback arrangements.

B. Lessor Leasing Arrangements

The Company has not entered into any operating or leveraged leases.

16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

The Company has no financial instruments with off-balance sheet risk and concentration of credit risk.

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

A. Transfers of Receivables Reported as Sales

Not applicable to the Company.

B. Transfer and Servicing of Financial Assets

Not applicable to the Company.

C. Wash Sales

Not applicable to the Company.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. Administrative Services Only (ASO) Plans

NOTES TO FINANCIAL STATEMENTS

	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees in excess of actual expenses)	\$5,244	\$0	\$5,244
b. Total net other income or expenses (including interest paid to or received from plans)	\$0	\$0	\$0
c. Net gain or loss from operations	\$5,244	\$0	\$5,244
d. Total claim payment volume	10,212	N/A	10,212

B. Administrative Services Contract (ASC) Plans

Not applicable to the Company.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable to the Company.

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

No premiums were written by managing general agents or third party administrators during the years ended December 31, 2014 and 2013.

20. Fair Value Measurements

The Company has no assets recorded at fair value as of December 31, 2014 or 2013.

21. Other Items

A. Extraordinary Items

Not applicable to the Company.

B. Troubled Debt Restructuring for Debtors

Not applicable to the Company.

C. Other Disclosures and Unusual Items

1) Quota Share Reinsurance Rate

For 2014 and 2013, the Company's quota share reinsurance rate with Hannover Life Reinsurance was 75% for individual business and 50% for group business.

D. Business Interruption Insurance Recoveries

Not applicable to the Company.

E. State Transferable Tax Credits

Not applicable to the Company.

F. Subprime-Mortgage-Related Risk Exposure

Not applicable to the Company.

G. Retained Assets

Not applicable to the Company.

22. Events Subsequent

The Company used February 20, 2015, the date these statutory financial statements were available to be issued as the date through which subsequent events have been evaluated for disclosure.

Type I – Recognized Subsequent Events:

No items were discovered that require disclosure.

Type II – Nonrecognized Subsequent Events:

NOTES TO FINANCIAL STATEMENTS

Acquisition

On February 11, 2015, Envision Pharmaceutical Holdings LLC, the parent company of Envision Insurance Company, signed a definitive agreement to be acquired by Rite Aid Corporation. The company will operate as a stand-alone subsidiary of Rite Aid and the current management team will continue to lead the business after the transaction closes. The transaction is expected to close during the third quarter of 2015 and is subject to customary closing conditions and regulatory approvals.

ACA 9010 Fee

Effective January 1, 2014, the Company was subject to an annual fee under section 9010 of the Federal Affordable Care Act ("ACA"). This annual fee is 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 an 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 the Company's portion of the annual health insurance industry fee to be payable on Sept. 30, 2015 to be \$7.45 million. This amount is reflected in special surplus.

		Current Year	Prior Year
A.	ACA fee assessment payable for the upcoming year	\$7,450,000	\$388,883
B.	ACA fee assessment paid	\$7,310,296	\$0
C.	Premium written subject to ACA 9010 assessment	\$435,291,034	\$134,696,413
D.	Total Adjusted Capital before surplus adjustment	\$37,645,697	N/A
E.	Authorized control level before surplus adjustment	\$11,605,750	N/A
F.	Total Adjusted Capital after surplus adjustment	\$30,195,697	N/A
G.	Authorized control level after surplus adjustment	\$11,605,750	N/A
H.	Would reporting the ACA assessment as of December 31, 2014 have triggered an RBC action level (YES/NO)?	NO	N/A

The current year fee assessment paid of \$7.3 million reported above was subject to recovery from our reinsurance contract. The ACA fee expense recorded in fiscal year 2014, net of the reinsured portion, was \$1,888,200. The current fee assessment payable is reported net of the amount of expected reinsurance recovery.

The amounts reported as fees payable and premiums in the prior year are net of reinsurance. Upon filing the Form 8968 in 2014, it was determined that the ACA annual fee was to be reported and calculated on gross, direct written premiums. If this method had been utilized, in 2014, the Company would have reported a fee assessment payable, net of the reinsured portion, of \$1.9 million and premiums subject to the ACA assessment of \$534 million.

23. Reinsurance

A. Ceded Reinsurance Report

Section I – 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)

(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)

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 similar credit?

Yes () No (x)

(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 the reinsured policies?

NOTES TO FINANCIAL STATEMENTS

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 that are 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.

\$340,369,867

(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 force or which had existing reserves established by the Company as the effective date of the agreement?

Yes () No (x)

B. The Company had no uncollectible reinsurance written off during 2014.
C. The Company had no commutation of ceded reinsurance during 2014.
D. The Company had no certified reinsurer during 2014.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Medicare Part D

A. The Company offers Medicare Part D Prescription Benefits Plans. As part of these plans, risk-sharing corridors are established between the providers (the Company) and the Centers for Medicare and Medicaid Services ("CMS"). After all costs are known, a retrospectively rated premium adjustment is developed and paid by (or to) CMS.
B. The Company records accrued retrospective premiums through written premiums. A targeted amount is factored in determining the retrospective adjustments.
C. The amount of the retrospective premium risk corridor for 2014 was \$6,632,643 which represents 5.5% of the total net premiums written.

Group Plans

A. The Company offers Employer Group Waiver Plans under its Medicare Part D Contract. Certain of these plans have contingent premium clauses based on the plans loss experience compared to targets established in the group agreement. Accruals are based on annual experience available at the end of the plan year. At December 31, 2014, no amounts have been accrued for contingent premiums.
B. The Company records contingent premium payable through written premiums
C. The amount of net premiums subject to these group contingent premium clauses written by the company at December 31, 2014 was \$12 million, which represents 10% of the total net premiums written.

Medical Loss Ratio Rebates Pursuant to the Public Health Service Act

The Company only provides coverage under a Medicare Part D Contract which was exempt from the medical loss ratio reporting and rebate requirements for 2013. Starting with plan year 2014, the Company will be required to report its medical loss ratio and be subject to medical loss ratio and rebate requirements for its Medicare Part D contract.

Risk-Sharing Provisions of the Affordable Care Act (ACA)

The Company only provides coverage under a Medicare Part D Contract and does not provide coverage subject to the ACA risk-sharing provisions.

25. Change in Incurred Claims and Claims Adjustment Expenses

Unpaid claims and claims adjustment expenses were \$20,676,508 at December 31, 2014. In 2014, \$6,960,718 was paid for incurred claims and claims adjustment expenses attributable to insured events of 2013 and prior years. There was no unusual claims development for prior years. The reserves at December 31, 2014 are for current year activities. There are no reserves remaining for prior years.

26. Intercompany Pooling Arrangements

Not applicable at December 31, 2014 and 2013.

NOTES TO FINANCIAL STATEMENTS

27. Structured Settlements

Not applicable at December 31, 2014 and 2013.

28. Health Care Receivables

The Company does not have any health care receivables disclosures at December 31, 2014 or 2013.

29. Participating Policies

Not applicable at December 31, 2014 and 2013.

30. Premium Deficiency Reserves

The Company did not record premium deficiency reserves at December 31, 2014 or 2013.

31. Anticipated Subrogation and Other Receivables

The Company took into account estimated anticipated salvage and subrogation in its determination of the liability for unpaid claims/losses. No reduction in liability was required.