



# ANNUAL STATEMENT

For the Year Ended December 31, 2014  
of the Condition and Affairs of the

## Medical Mutual of Ohio

NAIC Group Code.....730, 730 (Current Period) (Prior Period)	NAIC Company Code..... 29076	Employer's ID Number..... 34-0648820
Organized under the Laws of Ohio	State of Domicile or Port of Entry Ohio	Country of Domicile US
Licensed as Business Type.....Property/Casualty	Is HMO Federally Qualified? Yes [ ] No [ ]	
Incorporated/Organized..... March 30, 1934	Commenced Business..... January 1, 1934	
Statutory Home Office	2060 East Ninth Street .. Cleveland ..... OH ..... US . 44115-1355 (Street and Number) (City or Town, State, Country and Zip Code)	
Main Administrative Office	2060 East Ninth Street .. Cleveland ..... OH ..... US . 44115-1355 (Street and Number) (City or Town, State, Country and Zip Code)	216-687-7000 (Area Code) (Telephone Number)
Mail Address	2060 East Ninth Street .. Cleveland ..... OH ..... US . 44115-1355 (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)	
Primary Location of Books and Records	2060 East Ninth Street .. Cleveland ..... OH ..... US . 44115-1355 (Street and Number) (City or Town, State, Country and Zip Code)	216-687-7000 (Area Code) (Telephone Number)
Internet Web Site Address	www.MedMutual.com	
Statutory Statement Contact	Sharon Matonis (Name) Sharon.Matonis@medmutual.com (E-Mail Address)	216-687-6049 (Area Code) (Telephone Number) (Extension) 216-360-4073 (Fax Number)

### OFFICERS

Name	Title	Name	Title
1. Richard Alan Chiricosta	Chairman, President & CEO	2. Steffany Matticola Larkins	Secretary
3. Raymond Karl Mueller	Treasurer & CFO	4.	

### OTHER

Jared Paul Chaney	EVP	Kathleen Rose Golovan	EVP
Steffany Matticola Larkins	EVP	Raymond Karl Mueller	EVP
Susan Marie Tyler	EVP		

### DIRECTORS OR TRUSTEES

Charles Arthur Bryan	Richard Alan Chiricosta	Frederick David DiSanto #	Terrance Callahan Egger #
Robert John King Jr.	Samuel Henry Miller	Dennis John Roche	Greta Jane Russell
David Joseph Young			

State of..... Ohio  
County of..... Cuyahoga

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.

(Signature) Richard Alan Chiricosta	(Signature) Steffany Matticola Larkins	(Signature) Raymond Karl Mueller
1. (Printed Name) Chairman, President & CEO	2. (Printed Name) Secretary	3. (Printed Name) Treasurer & CFO
(Title)	(Title)	(Title)
Subscribed and sworn to before me This _____ day of _____ 2015	a. Is this an original filing? b. If no	Yes [X] No [ ] 1. State the amendment number 2. Date filed 3. Number of pages attached

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).....	905,027,119	5,256,179	899,770,940	828,319,894
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	224,677,819		224,677,819	268,086,453
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....30,974,911, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....148,914,921, Schedule DA).....	179,889,832		179,889,832	134,328,677
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....	358,526,992	25,660,214	332,866,778	363,459,372
9. Receivables for securities.....			0	276,103
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,668,121,762	30,916,393	1,637,205,369	1,594,470,499
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	7,059,398		7,059,398	6,737,862
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	1,175,864	569,155	606,709	12,884,305
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	25,391,966		25,391,966	
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....	12,000	12,000	0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....	35,223,497		35,223,497	24,481,952
19. Guaranty funds receivable or on deposit.....	6,306,188		6,306,188	6,132,204
20. Electronic data processing equipment and software.....	8,064,152	8,064,152	0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....	9,873,540	9,873,540	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	15,989,830		15,989,830	
24. Health care (\$.....23,937,934) and other amounts receivable.....	28,352,003	4,414,069	23,937,934	24,195,037
25. Aggregate write-ins for other than invested assets.....	27,874,206	12,685,852	15,188,354	15,686,389
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,833,444,406	66,535,161	1,766,909,245	1,684,588,248
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	1,833,444,406	66,535,161	1,766,909,245	1,684,588,248

DETAILS OF WRITE-INS

1101. ....			0	
1102. ....			0	
1103. ....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Note Receivable - Rose Building.....	5,503,188		5,503,188	6,247,874
2502. Cash Surrender Value - Life Insurance.....	8,700,356		8,700,356	8,509,621
2503. Other Assets.....	2,145,854	1,912,246	233,608	230,918
2598. Summary of remaining write-ins for Line 25 from overflow page.....	11,524,808	10,773,606	751,202	697,976
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	27,874,206	12,685,852	15,188,354	15,686,389

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$....4,238,900 reinsurance ceded).....	207,088,792		207,088,792	226,355,000
2. Accrued medical incentive pool and bonus amounts.....	5,014,000		5,014,000	2,980,910
3. Unpaid claims adjustment expenses.....	4,931,612		4,931,612	4,629,678
4. Aggregate health policy reserves, including the liability of \$....245 for medical loss ratio rebate per the Public Health Service Act.....	245		245	194,322
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserve.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	73,797,948		73,797,948	21,082,197
9. General expenses due or accrued.....	103,148,785		103,148,785	106,912,033
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....	3,361,457		3,361,457	9,176,492
10.2 Net deferred tax liability.....			0	
11. Ceded reinsurance premiums payable.....			0	
12. Amounts withheld or retained for the account of others.....			0	170,926
13. Remittances and items not allocated.....	1,372,740		1,372,740	1,421,421
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....			0	3,197,142
16. Derivatives.....			0	
17. Payable for securities.....	500,000		500,000	490,732
18. Payable for securities lending.....			0	
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized and \$.....0 certified reinsurers).....			0	
20. Reinsurance in unauthorized and certified (\$.....0) companies.....			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
22. Liability for amounts held under uninsured plans.....			0	
23. Aggregate write-ins for other liabilities (including \$....4,713,225 current).....	87,791,855	0	87,791,855	86,173,054
24. Total liabilities (Lines 1 to 23).....	487,007,434	0	487,007,434	462,783,907
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	43,203,000	0
26. Common capital stock.....	XXX	XXX		
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX		
29. Surplus notes.....	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	1,236,698,811	1,221,804,341
32. Less treasury stock at cost:				
32.1 ....0.000 shares common (value included in Line 26 \$.....0).....	XXX	XXX		
32.2 ....0.000 shares preferred (value included in Line 27 \$.....0).....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	1,279,901,811	1,221,804,341
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	1,766,909,245	1,684,588,248

DETAILS OF WRITE-INS

2301. Accrued Postemployment Benefits Other Than Pension.....	53,119,872		53,119,872	48,278,000
2302. Building Lease Liability.....	8,456,668		8,456,668	9,619,929
2303. Other Liabilities.....	16,137,702		16,137,702	14,321,641
2398. Summary of remaining write-ins for Line 23 from overflow page.....	10,077,613	0	10,077,613	13,953,484
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	87,791,855	0	87,791,855	86,173,054
2501. Estimated 2015 Health Insurer Fee.....	XXX	XXX	43,203,000	
2502. ....	XXX	XXX		
2503. ....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	XXX	XXX	43,203,000	0
3001. ....	XXX	XXX		
3002. ....	XXX	XXX		
3003. ....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX	12,549,670	13,425,595
2. Net premium income (including \$.....0 non-health premium income).....	XXX	2,238,112,320	2,473,581,183
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	95,813	(128,786)
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	0	0
7. Aggregate write-ins for other non-health revenues.....	XXX	0	0
8. Total revenues (Lines 2 to 7).....	XXX	2,238,208,133	2,473,452,397
Hospital and Medical:			
9. Hospital/medical benefits.....		1,204,706,726	1,313,220,297
10. Other professional services.....		105,738,722	114,277,744
11. Outside referrals.....		14,368,842	18,829,720
12. Emergency room and out-of-area.....		231,531,722	249,196,103
13. Prescription drugs.....		287,228,009	291,222,560
14. Aggregate write-ins for other hospital and medical.....0		0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		5,255,065	3,297,064
16. Subtotal (Lines 9 to 15).....0		1,848,829,086	1,990,043,488
Less:			
17. Net reinsurance recoveries.....		29,148,100	(78,702,851)
18. Total hospital and medical (Lines 16 minus 17).....0		1,819,680,986	2,068,746,339
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$....20,386,842 cost containment expenses.....		57,692,301	65,444,186
21. General administrative expenses.....		273,394,712	252,250,607
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....			(1,914,000)
23. Total underwriting deductions (Lines 18 through 22).....0		2,150,767,999	2,384,527,132
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	87,440,134	88,925,265
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		28,973,504	27,645,746
26. Net realized capital gains or (losses) less capital gains tax of \$....1,203,000.....		1,216,803	1,318,009
27. Net investment gains or (losses) (Lines 25 plus 26).....0		30,190,307	28,963,755
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.....0		(2,876,641)	911,414
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	114,753,800	118,800,434
31. Federal and foreign income taxes incurred.....	XXX	17,454,481	21,060,267
32. Net income (loss) (Lines 30 minus 31).....	XXX	97,299,319	97,740,167

DETAILS OF WRITE-INS			
0601. ....	XXX		
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	XXX	0	0
0701. ....	XXX		
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	XXX	0	0
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page.....0		0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....0		0	0
2901. Other (Expense)/Income.....		(2,876,641)	911,414
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page.....0		0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....0		(2,876,641)	911,414

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	.....1,221,804,341	.....1,133,560,810
34. Net income or (loss) from Line 32.....	.....97,299,319	.....97,740,167
35. Change in valuation basis of aggregate policy and claim reserves.....	.....	.....
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$ .....0.....	.....(46,989,359)	.....(12,547,237)
37. Change in net unrealized foreign exchange capital gain or (loss).....	.....	.....
38. Change in net deferred income tax.....	.....10,259,982	.....4,162,515
39. Change in nonadmitted assets.....	.....917,528	.....9,546,383
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.....	.....	.....
46. Dividends to stockholders.....	.....	.....
47. Aggregate write-ins for gains or (losses) in surplus.....	.....(3,390,000)	.....(10,658,297)
48. Net change in capital and surplus (Lines 34 to 47).....	.....58,097,470	.....88,243,531
49. Capital and surplus end of reporting period (Line 33 plus 48).....	.....1,279,901,811	.....1,221,804,341

DETAILS OF WRITE-INS		
4701. Transition Impact - SSAP No. 92 Accounting for Postretirement Benefits Other Than Pensions.....	.....	.....(15,052,000)
4702. (Increase)Decrease in Unrecognized Postretirement Benefit Costs.....	.....(3,390,000)	.....4,393,703
4703. ....	.....	.....
4798. Summary of remaining write-ins for Line 47 from overflow page.....	.....0	.....0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above).....	.....(3,390,000)	.....(10,658,297)

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	2,302,569,612	2,426,593,248
2. Net investment income.....	32,978,974	32,100,151
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	2,335,548,586	2,458,693,399
5. Benefit and loss related payments.....	1,861,867,869	2,114,942,625
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	339,433,559	304,807,155
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	26,700,000	1,533,174
10. Total (Lines 5 through 9).....	2,228,001,428	2,421,282,954
11. Net cash from operations (Line 4 minus Line 10).....	107,547,158	37,410,445
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	196,337,317	143,789,121
12.2 Stocks.....	34,705,822	23,031,010
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....	1,543,489	1,120,627
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....	285,371	468,336
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	232,871,999	168,409,094
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	254,469,970	186,167,314
13.2 Stocks.....	39,131,863	43,005,632
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....	3,531,565	4,427,069
13.6 Miscellaneous applications.....		276,103
13.7 Total investments acquired (Lines 13.1 to 13.6).....	297,133,398	233,876,118
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(64,261,399)	(65,467,024)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
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).....	2,275,396	15,446,011
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	2,275,396	15,446,011
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	45,561,155	(12,610,568)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	134,328,677	146,939,245
19.2 End of year (Line 18 plus Line 19.1).....	179,889,832	134,328,677

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
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## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
		Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plans	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
	Total									
1. Net premium income.....	2,238,112,320	2,088,843,009	27,369,994	16,742,904	2,028,978				103,127,435	
2. Change in unearned premium reserves and reserve for rate credit.....	95,813	95,813								
3. Fee-for-service (net of \$.....0 medical expenses).....	0									XXX
4. Risk revenue.....	0									XXX
5. Aggregate write-ins for other health care related revenues.....	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6).....	2,238,208,133	2,088,938,822	27,369,994	16,742,904	2,028,978	0	0	0	103,127,435	0
8. Hospital/medical benefits.....	1,204,706,726	1,101,540,299	13,346,178	539,339	87,079				89,193,831	XXX
9. Other professional services.....	105,738,722	90,384,162	1,910,267	10,756,533	2,687,760					XXX
10. Outside referrals.....	14,368,842	13,217,614	1,151,228							XXX
11. Emergency room and out-of-area.....	231,531,722	229,931,184	1,593,351		7,187					XXX
12. Prescription drugs.....	287,228,009	286,643,028	534,277						50,704	XXX
13. Aggregate write-ins for other hospital and medical.....	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	5,255,065	5,248,506	61						6,498	XXX
15. Subtotal (Lines 8 to 14).....	1,848,829,086	1,726,964,793	18,535,362	11,295,872	2,782,026	0	0	0	89,251,033	XXX
16. Net reinsurance recoveries.....	29,148,100	29,191,226	(44,437)	752	559					XXX
17. Total hospital and medical (Lines 15 minus 16).....	1,819,680,986	1,697,773,567	18,579,799	11,295,120	2,781,467	0	0	0	89,251,033	XXX
18. Non-health claims (net).....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$.....20,386,842 cost containment expenses.....	57,692,301	53,621,897	2,281,290	1,413,447	98,689				276,978	
20. General administrative expenses.....	273,394,712	261,608,932	5,073,683	1,028,671	127,794				5,555,632	
21. Increase in reserves for accident and health contracts.....	0									XXX
22. Increase in reserve for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22).....	2,150,767,999	2,013,004,396	25,934,772	13,737,238	3,007,950	0	0	0	95,083,643	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23).....	87,440,134	75,934,426	1,435,222	3,005,666	(978,972)	0	0	0	8,043,792	0

## DETAILS OF WRITE-INS

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1.	Comprehensive (hospital and medical).....	2,090,287,231		1,444,222	2,088,843,009
2.	Medicare supplement.....	27,369,994			27,369,994
3.	Dental only.....	16,742,904			16,742,904
4.	Vision only.....	2,028,978			2,028,978
5.	Federal employees health benefits plan.....				0
6.	Title XVIII - Medicare.....				0
7.	Title XIX - Medicaid.....				0
8.	Other health.....	103,127,435			103,127,435
9.	Health subtotal (Lines 1 through 8).....	2,239,556,542	0	1,444,222	2,238,112,320
10.	Life.....				0
11.	Property/casualty.....				0
12.	Totals (Lines 9 to 11).....	2,239,556,542	0	1,444,222	2,238,112,320



UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct.....	1,852,558,627	1,730,927,606	18,798,562	11,396,030	2,787,968				88,648,461	
1.2 Reinsurance assumed.....	6,290,766	6,239,345	44,437	6,384	600					
1.3 Reinsurance ceded.....	0									
1.4 Net.....	1,858,849,393	1,737,166,951	18,842,999	11,402,414	2,788,568	0	0	0	88,648,461	0
2. Paid medical incentive pools and bonuses.....	3,221,975	3,220,590	61						1,324	
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	211,327,692	205,102,074	2,505,822	803,300	12,000				2,904,496	
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	4,238,900	4,238,900								
3.4 Net.....	207,088,792	200,863,174	2,505,822	803,300	12,000	0	0	0	2,904,496	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	0									
4.2 Reinsurance assumed.....	0									
4.3 Reinsurance ceded.....	0									
4.4 Net.....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	5,014,000	5,006,939							7,061	
6. Net healthcare receivables (a).....	(234,702)	(301,570)	36,939	3,874	5,292				20,763	
7. Amounts recoverable from reinsurers December 31, current year.....	25,391,966	25,391,966								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	220,547,000	214,614,962	2,732,144	899,584	12,651				2,287,659	
8.2 Reinsurance assumed.....	5,808,000	5,799,706		7,136	1,158					
8.3 Reinsurance ceded.....	0									
8.4 Net.....	226,355,000	220,414,668	2,732,144	906,720	13,809	0	0	0	2,287,659	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct.....	0									
9.2 Reinsurance assumed.....	0									
9.3 Reinsurance ceded.....	0									
9.4 Net.....	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	2,980,910	2,979,023							1,887	
11. Amounts recoverable from reinsurers December 31, prior year.....	0									
12. Incurred benefits:										
12.1 Direct.....	1,843,574,021	1,721,716,288	18,535,301	11,295,872	2,782,025	0	0	0	89,244,535	0
12.2 Reinsurance assumed.....	482,766	439,639	44,437	(752)	(558)	0	0	0	0	0
12.3 Reinsurance ceded.....	29,630,866	29,630,866	0	0	0	0	0	0	0	0
12.4 Net.....	1,814,425,921	1,692,525,061	18,579,738	11,295,120	2,781,467	0	0	0	89,244,535	0
13. Incurred medical incentive pools and bonuses.....	5,255,065	5,248,506	61	0	0	0	0	0	6,498	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	0									
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	0									
1.4 Net.....	0	0	0	0	0	0	0	0	0	0
2. Incurred but unreported:										
2.1 Direct.....	211,327,692	205,102,074	2,505,822	803,300	12,000				2,904,496	
2.2 Reinsurance assumed.....	0									
2.3 Reinsurance ceded.....	4,238,900	4,238,900								
2.4 Net.....	207,088,792	200,863,174	2,505,822	803,300	12,000	0	0	0	2,904,496	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	0									
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct.....	211,327,692	205,102,074	2,505,822	803,300	12,000	0	0	0	2,904,496	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	4,238,900	4,238,900	0	0	0	0	0	0	0	0
4.4 Net.....	207,088,792	200,863,174	2,505,822	803,300	12,000	0	0	0	2,904,496	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical).....	196,804,680	1,514,970,304	(1,365,428)	202,228,602	195,439,252	220,414,669
2. Medicare supplement.....	2,384,071	16,458,928	(84)	2,505,906	2,383,987	2,732,144
3. Dental only.....	988,298	10,414,117		803,300	988,298	906,720
4. Vision only.....	13,306	2,775,263		12,000	13,306	13,809
5. Federal employees health benefits plan.....					0	
6. Title XVIII - Medicare.....					0	
7. Title XIX - Medicaid.....					0	
8. Other health.....	2,287,383	86,361,078		2,904,496	2,287,383	2,287,658
9. Health subtotal (Lines 1 to 8).....	202,477,738	1,630,979,690	(1,365,512)	208,454,304	201,112,226	226,355,000
10. Healthcare receivables (a).....	368,727	4,197,848		23,785,428	368,727	28,586,704
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....	2,294,037	927,938		5,014,000	2,294,037	2,980,910
13. Totals (Lines 9 - 10 + 11 + 12).....	204,403,048	1,627,709,780	(1,365,512)	189,682,876	203,037,536	200,749,206

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	187,068	184,697	182,695	181,950	181,698
2. 2010.....	1,533,075	1,716,146	1,714,761	1,713,870	1,713,529
3. 2011.....	.XXX.	1,540,566	1,733,180	1,731,740	1,730,481
4. 2012.....	.XXX.	.XXX.	1,794,446	2,024,497	2,021,853
5. 2013.....	.XXX.	.XXX.	.XXX.	1,887,967	2,097,235
6. 2014.....	.XXX.	.XXX.	.XXX.	.XXX.	1,631,908

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	(28,100)	(24,885)	(25,686)	(25,991)	(26,979)
2. 2010.....	1,735,416	1,717,950	1,713,273	1,713,358	1,713,260
3. 2011.....	.XXX.	1,737,464	1,733,417	1,731,024	1,730,101
4. 2012.....	.XXX.	.XXX.	2,049,215	2,024,706	2,020,421
5. 2013.....	.XXX.	.XXX.	.XXX.	2,095,868	2,076,232
6. 2014.....	.XXX.	.XXX.	.XXX.	.XXX.	1,845,611

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expense	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2010.....	2,078,660	1,713,529	65,352	3.8	1,778,881	85.6			1,778,881	85.6
2. 2011.....	2,122,862	1,730,481	65,408	3.8	1,795,889	84.6			1,795,889	84.6
3. 2012.....	2,372,803	2,021,853	69,501	3.4	2,091,354	88.1			2,091,354	88.1
4. 2013.....	2,473,581	2,097,235	62,236	3.0	2,159,471	87.3	(1,365)	74	2,158,180	87.2
5. 2014.....	2,238,112	1,631,908	51,978	3.2	1,683,886	75.2	213,468	4,858	1,902,212	85.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	175,989	173,732	171,763	171,030	170,783
2. 2010.....	1,431,129	1,604,852	1,603,465	1,602,589	1,602,254
3. 2011.....	XXX	1,471,557	1,659,555	1,658,139	1,656,903
4. 2012.....	XXX	XXX	1,702,209	1,926,593	1,923,998
5. 2013.....	XXX	XXX	XXX	1,788,725	1,992,236
6. 2014.....	XXX	XXX	XXX	XXX	1,515,898

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	(14,962)	(20,447)	(21,247)	(21,551)	(22,525)
2. 2010.....	1,622,110	1,607,187	1,602,606	1,602,103	1,601,990
3. 2011.....	XXX	1,662,898	1,659,799	1,657,419	1,656,528
4. 2012.....	XXX	XXX	1,951,097	1,927,387	1,922,585
5. 2013.....	XXX	XXX	XXX	1,991,080	1,972,197
6. 2014.....	XXX	XXX	XXX	XXX	1,723,436

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2010.....	1,929,822	1,602,254	61,310	3.8	1,663,564	86.2			1,663,564	86.2
2. 2011.....	1,999,271	1,656,903	63,097	3.8	1,720,000	86.0			1,720,000	86.0
3. 2012.....	2,240,519	1,923,998	68,150	3.5	1,992,148	88.9			1,992,148	88.9
4. 2013.....	2,335,287	1,992,236	61,153	3.1	2,053,389	87.9	(1,365)	73	2,052,097	87.9
5. 2014.....	2,088,843	1,515,898	50,927	3.4	1,566,825	75.0	207,235	4,775	1,778,835	85.2

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	3,674	3,629	3,597	3,585	3,580
2. 2010.....	19,846	22,816	22,792	22,777	22,771
3. 2011.....	XXX	17,486	20,086	20,062	20,039
4. 2012.....	XXX	XXX	15,919	18,229	18,180
5. 2013.....	XXX	XXX	XXX	15,848	18,316
6. 2014.....	XXX	XXX	XXX	XXX	16,459

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	(785)	(923)	(924)	(925)	(939)
2. 2010.....	23,875	22,844	22,782	22,777	22,767
3. 2011.....	XXX	20,312	20,076	20,062	20,034
4. 2012.....	XXX	XXX	18,628	18,239	18,161
5. 2013.....	XXX	XXX	XXX	18,370	18,152
6. 2014.....	XXX	XXX	XXX	XXX	18,928

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2010.....	29,932	22,771	900	4.0	23,671	79.1			23,671	79.1
2. 2011.....	26,933	20,039	926	4.6	20,965	77.8			20,965	77.8
3. 2012.....	26,002	18,180	903	5.0	19,083	73.4			19,083	73.4
4. 2013.....	26,198	18,316	733	4.0	19,049	72.7		1	19,050	72.7
5. 2014.....	27,370	16,459	557	3.4	17,016	62.2	2,506	58	19,580	71.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	157	157	157	157	157
2. 2010.....	1,769	2,544	2,544	2,544	2,544
3. 2011.....	XXX	7,723	8,643	8,643	8,643
4. 2012.....	XXX	XXX	11,970	13,255	13,255
5. 2013.....	XXX	XXX	XXX	10,891	11,879
6. 2014.....	XXX	XXX	XXX	XXX	10,414

SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	(19)	(20)	(20)	(20)	(20)
2. 2010.....	1,951	1,951	1,951	2,544	2,544
3. 2011.....	XXX	8,410	8,647	8,647	8,643
4. 2012.....	XXX	XXX	13,021	12,658	13,255
5. 2013.....	XXX	XXX	XXX	11,656	11,146
6. 2014.....	XXX	XXX	XXX	XXX	11,212

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - DENTAL ONLY

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2010.....	2,344	2,544	82	3.2	2,626	112.0			2,626	112.0
2. 2011.....	15,857	8,643	148	1.7	8,791	55.4			8,791	55.4
3. 2012.....	16,930	13,255	204	1.5	13,459	79.5			13,459	79.5
4. 2013.....	17,165	11,879	83	0.7	11,962	69.7			11,962	69.7
5. 2014.....	16,743	10,414	339	3.3	10,753	64.2	803	18	11,574	69.1

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - VISION ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	8	8	8	8	8
2. 2010.....	385	414	414	414	414
3. 2011.....	XXX	1,197	1,226	1,226	1,226
4. 2012.....	XXX	XXX	2,677	2,693	2,693
5. 2013.....	XXX	XXX	XXX	2,628	2,641
6. 2014.....	XXX	XXX	XXX	XXX	2,775

SECTION B - INCURRED HEALTH CLAIMS - VISION ONLY

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	2	2	2	2	2
2. 2010.....	396	389	389	389	414
3. 2011.....	XXX	1,222	1,226	1,226	1,226
4. 2012.....	XXX	XXX	2,706	2,693	2,693
5. 2013.....	XXX	XXX	XXX	2,611	2,585
6. 2014.....	XXX	XXX	XXX	XXX	2,782

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - VISION ONLY

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2010.....	345	414	16	3.9	430	124.6			430	124.6
2. 2011.....	1,753	1,226	50	4.1	1,276	72.8			1,276	72.8
3. 2012.....	1,926	2,693	236	8.8	2,929	152.1			2,929	152.1
4. 2013.....	2,049	2,641	249	9.4	2,890	141.0			2,890	141.0
5. 2014.....	2,029	2,775	84	3.0	2,859	140.9	12		2,871	141.5



UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	NONE				
2. 2010.....					
3. 2011.....		XXX			
4. 2012.....		XXX	XXX		
5. 2013.....		XXX	XXX	XXX	
6. 2014.....		XXX	XXX	XXX	XXX

SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	NONE				
2. 2010.....					
3. 2011.....		XXX			
4. 2012.....		XXX	XXX		
5. 2013.....		XXX	XXX	XXX	
6. 2014.....		XXX	XXX	XXX	XXX

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2010.....					NONE	0.0			0	0.0
2. 2011.....				0.0		0.0			0	0.0
3. 2012.....				0.0		0.0			0	0.0
4. 2013.....				0.0		0.0			0	0.0
5. 2014.....				0.0		0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	6,240	6,171	6,170	6,170	6,170
2. 2010.....	36,023	40,590	40,616	40,616	40,616
3. 2011.....	XXX				
4. 2012.....	XXX	XXX			
5. 2013.....	XXX	XXX	XXX		
6. 2014.....	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	(2,336)	(2,497)	(2,497)	(2,497)	(2,497)
2. 2010.....	41,161	40,649	40,615	40,615	40,615
3. 2011.....	XXX				
4. 2012.....	XXX	XXX			
5. 2013.....	XXX	XXX	XXX		
6. 2014.....	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2010.....	41,915	40,616	1,577	3.9	42,193	100.7			42,193	100.7
2. 2011.....	918		1,185	0.0	1,185	129.1			1,185	129.1
3. 2012.....				0.0	0	0.0			0	0.0
4. 2013.....				0.0	0	0.0			0	0.0
5. 2014.....				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	NONE				
2. 2010.....					
3. 2011.....		XXX			
4. 2012.....		XXX	XXX		
5. 2013.....		XXX	XXX	XXX	
6. 2014.....		XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	NONE				
2. 2010.....					
3. 2011.....		XXX			
4. 2012.....		XXX	XXX		
5. 2013.....		XXX	XXX	XXX	
6. 2014.....		XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2010.....					NONE	0.0			0	0.0
2. 2011.....				0.0		0.0			0	0.0
3. 2012.....				0.0		0.0			0	0.0
4. 2013.....				0.0		0.0			0	0.0
5. 2014.....				0.0		0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	1,000	1,000	1,000	1,000	1,000
2. 2010.....	43,923	44,930	44,930	44,930	44,930
3. 2011.....	XXX	42,603	43,670	43,670	43,670
4. 2012.....	XXX	XXX	61,671	63,727	63,727
5. 2013.....	XXX	XXX	XXX	69,875	72,163
6. 2014.....	XXX	XXX	XXX	XXX	86,362

SECTION B - INCURRED HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	(10,000)	(1,000)	(1,000)	(1,000)	(1,000)
2. 2010.....	45,923	44,930	44,930	44,930	44,930
3. 2011.....	XXX	44,622	43,669	43,670	43,670
4. 2012.....	XXX	XXX	63,763	63,729	63,727
5. 2013.....	XXX	XXX	XXX	72,151	72,152
6. 2014.....	XXX	XXX	XXX	XXX	89,253

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2010.....	74,302	44,930	1,467	3.3	46,397	62.4			46,397	62.4
2. 2011.....	78,130	43,670	2	0.0	43,672	55.9			43,672	55.9
3. 2012.....	87,426	63,727	8	0.0	63,735	72.9			63,735	72.9
4. 2013.....	92,882	72,163	18	0.0	72,181	77.7			72,181	77.7
5. 2014.....	103,127	86,362	71	0.1	86,433	83.8	2,912	7	89,352	86.6

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
2. Additional policy reserves (a).....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
3. Reserve for future contingent benefits.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
4. Reserve for rate credits or experience rating refunds (including \$.....0) for investment income.....	.....245	.....245	.....	.....	.....	.....	.....	.....	.....
5. Aggregate write-ins for other policy reserves.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
6. Totals (gross).....	.....245	.....245	.....0	.....0	.....0	.....0	.....0	.....0	.....0
7. Reinsurance ceded.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
8. Totals (net) (Page 3, Line 4).....	.....245	.....245	.....0	.....0	.....0	.....0	.....0	.....0	.....0
9. Present value of amounts not yet due on claims.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
10. Reserve for future contingent benefits.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
11. Aggregate write-ins for other claim reserves.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
12. Totals (gross).....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
13. Reinsurance ceded.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
14. Totals (net) (Page 3, Line 7).....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

DETAILS OF WRITE-INS

0501. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
0502. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
0503. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
1101. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
1102. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
1103. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building).....	3,187	320,619	8,875,158		9,198,964
2. Salaries, wages and other benefits.....	10,464,095	25,103,757	51,711,358		87,279,210
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....			102,364,232		102,364,232
4. Legal fees and expenses.....	187	935	618,317		619,439
5. Certifications and accreditation fees.....	189,197				189,197
6. Auditing, actuarial and other consulting services.....	1,157,835	182,916	4,593,136		5,933,887
7. Traveling expenses.....	87,814	180,745	1,456,891		1,725,450
8. Marketing and advertising.....	2,953	1,185	2,243,066		2,247,204
9. Postage, express and telephone.....	346,195	1,779,374	1,144,417		3,269,986
10. Printing and office supplies.....	32,671	716,950	730,489		1,480,110
11. Occupancy, depreciation and amortization.....					0
12. Equipment.....		95,182	1,472,327		1,567,509
13. Cost or depreciation of EDP equipment and software.....	283,520	2,715,755	3,218,215		6,217,490
14. Outsourced services including EDP, claims, and other services.....	2,549,941	4,719,399	2,050,574		9,319,914
15. Boards, bureaus and association fees.....	9,232	6,201	181,751		197,184
16. Insurance, except on real estate.....			1,816,394		1,816,394
17. Collection and bank service charges.....				443,092	443,092
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....			19,593,591		19,593,591
23.3 Regulatory authority licenses and fees.....	34	315	63,119,083		63,119,432
23.4 Payroll taxes.....	607,322	1,482,126	2,680,695		4,770,143
23.5 Other (excluding federal income and real estate taxes).....					0
24. Investment expenses not included elsewhere.....				991,851	991,851
25. Aggregate write-ins for expenses.....	4,652,659	0	5,525,018	0	10,177,677
26. Total expenses incurred (Lines 1 to 25).....	20,386,842	37,305,459	273,394,712	1,434,943	(a)...332,521,956
27. Less expenses unpaid December 31, current year.....	1,742,832	3,188,780	102,984,648	164,137	108,080,397
28. Add expenses unpaid December 31, prior year.....	1,921,316	2,708,362	106,752,483	159,550	111,541,711
29. Amounts receivable relating to uninsured plans, prior year.....					0
30. Amounts receivable relating to uninsured plans, current year.....			12,000		12,000
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	20,565,326	36,825,041	277,174,547	1,430,356	335,995,270

DETAILS OF WRITE-INS

2501. Network Access Fees.....	4,652,659				4,652,659
2502. Other.....			5,525,018		5,525,018
2503. ....					0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	4,652,659	0	5,525,018	0	10,177,677

(a) Includes management fees of \$.....191,126,850 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds.....	(a).....14,258,511	.....14,257,500
1.1	Bonds exempt from U.S. tax.....	(a).....	
1.2	Other bonds (unaffiliated).....	(a).....12,774,118	.....13,048,014
1.3	Bonds of affiliates.....	(a).....	
2.1	Preferred stocks (unaffiliated).....	(b).....	
2.11	Preferred stocks of affiliates.....	(b).....	
2.2	Common stocks (unaffiliated).....	.....2,728,716	.....2,659,216
2.21	Common stocks of affiliates.....		
3.	Mortgage loans.....	(c).....	
4.	Real estate.....	(d).....	
5.	Contract loans.....		
6.	Cash, cash equivalents and short-term investments.....	(e).....49,740	.....53,433
7.	Derivative instruments.....	(f).....	
8.	Other invested assets.....	.....390,284	.....390,284
9.	Aggregate write-ins for investment income.....	.....0	.....0
10.	Total gross investment income.....	.....30,201,369	.....30,408,447
11.	Investment expenses.....		(g).....1,434,943
12.	Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....
13.	Interest expense.....		(h).....
14.	Depreciation on real estate and other invested assets.....		(i).....0
15.	Aggregate write-ins for deductions from investment income.....		.....0
16.	Total deductions (Lines 11 through 15).....		.....1,434,943
17.	Net investment income (Line 10 minus Line 16).....		.....28,973,504

DETAILS OF WRITE-INS

0901.	.....		
0902.	.....		
0903.	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0
1501.	.....		
1502.	.....		
1503.	.....		
1598.	Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		.....0
(a)	Includes \$....698,625 accrual of discount less \$....4,906,584 amortization of premium and less \$....1,212,435 paid for accrued interest on purchases.		
(b)	Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.		
(c)	Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.		
(d)	Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.		
(e)	Includes \$.....0 accrual of discount less \$....715 amortization of premium and less \$.....0 paid for accrued interest on purchases.		
(f)	Includes \$.....0 accrual of discount less \$.....0 amortization of premium.		
(g)	Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.		
(h)	Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.		
(i)	Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. government bonds.....2,001,319		.....2,001,319		
1.1	Bonds exempt from U.S. tax.....		.....0		
1.2	Other bonds (unaffiliated).....		.....0		
1.3	Bonds of affiliates.....		.....0		
2.1	Preferred stocks (unaffiliated).....		.....0		
2.11	Preferred stocks of affiliates.....		.....0		
2.2	Common stocks (unaffiliated).....6,781,954	.....(3,960,648)	.....2,821,306	.....2,884,220	
2.21	Common stocks of affiliates.....(3,506,594)		.....(3,506,594)	.....(17,028,102)	
3.	Mortgage loans.....		.....0		
4.	Real estate.....		.....0		
5.	Contract loans.....		.....0		
6.	Cash, cash equivalents and short-term investments.....		.....0		
7.	Derivative instruments.....		.....0		
8.	Other invested assets.....1,103,772		.....1,103,772	.....(32,845,477)	
9.	Aggregate write-ins for capital gains (losses).....0	.....0	.....0	.....0	.....0
10.	Total capital gains (losses).....6,380,451	.....(3,960,648)	.....2,419,803	.....(46,989,359)	.....0

DETAILS OF WRITE-INS

0901.	.....		.....0		
0902.	.....		.....0		
0903.	.....		.....0		
0998.	Summary of remaining write-ins for Line 9 from overflow page....	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	5,256,179	5,243,683	(12,496)
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....			.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Derivatives (Schedule DB).....			.0
8. Other invested assets (Schedule BA).....	25,660,214	24,821,249	(838,965)
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets (Schedule DL).....			.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	30,916,393	30,064,932	(851,461)
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	569,155	131,364	(437,791)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....	12,000		(12,000)
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....		481,563	481,563
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....	8,064,152	7,503,587	(560,565)
21. Furniture and equipment, including health care delivery assets.....	9,873,540	11,749,690	1,876,150
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivables from parent, subsidiaries and affiliates.....			.0
24. Health care and other amounts receivable.....	4,414,069	4,391,667	(22,402)
25. Aggregate write-ins for other than invested assets.....	12,685,852	13,129,886	444,034
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	66,535,161	67,452,689	917,528
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	66,535,161	67,452,689	917,528

DETAILS OF WRITE-INS

1101. ....			.0
1102. ....			.0
1103. ....			.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0
2501. Prepaid Assets.....	10,336,610	7,880,458	(2,456,152)
2502. Other Assets.....	1,912,246	4,304,102	2,391,856
2503. Other Receivables.....	436,996	945,326	508,330
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	12,685,852	13,129,886	444,034



EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....						
2. Provider service organizations.....						
3. Preferred provider organizations.....	559,446	500,865	481,036	462,942	455,631	5,745,934
4. Point of service.....	7	9	9	5	5	84
5. Indemnity only.....	12,061	11,667	12,007	12,541	12,917	145,979
6. Aggregate write-ins for other lines of business.....	540,219	552,803	567,109	553,411	554,023	6,657,673
7. Total.....	1,111,733	1,065,344	1,060,161	1,028,899	1,022,576	12,549,670

DETAILS OF WRITE-INS

0601. Stop Loss.....	426,371	430,732	438,113	425,591	426,730	5,151,542
0602. Vision Only.....	47,142	47,749	47,696	46,963	47,085	567,028
0603. Dental Only.....	66,701	74,317	81,295	80,854	80,205	939,051
0698. Summary of remaining write-ins for Line 6 from overflow page.....	5	5	5	3	3	52
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	540,219	552,803	567,109	553,411	554,023	6,657,673

**NOTES TO FINANCIAL STATEMENTS**

Dollars are in thousands

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Accounting Practices

	State of Domicile	2014	2013
NET INCOME			
(1) Medical Mutual of Ohio state basis (Page 4, Line 32, Columns 2 & 3)	OH	\$ 97,299	\$ 97,740
(2) State Prescribed Practices that increase/(decrease) NAIC SAP			
(3) State Permitted Practices that increase/(decrease) NAIC SAP			
(4) NAIC SAP (1 2 3 = 4)	OH	\$ 97,299	\$ 97,740
SURPLUS			
(5) Medical Mutual of Ohio state basis (Page 3, line 33, Columns 3 & 4)	OH	\$ 1,279,902	\$ 1,221,804
(6) State Prescribed Practices that increase/(decrease) NAIC SAP			
(7) State Permitted Practices that increase/(decrease) NAIC SAP			
(8) NAIC SAP (5 6 7 = 8)	OH	\$ 1,279,902	\$ 1,221,804

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

The preparation of the financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known which could impact the amounts reported and disclosed herein.

C. Accounting Policy

The accompanying financial statements of Medical Mutual of Ohio (the Company) have been prepared in conformity with the National Association of Insurance Commissioners (NAIC) *Accounting Practices and Procedures Manual*, as prescribed by the Ohio Department of Insurance (ODI).

Statutory accounting practices vary from U.S. generally accepted accounting principles (GAAP). The more significant variances from GAAP are as follows:

*Investments* Investments in bonds are reported at amortized cost or fair value based on their NAIC rating; for GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading, or available-for-sale. Held-to-maturity fixed investments would be reported at amortized cost, and the remaining fixed maturity investments would be reported at fair value with unrealized holding gains and losses reported in operations for those designated as trading and as a separate component of capital and surplus for those designated as available-for-sale. All single class and multiclass mortgage-backed (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO and MBS securities), other than high credit quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If high credit quality securities are adjusted, the retrospective method is used. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the discounted fair value.

A realized loss is recorded upon the sale of an investment at a loss or when a decline in the fair value of an investment is determined by management to be other than temporary. Realized capital gains and losses are determined on the first-in, first-out cost method.

For GAAP, if a decline in the fair value is other than temporary, the difference between the security's fair value and carrying value (amortized cost) must be realized in earnings if the Company has the intent to sell the security or does not have the intent and ability to hold the security until recovery of the carrying value. If the Company does not intend to sell the security and it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis, the other-than-temporary impairment (OTTI) would be separated into (a) the amount representing the credit loss and (b) the amount related to all other factors. The amount of the total OTTI related to the credit loss would be recognized in earnings. The amount of the total OTTI related to other factors would be recognized in other comprehensive income.

Investments in limited partnerships are recorded in other invested assets. These investments are based on the Company's interest in the underlying audited GAAP equity of the investee. Undistributed earnings and losses of the investee are accounted for as changes in unrealized gains and losses. Under GAAP, these earnings would be accounted for as an equity method investment and flow through net income.

*Subsidiaries* The accounts and operations of the Company's subsidiaries are not consolidated with the accounts and operations of the Company as would be required by GAAP. The investment in MMS is carried at its audited GAAP equity value. The Company's investments in MHICO and CLIC are carried at their audited statutory capital and surplus values. The Company's investment in its unaudited subsidiary is based on GAAP equity value adjusted to a statutory basis of accounting and is nonadmitted. The changes in equity in the undistributed income or losses of subsidiaries are charged or credited directly to capital and surplus. Distributed income of the subsidiaries is recognized in net investment income when the dividend is declared.

*Nonadmitted Assets* Certain assets designated as nonadmitted, principally deferred taxes, investments in unaudited subsidiaries, furniture and equipment, electronic data processing equipment and software, certain accounts receivable, prepaid expenses, and other assets not identified as an admitted asset in the NAIC's *Accounting Practices and Procedures Manual* and are excluded from the accompanying balance sheets and are charged directly to capital and surplus. In accordance with GAAP, such assets are included in the balance sheets. Capital and surplus was reduced by nonadmitted assets of \$66,535 and \$67,453 at December 31, 2014 and 2013, respectively.

## **NOTES TO FINANCIAL STATEMENTS**

*Policy Acquisition Costs* The costs of acquiring and renewing business are expensed as incurred. For GAAP, such costs are capitalized and charged to expense in proportion to the premium revenue recognized.

*Deferred Income Taxes* – The Company computes deferred income taxes in accordance with Statement of Statutory Accounting Principle (SSAP) No. 101, *Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10*. Under SSAP No. 101, gross deferred tax assets are reduced by a statutory valuation allowance adjustment if, based on the weight of available evidence, it is more-likely-than-not that some portion or all of the gross deferred tax assets will not be realized to calculate the adjusted gross deferred tax assets. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the Company includes many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) the timing of reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry forwards; (5) the length of time that carryovers can be used; (6) unique tax rules that would impact the utilization of the deferred tax assets; (7) any tax planning strategies that the Company would employ to avoid a tax benefit expiring unused. Admitted adjusted deferred income tax assets are limited to (1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse during a timeframe corresponding with the Internal Revenue Service tax loss carryback provisions, not to exceed three years, plus (2) the amount of adjusted gross deferred income tax assets expected to be realized within three years limited to an amount that is no greater than 15% of current period's adjusted statutory capital and surplus, plus (3) the amount of remaining adjusted gross deferred income tax assets that can be offset against existing gross deferred income tax liabilities after considering the character (i.e., ordinary versus capital) and reversal patterns of the deferred tax assets and liabilities. The remaining adjusted deferred income tax assets are nonadmitted. Deferred income taxes do not include amounts for state taxes.

Under GAAP, state taxes are included in the computation of deferred income taxes, a deferred income tax asset is recorded for the amount of gross deferred income tax assets expected to be realized in all future years, and a valuation allowance is established for deferred income tax assets not realizable.

*Transitional Reinsurance* Unpaid claim liabilities ceded to the U.S. Department of Health and Human Services (HHS) in accordance with the Affordable Care Act's (ACA) Transitional Reinsurance Program have been reported as reductions of the related reserves rather than as assets as would be required under GAAP.

*Health Insurer Fee* The estimated liability and corresponding expense for the mandatory annual non-tax deductible assessment imposed by the ACA (the Health Insurer Fee) are both recognized in full on January 1 of the applicable calendar year in which the assessment is paid. In accordance with GAAP, the liability is recognized in full on January 1 with a corresponding deferred cost that is amortized to expense using a straight-line method of allocation.

*Statements of Cash Flow* Cash and short-term investments in the statements of cash flow represent cash balances and investments with initial maturities of one year or less. In accordance with GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

Other significant accounting policies are as follows:

*Cash and Invested Assets* Short-term investments, principally money market accounts, include investments with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost, which approximates fair value.

U.S. government securities and corporate bonds not backed by other assets are recorded at amortized cost using the interest method or fair value based on their NAIC rating. Single class mortgage-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys or internal estimates and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities held. The fair values disclosed for these securities are obtained from independent pricing services.

Common stocks are recorded at fair value as determined by the Securities Valuation Office of the NAIC. Related unrealized capital gains or losses are reported as an adjustment to capital and surplus, net of federal income taxes.

*Other-Than-Temporary-Impairment* The Company reviews the values of the Company's investments on a quarterly basis. If the value of the investment falls below its cost basis, the decline is analyzed to determine whether it is an other-than-temporary decline in value. To make this determination for each security, the following is considered:

- The length of time and the extent to which the fair value has been less than the amortized cost basis.
- The Company's ability and intent to hold the security long enough for it to recover its value.
- A significant deterioration in the earning performance, credit rating, asset quality or business prospects of the investee.
- A significant adverse change in the regulatory, economic, or technological environment of the investee.
- Factors that raise significant concerns about the investee's ability to continue as a going concern such as negative cash flows from operations, working capital deficiencies, or noncompliance with statutory capital requirements or debt covenants.

*Other Invested Assets* Other invested assets include investments in limited partnerships, cash surrender values for life insurance contracts owned by the Company, and assets associated with a nonqualified deferred compensation plan.

*Furniture and Equipment* Furniture and equipment are reported at depreciated cost. Leasehold improvements are reported at amortized cost and are amortized over the shorter of their estimated useful life or the remaining life of the original lease excluding renewal or option periods. Depreciation is calculated on a straight-line basis over the estimated useful lives of the property. Total depreciation and amortization expense was \$8,588 and \$7,952 in 2014 and 2013, respectively.

**NOTES TO FINANCIAL STATEMENTS**

*Unpaid Claims and Claims Adjustment Expenses* Unpaid claims and claims adjustment expenses represent management's best estimate of the ultimate net cost of all reported and unreported claims, less the estimated amount recoverable from claim overpayments and subrogation. The unpaid claims liability is actuarially estimated based on a review of historical claim payment patterns and claim trends. The estimates are subject to the effects of trends in claim severity and frequency, and a reasonable provision for adverse development has been incorporated in management's best estimate. Although considerable variability is inherent in such estimates, management believes that the amounts reported for unpaid claims and claims adjustment expenses are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

*Federal Medical Loss Ratio Rebate* The Company is subject to the ACA, which requires the payment of rebates to eligible policyholders or enrollees when the amounts paid for healthcare benefits and quality improvement initiatives fall below specified thresholds. Separate calculations are performed for each state and by employer group size (individual, small group, and large group). At December 31, 2014, no liability was recognized on the accompanying balance sheets as the calculated amounts exceeded the applicable thresholds. At December 31, 2013, a liability of \$194 was accrued for individual business underwritten in Indiana and Michigan and \$98 was subsequently paid in 2014.

*Premiums* Premiums are earned and recorded, net of amounts assumed and ceded under reinsurance agreements, pro rata over the period for which coverage is provided. Uncollected premiums include uncollected amounts from insured individuals and groups and are reported net of an allowance for amounts deemed uncollectible. Premium payments received prior to the period of coverage are classified as advance premiums.

*Income Taxes* – Changes to liabilities for uncertain tax positions are recorded as income tax expense in the accompanying statement of operations. The total liability for uncertain tax positions at December 31, 2014 and 2013, was \$6,675 and \$3,569, respectively. The Company does not expect any significant changes in its liability for uncertain tax positions in 2015.

*Reinsurance* Reinsurance premiums and benefits paid or provided are accounted for on a basis consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

*Employee Benefits* Beginning in 2013, the Company computes the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of employee benefit plans in accordance with SSAP No. 92, *Accounting for Postretirement Benefits Other Than Pensions* and SSAP No. 102, *Accounting for Pensions* in the accompanying consolidated balance sheets, with corresponding adjustments to surplus.

*Health Insurer Fee* Beginning in 2014, the Company is subject to a mandatory annual non-tax deductible assessment on health insurers imposed by the ACA. The Company estimates the expense for the health insurer fee based upon the preceding year's ratio of the Company's applicable net written premium compared to the U.S. health insurance industry total applicable net written premium. The Company reclassifies from unassigned surplus to special surplus the estimated assessment amount for the subsequent year.

*Premium Stabilization Programs* Effective January 1, 2014, the ACA authorized three programs designed to stabilize health insurance markets (Premium Stabilization Programs): a transitional reinsurance program; a temporary risk corridors program; and a permanent risk adjustment program. The Company accounts for the Premium Stabilization Programs in accordance with SSAP No. 107, *Accounting for the Risk-Sharing Provisions of the Affordable Care Act*. Details about each program are as follows:

Transitional Reinsurance Program The transitional reinsurance program, effective for policy years 2014, 2015 and 2016, requires all issuers of major medical commercial insurance products and self-insured plan sponsors to contribute funding in amounts set by HHS. Funds collected will be distributed by HHS to reimburse issuers' high claims costs incurred for qualified individual members.

Expenses related to the funding of the transitional reinsurance program are reflected in general administrative expenses for all insurance products with the exception of products associated with qualified individual members, which are reflected as reduction of premiums earned. When annual claim costs incurred by qualified individual members exceed a specified attachment point, the Company is entitled to certain reimbursements from this program. Estimated recoveries are included in other admitted assets and as a reduction to net accident and health benefits on the accompanying financial statements.

Temporary Risk Corridors Program The temporary risk corridors program, effective for policy years 2014, 2015 and 2016, is intended to limit the gains and losses of qualified individual and small group health plans offered for sale on federal or state healthcare exchanges. Plans are required to calculate the ratio of allowable costs (defined as medical claims plus quality improvement costs adjusted for the impact of reinsurance recoveries and the risk adjustment program) to the defined target amount (defined as actual premiums less defined allowable administrative costs inclusive of taxes and profits). Qualified health plans with ratios below 97% are required to make payments to HHS, while plans with ratios greater than 103% are expected to receive funds from HHS. The Company considered in its measurement of the receivable from the risk corridor programs the fact that HHS will only be obligated to reimburse risk corridor payments up to the funds collected from qualified health plan that are required to make payments to HHS for the program, regardless of the potential gross receivable estimated. As a result, the Company did not record the risk corridor receivable as of December 31, 2014, based on the uncertainty regarding HHS' ability to fund the program.

Permanent Risk Adjustment Program The permanent risk adjustment program is designed to transfer funds from qualified individual and small group plans with below average risks scores to those respective plans with above average risk scores.

SSAP No. 107 requires that estimates of amounts owed or due for the Permanent Risk Adjustment Program be reflected as an adjustment to earned premium if sufficient data is available to make an estimate. Since sufficient data is not available, no amounts have been recognized in the accompanying financial statements related to the Permanent Risk Adjustment Program.

**NOTE 2 – ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS**

Not applicable

**NOTE 3 – BUSINESS COMBINATIONS AND GOODWILL**

Items (A) (D) Not applicable

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – DISCONTINUED OPERATIONS**

Effective December 30, 2014, the Company dissolved Carolina Care Plan, Inc. (CCP), which was a wholly owned, for-profit health maintenance organization, licensed in South Carolina. CCP ceased operations as of December 31, 2013, and no new policies were written during 2014.

In 2013, the Company exited the individual and group medical insurance markets in all states except Ohio and portions of Michigan. The Company entered into an agreement with United Healthcare Services, Inc. (United) to provide marketing assistance, as United offered a renewal option to our customers in Indiana. Revenue associated with the marketing assistance agreement totaled \$1,632 in 2013. The operations associated with these segments are not material to the financial position or results of operations of the Company. Indiana and Michigan premium combined represented 3.0% of total direct premium in 2013. In 2014 premiums were not significant associated with this business.

**NOTE 5 – INVESTMENTS**

Items (A) (C) Not applicable

D. Loan-Backed Securities

(1) Prepayment assumptions for single class and multiclass mortgage-backed/asset-backed securities were obtained from dealer surveys or internal estimates and are based on the current interest rate and economic environment.

Items (2) (3) Not applicable

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

Securities that have been in continuous unrealized loss position for less than 12 months:

- A. The aggregate amount of unrealized losses was \$102.
- B. The aggregate related fair value of securities with unrealized losses was \$31,648.

Securities that have been in continuous unrealized loss position for more than 12 months:

- A. The aggregate amount unrealized losses was \$1,886.
- B. The aggregate related to fair value of securities with unrealized losses was \$79,087.

(5) The unrealized losses on bonds and common stocks have been reviewed for other than temporary impairment as of December 31, 2014. The Company has determined that the decline in value of bonds is principally the result of a general increase in interest rates subsequent to the purchases of these securities and in the opinion of management is temporary. The Company does not intend to sell any of the bonds in an unrealized loss position, nor does the Company expect to be required to sell any of these investments prior to recovery of fair value or maturity.

During 2014 and 2013, certain common stock investments experienced impairment in value that management determined to be other-than-temporary. The carrying value of those investments were reduced to fair value as of the date of determination and the Company recorded other-than-temporary losses, as if realized, of approximately \$3,961 and \$2,910 in 2014 and 2013, respectively.

As for the remaining common stocks, the Company evaluated the near-term prospects of the issuers in relation to the severity and duration of the impairment. Based on that evaluation and the Company's ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Company does not consider these common stock investments to be other-than-temporarily impaired at December 31, 2014.

Items (E) (G) Not applicable

H. Restricted Assets

Certain state insurance laws require the Company to maintain deposits with the respective state insurance departments in connection with the licensing requirements. The Company has a standby letter of credit facility with a bank, which is a non-admitted asset related to the sale-leaseback of the home office facility. Certain assets are pledged to others as collateral or are otherwise restricted, as described in the following table:

Description	Nature of Assets	Carrying Value	
		December 31	
		2014	2013
State insurance department deposits	Debt securities	\$ 5,243	\$ 918
Standby letter of credit facility	Debt securities	5,256	5,244
Total		\$ 10,499	\$ 6,162

Items (I) (K) Not applicable



**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES**

- A. Investments in Joint Ventures, Partnerships and Limited Liability Companies that exceed 10% of the admitted assets of the reporting entity
- Medical Mutual Services, LLC (MMS) 100% owned
  - The Company accounts for the investment in MMS at its audited GAAP equity value.
  - There is no difference between the underlying equity and the carrying amount of MMS.
  - No quoted market price is available for MMS
  - MMS has assets of \$365,126, liabilities of \$53,036, and equity of \$312,090 at December 31, 2014. Net loss for the year-ended December 31, 2014 was \$25,454.
- Item (B) Not applicable

**NOTE 7 – INVESTMENT INCOME**

Items (A) (B) Not applicable

**NOTE 8 – DERIVATIVE INSTRUMENTS**

Items (A) (F) Not applicable

**NOTE 9 – INCOME TAXES**

The Company is taxed as a stock property and casualty insurance company and files a consolidated federal income tax return with certain subsidiaries. The Company has a written tax sharing agreement with its subsidiaries such that the tax liability of the group is apportioned among the members based upon the ratio to which the members' taxable income bears to the consolidated group's taxable income. A member generating a taxable loss is compensated for the loss in the year the loss is absorbed by the consolidated group. Certain subsidiaries of the Company are organized as single-member, limited liability companies (LLC) and accordingly taxable income or loss of these LLC subsidiaries are included in the tax provision of the Company, regardless of the level of income or loss of such subsidiaries recognized in the statements of operations. There were no amounts due from the subsidiaries for federal income taxes at December 31, 2014 or 2013. The Company owed its subsidiaries \$293 for federal income taxes at December 31, 2014.

The Internal Revenue Code (IRC) provides a special deduction for certain insurance companies. This special deduction resulted in the Company paying federal income taxes for 2009 and prior based upon the alternative minimum tax (AMT) rate of 20%. In 2010, the Patient Protection and Affordable Care Act added a provision to the IRC that requires the percentage of total premium revenues expended on clinical services provided to enrollees to be at least 85% in order to continue to qualify for this special deduction. For the years ended December 31, 2014 and 2013, the Company met the requirement and qualified for this special deduction resulting in the Company paying income taxes based at the AMT rate of 20%.

Deferred income tax assets (DTAs) and liabilities (DTLs) represent the expected future tax consequences of temporary differences generated by statutory accounting as defined in SSAP No. 101. DTAs and DTLs are computed by means of identifying temporary differences which are measured using a balance sheet approach whereby statutory and tax basis balance sheets are compared. Current income tax recoverables include all current income taxes, including interest, reasonably expected to be recovered in a subsequent accounting period. Current income tax payables include all current income taxes, including interest, expected to be paid in a subsequent accounting period.

The Company paid federal income tax of \$26,700 and \$1,533 during 2014 and 2013, respectively. The Company can recover \$16,140 and \$18,402 of ordinary income tax incurred relating to 2014 and 2013 if the Company has ordinary losses in future years. Additionally, the Company can recover \$1,082 and \$769 of capital income tax incurred relating to 2014 and 2013, respectively, if the Company has capital losses in future years. At December 31, 2014, the Company had net operating loss carryforwards of approximately \$11,777 expiring through 2034. The Company holds an AMT credit carryforward of approximately \$300,652 at December 31, 2014, which under current tax law does not expire. The Company had no capital loss carryforwards to utilize in future years at December 31, 2014 and 2013.

The Company is subject to federal income tax examinations by tax authorities for the years 2011 through 2014.

- A. Deferred Tax Assets/(Liabilities)
1. Components of Net Deferred Tax Asset/(Liability)
- At December 31, 2014 and 2013, the components of DTAs and DTLs are as follows:

Description	2014			2013			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	\$ 414,430	\$ 6,370	\$ 420,800	\$ 381,626	\$ 4,196	\$ 385,822	\$ 32,804	\$ 2,174	\$ 34,978
Statutory valuation allowance	(372,399)	(5,262)	(377,661)	(355,988)	(3,534)	(359,522)	(16,411)	(1,728)	(18,139)
Adjusted gross deferred tax assets	42,031	1,108	43,139	25,638	662	26,300	16,393	446	16,839
Deferred tax assets nonadmitted	–	–	–	–	482	482	–	(482)	(482)
Subtotal net admitted deferred tax asset	42,031	1,108	43,139	25,638	180	25,818	16,393	928	17,321
Deferred tax liabilities	499	7,417	7,916	1,336	–	1,336	(837)	7,417	6,580
Net admitted deferred tax asset	\$ 41,532	\$ (6,309)	\$ 35,223	\$ 24,302	\$ 180	\$ 24,482	\$ 17,230	\$ (6,489)	\$ 10,741

NOTES TO FINANCIAL STATEMENTS

2. Admission Calculation Components

The admission calculation components of deferred tax assets are as follows:

	2014			2013			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$34,115	\$ 1,108	\$35,223	\$24,721	\$ 180	\$24,901	\$ 9,394	\$ 928	\$ 10,322
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from above) after application of the threshold limitation (the lesser of i. and ii. below)	-	-	-						
i. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-						
ii. Adjusted gross deferred tax assets allowed per limitation threshold	-	-	-						
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from (a) and (b) above) offset by gross deferred tax liabilities	499	7,417	7,916	917		917	(418)	7,417	6,999
Deferred tax assets admitted as the result of application of SSAP no. 101	34,614	8,525	43,139	25,638	180	25,818	8,976	8,345	17,321
Total admitted adjusted gross deferred tax assets	34,614	8,525	43,139	25,638	180	25,818	8,976	8,345	17,321
Deferred tax liability	499	7,417	7,916	1,336		1,336	(837)	7,417	6,580
Net admitted deferred tax assets	\$34,115	\$ 1,108	\$35,223	\$24,302	\$ 180	\$24,482	\$ 9,813	\$ 928	\$ 10,741
Nonadmitted deferred tax assets	\$ -	\$ -	\$ -	\$ -	\$ 482	\$ 482	\$ -	\$ (482)	\$ (482)

3. Other Admissibility Criteria

Other admissibility criteria for the Company are as follows:

	2014	2013
Ratio percentage used to determine recovery period and threshold limitation amounts	1119%	991%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation	1,279,934	1,197,350

4. Impact of Tax Planning Strategies

Tax planning strategies had no impact on adjusted gross DTAs and net admitted DTAs.

B. Deferred Tax Liabilities Not Recognized

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

C. Current and Deferred Income Taxes

1. Current Income Tax

Current income taxes incurred consisted of the following major components:

Description	December 31		Change
	2014	2013	
Current income tax expense	\$ 21,010	\$ 20,330	\$ 680
Tax on capital gains (losses)	1,203	855	348
Prior year (over) under accrual	(3,600)	172	(3,772)
Other	45	558	(513)
Federal income taxes incurred	\$ 18,658	\$ 21,915	\$ (3,257)

NOTES TO FINANCIAL STATEMENTS

2. Deferred Tax Assets

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at December 31, 2014 and 2013, are as follows:

	December 31		
	2014	2013	Change
<b>Ordinary DTAs</b>			
Net operating loss and AMT credit carryforwards	\$ 312,429	\$ 283,822	\$ 28,607
Accrued commission	3,693	5,245	(1,552)
Postretirement benefit obligations	26,723	23,366	3,357
Claim and other reserves	1,668	3,602	(1,934)
Accrued premium taxes	6,741	7,167	(426)
Charitable contributions	14,912	15,924	(1,012)
Intangible assets	19,767	20,416	(649)
Other	5,069	7,218	(2,149)
Nonadmitted assets	23,428	14,866	8,562
Gross ordinary DTAs	414,430	381,626	32,804
Statutory valuation allowance    ordinary	(372,399)	(355,988)	(16,411)
Nonadmitted ordinary DTAs	—		
Admitted ordinary DTAs	42,031	25,638	16,393
<b>Capital DTAs</b>			
Installment sale/building gain	2,282	2,598	(316)
Impairment of equity holdings	1,862	1,598	264
Other	2,226		2,226
Gross capital DTAs	6,370	4,196	(2,174)
Statutory valuation allowance    capital	(5,262)	(3,534)	1,728
Nonadmitted capital DTAs	—	482	(482)
Admitted capital DTAs	1,108	180	928
Admitted DTAs	43,139	25,818	17,321

3. Deferred Tax Liabilities

The tax effects of temporary differences that give rise to significant portions of the deferred tax liabilities at December 31, 2014 and 2013, are as follows:

DTLs Resulting From Book/ Tax Differences In	December 31		
	2014	2013	Change
<b>Ordinary DTLs</b>			
Depreciation	\$ 482	\$ 1,293	\$ (811)
Other	17	43	(26)
Ordinary DTLs	499	1,336	(837)
<b>Capital DTLs</b>			
Unrealized gains	7,417		7,417
Capital DTLs	7,417		7,417
DTLs	7,916	1,336	6,580
Net admitted deferred tax asset	\$ 35,223	\$ 24,482	\$ 10,741

4. Net Deferred Tax Assets/Liabilities

The change in net deferred income taxes is comprised of the following:

Description	December 31		Change
	2014	2013	
Total deferred tax assets	\$ 43,139	\$ 26,300	\$ 16,839
Total deferred tax liabilities	7,916	1,336	6,580
Net deferred tax asset	\$ 35,223	\$ 24,964	\$ 10,259



**NOTES TO FINANCIAL STATEMENTS**

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The provision for federal income taxes incurred is different from 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:

Description	December 31					
	2014			2013		
	Amount	Tax Effect	Effective Tax Rate	Amount	Tax Effect	Effective Tax Rate
Income before taxes	\$ 115,957	\$ 40,585	35.0%	\$ 119,655	\$ 41,879	35.0%
IRC 833(b) deduction	(121,353)	(42,474)	(36.6)	(80,239)	(28,084)	(23.5)
Change in valuation allowance	51,826	18,139	15.6	38,200	13,370	11.2
DTA adjustments	(47,921)	(16,772)	(14.5)			
Permanent adjustments	40,331	14,116	12.2	6,310	2,209	1.8
Benefit from pass-through entities	(24,613)	(8,615)	(7.4)	(31,649)	(11,077)	(9.3)
Other	13,067	4,574	3.9	(6,763)	(2,366)	(1.9)
Loss on sale of partnership	(3,300)	(1,155)	(1.0)	5,204	1,821	1.5
	<u>\$ 23,994</u>	<u>\$ 8,398</u>	<u>7.2%</u>	<u>\$ 50,718</u>	<u>\$ 17,752</u>	<u>14.8%</u>
Federal income taxes incurred		\$ 17,454	15.0%		\$ 21,060	17.6%
Tax on capital gains (losses)		1,203	1.0		855	0.7
Change in net deferred income taxes		(10,259)	(8.8)		(4,163)	(3.5)
Total statutory income taxes		<u>\$ 8,398</u>	<u>7.2%</u>		<u>\$ 17,752</u>	<u>14.8%</u>

**NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES**

The Company is a mutual casualty insurance organization domiciled in Ohio. The Company provides accident and health plans to individuals and employer groups in Ohio. The Company's principal operating subsidiaries are Medical Mutual Services, LLC (MMS), a wholly-owned subsidiary which provides claims processing and network access services to uninsured accident and health plans, third-party administrators, and other insurance companies; Medical Health Insuring Corporation of Ohio (MHICO), a wholly owned stock casualty company with a health insuring corporation license; and Consumers Life Insurance Company (CLIC), a wholly owned life and accident and health insurance company.

The Company shares office facilities and personnel with its subsidiaries. Such shared costs are allocated between the Company and its subsidiaries based on the actual work performed for, and facilities utilized by, each entity. The Company also provided various services to its subsidiaries, including claims processing, membership, billing, payroll, customer service, information technology services and other administrative services. Charges for shared facilities and services totaled \$191,127 and \$197,497 in 2014 and 2013, respectively, and are reported as a reduction of expenses on the accompanying statements of operations. Amounts due to and from the Company and its subsidiaries are settled within 90 days.

Prior to 2014, the Company offered insurance brokerage services through its subsidiary MMO Agency Management (MMAM). During 2014 and 2013, general administrative expenses include \$252 and \$3,261, respectively, of net commissions paid to and retained by MMAM.

During 2014 and 2013, CLIC provided life, accidental death and dismemberment, and long-term disability coverage to employees of the Company. Premiums paid by the Company to CLIC for such coverage totaled \$1,352 and \$1,390 for 2014 and 2013, respectively.

MMS and its subsidiary, SuperNet Network, LLC, provide access to the Company's Ohio provider networks through sales to unaffiliated third-party administrators, uninsured accident and health plans, and unaffiliated insurance companies. The Company receives no income from affiliates for access to the Company's provider network.

The Company guarantees that MHICO will maintain minimum capital and surplus in accordance with state laws.

**NOTE 11 – DEBT**

Items (A) (B) Not applicable

**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS**

A. Defined Benefit Plan

*Nonqualified Defined Benefit Pension Plan*

The Company sponsors a nonqualified defined benefit pension plan for specified independent members of the Board of Directors. The benefit is an annuity form of payment, based upon current compensation and years-of-service, and is limited to a maximum benefit period of 12 years. The accompanying balance sheets include \$3,899 and \$3,386 at December 31, 2014 and 2013, respectively, in other liabilities related to this plan.

*Postretirement Health and Life Insurance Plan*

The Company sponsors a postretirement plan (the Postretirement Plan) that provides certain health care and life insurance benefits for retired employees who have attained age 55 and have provided at least ten years of service. Retiree contributions, which vary by employee age, years of service at retirement and date of retirement, are made only by retirees utilizing these benefits. Retiree contributions are adjusted as the cost of health care changes.

In 2013, a reduction in staff took place which reduced the number of employees accumulating benefits under the Postretirement Plan. This resulted in the Company incurring a \$1,149 loss relating to the write-off of prior service costs associated with these employees. Additionally, the reduction in the accumulated benefit obligation for these employees resulted in a \$1,151 curtailment gain which offset the unrecognized actuarial loss previously included in surplus.

NOTES TO FINANCIAL STATEMENTS

In accordance with SSAP No. 92 and SSAP No. 102, the Company elected to recognize the full transition surplus impact for the unfunded plan on January 1, 2013. The Company has recognized, as a cumulative effect of change in accounting principles, the full transition surplus impact of \$15,052, net of tax of \$0.

A reconciliation of the beginning and ending balances of the benefit obligation and the fair value of plan assets for the Postretirement Plan is as follows:

	2014	2013
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ (48,278)	\$ (37,812)
Service cost	(1,088)	(1,233)
Interest cost	(2,110)	(1,729)
Employee contributions	(797)	(843)
Actuarial (loss)/gain	(4,156)	4,564
Adoption of SSAP 92		(15,052)
Benefits paid	3,471	2,832
Federal subsidy on benefits paid	(159)	(156)
Curtailment gain		1,151
Projected benefit obligation at end of year	<u>\$ (53,117)</u>	<u>\$ (48,278)</u>
Change in plan assets:		
Fair value at beginning of year	\$ -	\$ 1,833
Employer contributions	2,515	843
Employee contributions	797	(2,832)
Benefits paid	(3,471)	156
Federal subsidy on benefits paid	159	
Fair value at end of year	<u>\$</u>	<u>\$</u>
Unfunded status	<u>\$ (53,117)</u>	<u>\$ (48,278)</u>

The Company uses December 31 as the measurement date for calculating its obligations relating to postretirement benefits.

The components of net periodic cost for the Postretirement Plan recognized in 2014 and 2013 are as follows:

	2014	2013
Components of net periodic cost:		
Service cost	\$ 1,088	\$ 1,233
Interest cost	2,110	1,729
Recognized gains	(530)	
Prior service cost recognized	41	45
Previously non-vested obligation	1,219	1,325
One-time curtailment charge		1,149
Total net periodic cost	<u>\$ 3,928</u>	<u>\$ 5,481</u>

Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit costs are as follows:

	2014	2013
Actuarial loss (gain)	\$ 2,038	\$ (2,612)
Prior service cost	596	637
Previously non-vested obligation	11,414	12,634
Total	<u>\$ 14,048</u>	<u>\$ 10,659</u>

Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost as follows:

Actuarial gain	\$
Prior service credit	(41)
Total	<u>\$ (41)</u>

The Company uses an alternative amortization method for gain/loss recognition for the Postretirement Plan. If gains and losses are in excess of 5% of the accumulated benefit obligation, the entire amount is amortized over a period of five years. Otherwise there is no amortization

**NOTES TO FINANCIAL STATEMENTS**

The weighted-average assumptions used to determine the benefit obligations for the Postretirement Plan at the December 31 measurement dates in accounting for the plan include:

	2014	2013
Discount rate	3.65%	4.40%
Expected compensation increase	4.00	4.00
Initial health care cost trend rate	7.25	7.50
Ultimate health care cost trend rate	6.00	6.00
Year ultimate cost trend is reached	2020	2017

The discount rates selected at the measurement dates for purposes of determining the benefit obligation and cost reflect the time value of money. These rates are based on investment-grade bond yields, after allowing for call and default risk. The expected compensation increase assumption is a long-term rate based on current expectations regarding future compensation increases.

A one-percentage point change in assumed health care cost trend rates would have the following effects on the amount reported for the Postretirement Plan:

	One-Percentage Point Increase	One-Percentage Point Decrease
Effect on total of service and interest cost components for 2014	\$ 38	\$ (34)
Effect on postretirement benefit obligation as of December 31, 2014	1,095	(968)

The following benefit payments are expected to be paid each year and in the aggregate for the Postretirement Plan:

2015	\$ 3,034
2016	3,284
2017	3,548
2018	3,781
2019	3,962
2020 through 2024	20,573

Items (B) (D) Not applicable

E. **Defined Contribution Plans**

*Retirement Savings Plan*

The Company sponsors a retirement savings plan that consists of a defined contribution employee retirement savings plan (the 401(k) Plan) and a defined contribution retirement plan (the Horizons Plan).

Pursuant to the 401(k) Plan, the Company contributes 100% of the first 3% and 50% of the next 2% of compensation that a participant contributes to the 401(k) Plan. Participants in the 401(k) Plan immediately vest in employer matching contributions. The Company's contributions to the 401(k) Plan totaled \$5,168 and \$5,232 for 2014 and 2013, respectively.

The Horizons Plan provides for a fixed contribution calculated using percentages ranging from 3% to 8%, based on an age plus years of service-graded scale. At December 31, 2014, the Company accrued \$11,317 for the fixed contribution relating to the 2014 plan year, which was subsequently paid in February 2015. At December 31, 2013, the Company accrued \$11,848 for the fixed contribution relating to the 2013 plan year, which was subsequently paid in January 2014.

*Restoration Savings Plan*

The Company sponsors a funded, nonqualified deferred compensation plan (the Restoration Plan) for certain highly compensated employees. The Internal Revenue Code currently limits the amounts the Company can pay to certain employees pursuant to the Horizons Plan and the 401(k) Savings Plan. The Restoration Plan provides an additional contribution amount calculated as if those contributions were not limited. At December 31, 2014, the Company accrued \$1,313 related to the 2014 plan year, which is expected to be paid in 2015. At December 31, 2013, the Company accrued \$1,109 related to the 2013 plan year, which was paid in 2014.

Items (F) (H) Not applicable

I. **Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)**

Items (1) (2) Not applicable

(3) - See Note 12(A)

**NOTE 13 – CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS**

Items (1) (13) Not applicable

NOTES TO FINANCIAL STATEMENTS

NOTE 14 – CONTINGENCIES

Items (A) (D) Not applicable

E. All Other Contingencies

Various lawsuits against the Company have arisen in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty at this time, management believes they will not have a material adverse effect on the Company's financial position or results of operations.

In 1997, the Company entered into a Consent Decree and Final Judgment Entry (the Consent Decree) in a civil action. The action was filed by the Ohio Attorney General and alleged that the Company held certain assets that were impressed with a charitable trust. The Consent Decree resolved the matter and established certain Triggering Events.

Upon the occurrence of a Triggering Event, the Company is to transfer the charitable assets to a charitable foundation. The full and fair value of the charitable assets is to be determined as specified in the Consent Decree. The Medical Mutual of Ohio Charitable Foundation was established to receive the charitable assets if and when a Triggering Event occurs. The Company has no plans to initiate any action that would qualify as a Triggering Event, and accordingly, no liability has been recorded in the accompanying financial statements.

NOTE 15 – LEASES

A. Lessee Operating Lease

The Company leases office space and computer equipment. Renewal options are available on the majority of leases and, under certain conditions; options exist to purchase equipment at the end of the lease term. Rental expense for operating leases was \$9,265 and \$10,385 for 2014 and 2013, respectively.

In 2000, the Company entered into separate transactions to sell and leaseback three office buildings. The terms of the lease agreements are twenty years, with an option to extend for four, five-year renewal periods. The combined lease payments for the three facilities are \$7,788 annually. At December 31, 2014 and 2013, the Company has recorded a deferred gain of \$8,457 and \$9,620, respectively, related to the sale and leaseback of the office facilities. The deferred gain, recorded in other liabilities, is being amortized over twenty years using the effective interest method. Additionally, included in other admitted assets is a note receivable from the buyer of the office facilities of \$5,503 and \$6,248 at December 31, 2014 and 2013, respectively. The note is being repaid over twenty years at an interest rate of 7.25% per annum.

The following is a summary of future minimum lease payments under noncancelable leases having initial or remaining terms in excess of one year at December 31, 2014:

	Real Estate
2015	\$ 9,683
2016	9,158
2017	8,332
2018	8,177
2019	8,022
2020 and thereafter	5,103
Total minimum lease payments	<u>\$ 48,475</u>

Item (B) Not applicable

NOTE 16 – INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

Items (1) (4) Not applicable

NOTE 17 – SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

Items (A) (C) Not applicable

NOTE 18 – GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE PORTION OF PARTIALLY INSURED PLANS

Items (A) (C) Not applicable

NOTE 19 – DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

Not applicable

NOTE 20 – FAIR VALUE MEASUREMENTS

A. Assets and Liabilities Measured at Fair Value in the Statement of Financial Position

(1) Fair Value Measurements at Reporting Date

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Common Stock Industrial and Misc.	\$ 135,499	\$ -	\$ -	\$ 135,499
Other Invested Assets	9,628	-	-	9,628
Total	\$ 145,127	\$ -	\$ -	\$ 145,127

Liabilities at Fair Value	Level 1	Level 2	Level 3	Total
	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -

Items (2) (5) Not applicable

Item (B) Not applicable

**NOTES TO FINANCIAL STATEMENTS**

C. Aggregate Fair Value of Financial Instrument

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 925,868	\$ 899,771	\$ -	\$ 925,868	\$ -	\$ -
Common Stock	135,499	135,499	135,499	-	-	-
Other Invested Assets	9,629	9,629	9,629	-	-	-
Total	\$ 1,070,996	\$ 1,044,899	\$ 145,128	\$ 925,868	\$ -	\$ -

Item (D) Not applicable

**NOTE 21 – OTHER ITEMS**

Items (A) (B) Not applicable

C. Other Disclosures and Unusual Items

The Company, MHICO, and CLIC are subject to certain Risk-Based Capital (RBC) requirements which are calculated based on factors specified by the NAIC. Under those requirements, the minimum amounts of capital and surplus which must be maintained are determined based on various risk factors. At December 31, 2014, the Company, MHICO, and CLIC meet their specific RBC requirements.

In 2014, the Company made \$708 and \$775 of non-cash capital contributions to CLIC and MHICO, respectively. The non-cash contributions related to the inter-company tax agreement whereby certain income tax amounts payable to the MMO are not settled in cash. In March 2013, the Company made a \$5,000 capital contribution to CLIC.

Items (D) (G) Not applicable

**NOTE 22 – EVENTS SUBSEQUENT**

	Current Year	Prior Year
A. ACA fee assessment payable for the upcoming year	\$ 43,203	\$ 32,991
B. ACA fee assessment paid	33,152	-
C. Premium written subject to ACA 9010 assessment	2,112,558	2,291,037
D. Total adjusted capital before surplus adjustment	1,279,934	
E. Authorized control level before surplus adjustment	111,252	
F. Total adjusted capital after surplus adjustment	1,236,731	
G. Authorized control level after surplus adjustment	111,333	
H. Would reporting the ACA assessment as of December 31, 2014 have triggered an RBC action level (YES/NO)?	NO	

**NOTE 23 – REINSURANCE**

A. Ceded Reinsurance Report

In 2013, the Company was subject to a quota share reinsurance agreement with CLIC to assume 80% of CLIC s health business. The premium subject to this agreement excluded an amount fully retained by CLIC to cover their administrative expenses. This agreement terminated effective January 1, 2014.

In 2013, the Company assumed the following premium and claims:

Assumed premium	\$ 65,243
Assumed claims	77,999

The Company s unpaid claims and health policy reserves have been increased by approximately and \$5,808 at December 31, 2013 in accordance with the agreement.

Section1 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 other similar credits?

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?

YES ( ) NO (X)

NOTES TO FINANCIAL STATEMENTS

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. \$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)

Items (B) (D) Not applicable

NOTE 24 – RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDTERMINATION

Items (A) (C) Not applicable

D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act.

		1	2	3	4	5
		Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year						
(1)	Medical loss ratio rebates incurred	\$ 129	\$ -	\$ -	\$ -	\$ 129
(2)	Medical loss ratio rebates paid	639	-	-	-	639
(3)	Medical loss ratio rebates unpaid	194	-	-	-	194
(4)	Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(5)	Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(6)	Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$ 194
Current Reporting Year-to-Date						
(7)	Medical loss ratio rebates incurred	\$ (96)	\$ -	\$ -	\$ -	\$ (96)
(8)	Medical loss ratio rebates paid	98	-	-	-	98
(9)	Medical loss ratio rebates unpaid	-	-	-	-	-
(10)	Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(11)	Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(12)	Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$ -

E. Risk Sharing Provisions of the Affordable Care Act

- (1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions YES



**NOTES TO FINANCIAL STATEMENTS**

(2) Impact of Risk Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year:

a.	Permanent ACA Risk Adjustment Program		AMOUNT
	Assets		
	1.	Premium adjustments receivable due to ACA Risk Adjustment	\$ -
	Liabilities		
	2.	Risk adjustment user fees payable for ACA Risk Adjustment	30
	3.	Premium adjustments payable due to ACA Risk Adjustment	-
	Operations (Revenue & Expenses)		
	4.	Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	-
	5.	Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	-
b.	Transitional ACA Reinsurance Program		
	Assets		
	1.	Amounts recoverable for claims paid due to ACA Reinsurance	25,392
	2.	Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)	4,239
	3.	Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	-
	Liabilities		
	4.	Liabilities for contributions payable due to ACA Reinsurance not reported as ceded premium	5,070
	5.	Ceded reinsurance premiums payable due to ACA Reinsurance	-
	6.	Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	60
	Operations (Revenue & Expenses)		
	7.	Ceded reinsurance premiums due to ACA Reinsurance	1,444
	8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	29,631
	9.	ACA Reinsurance contributions not reported as ceded premium	29,337
c.	Temporary ACA Risk Corridors Program		
	Assets		
	1.	Accrued retrospective premium due to ACA Risk Corridors	-
	Liabilities		
	2.	Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	-
	Operations (Revenue & Expenses)		
	3.	Effect of ACA Risk Corridors on net premium income (paid/received)	-
	4.	Effect of ACA Risk Corridors on change in reserves for rate credits	-

(3) Not applicable

**NOTE 25 – CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES**

A \$25,930 redundancy in the December 31, 2013 reserves emerged in 2014, and that a \$25,421 redundancy in the December 31, 2012 reserves emerged in 2013. The deviation in the year end 2013 and 2012 reserves that emerged in 2014 and 2013 was due in part to the ultimate reserves developing favorably as a result of improved loss ratios and lower claims than estimated.

**NOTE 26 – INTERCOMPANY POOLING ARRANGEMENTS**

Items (A) (G) Not applicable

**NOTE 27 – STRUCTURED SETTLEMENTS**

Not Applicable

NOTES TO FINANCIAL STATEMENTS

NOTE 28 – HEALTH CARE RECEIVABLES

A. Pharmaceutical Rebate Receivables

The Company accounts for pharmaceutical rebate receivables in accordance with SSAP No. 84, *Certain Health Care Receivables and Receivables Under Government Insured Plans* (SSAP No.84). The admitted receivable balances as of December 31, 2014 and 2013 are \$22,163 and \$22,644, respectively. These are comprised of the estimated pharmacy rebates for the current quarter as reported in the financial statements plus the pharmacy rebates invoiced/confirmed for the preceding quarter. Additional details are included in the table below:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
<b>2014</b>					
December 31	11,378	\$ 11,414	\$	\$	\$
September 30	10,480	10,785			
June 30	9,680	10,540		9,215	
March 31	10,323	9,680		8,983	
<b>2013</b>					
December 31	11,322	\$	\$	\$	\$
September 30	10,876	11,322			
June 30	10,800	11,092	10,823		
March 31	10,950	10,693	10,693		

Item (B) Not applicable

NOTE 29 – PARTICIPATING POLICIES

Not applicable

NOTE 30 – PREMIUM DEFICIENCY RESERVES

Items (1) (3) Not applicable

NOTE 31 – ANTICIPATED SALVAGE AND SUBROGATION

The reserve for unpaid claims and CAE at December 31, 2014 and 2013, has been reduced by \$9,000 and \$9,587, respectively, related to anticipated subrogation claims recoverable.



GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes [X]    No [ ]

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X]    No [ ]    N/A [ ]

1.3

State regulating? OHIO

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

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

12/31/2009

3.2

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

12/31/2009

3.3

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

03/02/2011

3.4

By what department or departments?  
OHIO DEPARTMENT OF INSURANCE

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes [ ]    No [ ]    N/A [X]

3.6

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

Yes [ ]    No [ ]    N/A [X]

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes [ ]    No [X]

4.12

renewals?

Yes [ ]    No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes [ ]    No [X]

4.22

renewals?

Yes [ ]    No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [ ]    No [X]

5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Co. Code	3 State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [ ]    No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [ ]    No [X]

7.2

If yes,

7.21

State the percentage of foreign control

.....%

7.22

State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [ ]    No [X]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

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 the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young, LLP 950 Main Avenue, Cleveland, OH 44113

10.1

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

Yes [ ]    No [X]

10.2

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

10.3

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

Yes [ ]    No [X]

10.4

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



PART 1 - COMMON INTERROGATORIES - FINANCIAL

22.1	Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?	Yes [ X ]	No [   ]
22.2	If answer is yes:		
22.21	Amount paid as losses or risk adjustment	\$.....	0
22.22	Amount paid as expenses	\$.....	0
22.23	Other amounts paid	\$.....	52,874
23.1	Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?	Yes [ X ]	No [   ]
23.2	If yes, indicate any amounts receivable from parent included in the Page 2 amount.	\$.....	0

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.01	Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)?	Yes [ X ]	No [ ]								
24.02	If no, give full and complete information relating thereto.										
24.03	For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).										
24.04	Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?	Yes [ ]	No [ ] N/A [ X ]								
24.05	If answer to 24.04 is yes, report amount of collateral for conforming programs.		.....								
24.06	If answer to 24.04 is no, report amount of collateral for other programs.		.....								
24.07	Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?	Yes [ ]	No [ ] N/A [ X ]								
24.08	Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?	Yes [ ]	No [ ] N/A [ X ]								
24.09	Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?	Yes [ ]	No [ ] N/A [ X ]								
24.10	For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:										
24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.		.....								
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.		.....								
24.103	Total payable for securities lending reported on the liability page.		.....								
25.1	Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03)	Yes [ X ]	No [ ]								
25.2	If yes, state the amount thereof at December 31 of the current year:										
25.21	Subject to repurchase agreements	\$.....	0								
25.22	Subject to reverse repurchase agreements	\$.....	0								
25.23	Subject to dollar repurchase agreements	\$.....	0								
25.24	Subject to reverse dollar repurchase agreements	\$.....	0								
25.25	Placed under option agreements	\$.....	0								
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$.....	0								
25.27	FHLB Capital Stock	\$.....	0								
25.28	On deposit with states	\$.....	0								
25.29	On deposit with other regulatory bodies	\$.....	5,243,054								
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	\$.....	5,256,179								
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	\$.....	0								
25.32	Other	\$.....	0								
25.3	For category (25.26) provide the following:										
	<table><tr><td>1 Nature of Restriction</td><td>2 Description</td><td>3 Amount</td></tr><tr><td></td><td></td><td></td></tr></table>	1 Nature of Restriction	2 Description	3 Amount							
1 Nature of Restriction	2 Description	3 Amount									
26.1	Does the reporting entity have any hedging transactions reported on Schedule DB?	Yes [ ]	No [ X ]								
26.2	If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.	Yes [ ]	No [ ] N/A [ X ]								
27.1	Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?	Yes [ ]	No [ X ]								
27.2	If yes, state the amount thereof at December 31 of the current year:		.....								
28.	Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?	Yes [ X ]	No [ ]								
28.01	For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:										
	<table><tr><td>1 Name of Custodian(s)</td><td>2 Custodian's Address</td></tr><tr><td>FIFTH THIRD BANK</td><td>5050 KINGSLEY DRIVE, CINCINNATI, OH 45263</td></tr><tr><td>PNC BANK</td><td>1900 EAST NINTH STREET, CLEVELAND, OH 44114</td></tr></table>	1 Name of Custodian(s)	2 Custodian's Address	FIFTH THIRD BANK	5050 KINGSLEY DRIVE, CINCINNATI, OH 45263	PNC BANK	1900 EAST NINTH STREET, CLEVELAND, OH 44114				
1 Name of Custodian(s)	2 Custodian's Address										
FIFTH THIRD BANK	5050 KINGSLEY DRIVE, CINCINNATI, OH 45263										
PNC BANK	1900 EAST NINTH STREET, CLEVELAND, OH 44114										
28.02	For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:										
	<table><tr><td>1 Name(s)</td><td>2 Location(s)</td><td>3 Complete Explanation(s)</td></tr><tr><td></td><td></td><td></td></tr></table>	1 Name(s)	2 Location(s)	3 Complete Explanation(s)							
1 Name(s)	2 Location(s)	3 Complete Explanation(s)									
28.03	Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?	Yes [ ]	No [ X ]								
28.04	If yes, give full and complete information relating thereto:										
	<table><tr><td>1 Old Custodian</td><td>2 New Custodian</td><td>3 Date of Change</td><td>4 Reason</td></tr><tr><td></td><td></td><td></td><td></td></tr></table>	1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason						
1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason								

PART 1 - COMMON INTERROGATORIES - INVESTMENT

28.05 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	2	3
Central Registration Depository Number(s)	Name	Address
N/A	FIRST MERIT BANK	101 W. PROSPECT AVE., CLEVELAND, OH 44115
N/A	PNC INSTITUTIONAL INVESTMENTS	1900 EAST NINTH ST., CLEVELAND, OH 44115
124674	ANCORA ADVISORS	6060 PARKLAND BLVD., CLEVELAND, OH 44115

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [ X ] No [ ]

29.2 If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
922908 36 3	VANGUARD S&P 500 INDEX ETF	15,716,328
73935X 58 3	POWERSHARES RAFI US 1000 ETF	10,133,735
922908 65 2	VANGUARD EXTENDED MARKET ETF	7,795,137
922908 55 3	VANGUARD REIT ETF	6,294,510
46432F 84 2	ISHARES CORE MSCI EAFE ETF	5,919,240
92204A 80 1	VANGUARD MATERIALS ETF	5,093,078
55273E 82 2	MFS INTERNATIONAL VALUE FUND	4,781,986
922042 85 8	VANGUARD FTSE EMERGING MARKETS ETF	3,358,158
92204A 30 6	VANGUARD ENERGY ETF	3,305,961
317609 35 2	GRANDEUR PEAKS INTERNATIONAL OPPORTUNITIES FUND	2,607,973
57060U 60 5	MARKET VECTORS AGRIBUSINESS ETF	2,365,846
761396 30 8	REVENUESHARES SMALL-CAP ETF	2,341,742
97717W 86 9	WISDOMTREE EUROPE SMALLCAP DIVIDEND ETF	1,879,942
922042 67 6	VANGUARD GLOBAL EX-US REAL ESTATE ETF	1,822,356
97717W 28 1	WISDOMTREE EMERGING MARKETS SMALL-CAP ETF	1,786,997
29.2999. TOTAL		75,202,989

29.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from the above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	Date of Valuation
VANGUARD S&P 500 INDEX ETF	APPLE, EXXON MOBIL, MICROSOFT, GOOGLE, JOHNSON AND JOHNSON	1,642,356	12/31/2014
POWERSHARES RAFI US 1000 ETF	EXXON MOBIL, AT&T, CHEVRON, JP MORGAN CHASE, BANK OF AMERICA	1,010,333	12/31/2014
VANGUARD EXTENDED MARKET ETF	LIBERTY GLOBAL PLC, AMERICAN AIRLINES GROUP, ILLUMINA INC	272,830	12/31/2014
VANGUARD REIT ETF	SIMON PROPERTY GROUP, PUBLIC STORAGE, EQUITY RESIDENTIAL	1,428,854	12/31/2014
ISHARES CORE MSCI EAFE ETF	NESTLE SA, NOVARTIS AG, ROCHE HOLDING AG, HSBC HOLDING NV	411,387	12/31/2014
VANGUARD MATERIALS ETF	EL DU PONT DE NUMOURS, MONSANTO, DOW CHEMICAL, PRAXAIR	574,042	12/31/2014
MFS INTERNATIONAL VALUE FUND	NESTLE SA, DANONE, RECKITT BENCKISER GROUP, KAO CORP, UNILEVER	21,889	12/31/2014
VANGUARD FTSE EMERGING MARKETS ETF	TAIWAN SEMICONDUCTOR MANUFACTURING CO, TENCENT HOLDINGS	368,741	12/31/2014
VANGUARD ENERGY ETF	EXXON MOBIL, CHEVRON CORP, SCHUMBERGER LTD, CONOCOPhillips	1,662,898	12/31/2014
GRANDEUR PEAKS INTERNATIONAL OPPORTUNITIES FUND	CLINIGEN GROUP PLC, HOME CAPITAL GROUP INC, MELEXIS NV	66,445	12/31/2014
MARKET VECTORS AGRIBUSINESS ETF	SYNGENTA AG SPONSORED ADR, MONSANTA COMPANY, DEERE	98,419	12/31/2014
REVENUESHARES SMALL-CAP ETF	SYNNEX CORP, GROUP 1 AUTOMOTIVE, SONIC AUTOMOTIVE INC	178,675	12/31/2014
WISDOMTREE EUROPE SMALLCAP DIVIDEND ETF	DRILLISCH AG, COFINIMMO, HOLMEN AB, ERG SPA, CEMBRA MC	137,048	12/31/2014
VANGUARD GLOBAL EX-US REAL ESTATE ETF	MITSUBISHI ESTATE CO, MITSUI FUDOSAN, UNIBAIL-RODAMCO, CREDIT	267,886	12/31/2014
WISDOMTREE EMERGING MARKETS SMALL-CAP ETF	IPATH MSCI INDIA INDEX, HAP SENQ CONSOLIDATED BHD, INVE	74,339	12/31/2014

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	1,048,685,861	1,069,036,427	20,350,566
30.2 Preferred stocks.....			0
30.3 Totals.....	1,048,685,861	1,069,036,427	20,350,566

30.4 Describe the sources or methods utilized in determining the fair values:

The fair value of our securities was determined by utilizing prices obtained from our custodian, Fifth Third Bank. Fifth Third utilizes FT Interactive Data for their pricing.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ X ] No [ ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ X ] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

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

32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - INVESTMENT

PART 1 - COMMON INTERROGATORIES - OTHER

33.1

Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$.....238,573

33.2

List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1	2
Name	Amount Paid
AHIP	111,306

34.1

Amount of payments for legal expenses, if any?

\$.....1,156,570

34.2

List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
Calfee, Halter	494,309

35.1

Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?

\$.....607,037

35.2

List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid
The Success Group, LTD	312,886
The Credo Company	180,000

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [ X ]

No [ ]

1.2

If yes, indicate premium earned on U.S. business only

\$.....27,369,994

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$.....0

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$.....0

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$.....18,535,362

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$.....7,989,110

1.62

Total incurred claims

\$.....5,329,365

1.63

Number of covered lives

.....5,767

All years prior to most current three years:

1.64

Total premium earned

\$.....16,338,292

1.65

Total incurred claims

\$.....11,130,564

1.66

Number of covered lives

.....4,958

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$.....30,503

1.72

Total incurred claims

\$.....12,748

1.73

Number of covered lives

.....11

All years prior to most current three years:

1.74

Total premium earned

\$.....3,012,089

1.75

Total incurred claims

\$.....2,062,685

1.76

Number of covered lives

.....1,061

2.

Health test:

	1	2
	Current Year	Prior Year
2.1	Premium Numerator.....	2,238,112,3202,473,581,183
2.2	Premium Denominator.....	2,238,112,3202,473,581,183
2.3	Premium Ratio (2.1/2.2).....	100.0100.0
2.4	Reserve Numerator.....	212,103,037229,530,232
2.5	Reserve Denominator.....	212,103,037229,530,232
2.6	Reserve Ratio (2.4/2.5).....	100.0100.0

3.1

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

Yes [ ]

No [ X ]

3.2

If yes, give particulars:

4.1

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

Yes [ X ]

No [ ]

4.2

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

Yes [ ]

No [ X ]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [ ]

No [ X ]

5.2

If no, explain:

5.3

Maximum retained risk (see instructions):

5.31

Comprehensive medical

\$.....0

5.32

Medical only

\$.....0

5.33

Medicare supplement

\$.....0

5.34

Dental and vision

\$.....0

5.35

Other limited benefit plan

\$.....0

5.36

Other

\$.....0

6.

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

7.1

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

Yes [ X ]

No [ ]

7.2

If no, give details:

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

.....94,582

8.2

Number of providers at end of reporting year

.....58,044

9.1

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

Yes [ X ]

No [ ]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

\$.....59,226,972

9.22

Business with rate guarantees over 36 months

\$.....0

10.1

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

Yes [ X ]

No [ ]

10.2

If yes:

10.21

Maximum amount payable bonuses

\$.....0

10.22

Amount actually paid for year bonuses

\$.....0

10.23

Maximum amount payable withholds

\$.....0

10.24

Amount actually paid for year withholds

\$.....0

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

11.1. Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

11.13 An Individual Practice Association (IPA), or

11.14 A Mixed Model (combination of above)?

Yes [ ]

No [X]

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

Yes [X]

No [ ]

11.3. If yes, show the name of the state requiring such net worth.

OHIO

11.4. If yes, show the amount required.

\$.....222,504,356

11.5. Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [ ]

No [X]

11.6. If the amount is calculated, show the calculation:

200% authorized control level risk-based capital

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

1
Name of Service Area
Please refer to OH,IN,MI,PA,WV,GA,WI,NC,SC

13.1. Do you act as a custodian for health savings account?

Yes [ ]

No [X]

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

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

Yes [ ]

No [X]

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

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers?

Yes [ ]

No [ ]

N/A [X]

14.2 If the answer to 14.1 is yes, please provide the following:

1	2	3	4	Assets Supporting Reserve Credit		
	NAIC			5	6	7
Company Name	Company Code	Domiciliary Jurisdiction	Reserve Credit	Letters of Credit	Trust Agreements	Other

15. Provide the following for Individual Ordinary Life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded):

15.1 Direct written premium.....

\$.....0

15.2 Total incurred claims.....

\$.....0

15.3 Number of covered lives.....

.....0

*Ordinary Life Insurance Includes:
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary guarantee)
Universal Life (with or without secondary guarantee)
Variable Universal Life (with or without secondary guarantee)

FIVE-YEAR HISTORICAL DATA

	1 2014	2 2013	3 2012	4 2011	5 2010
<b>Balance Sheet Items (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28).....	1,766,909,245	1,684,588,248	1,634,353,695	1,558,709,532	1,495,657,937
2. Total liabilities (Page 3, Line 24).....	487,007,434	462,783,907	500,792,885	437,808,278	430,331,682
3. Statutory surplus.....	222,504,356	241,525,900	248,173,026	220,416,212	220,451,890
4. Total capital and surplus (Page 3, Line 33).....	1,279,901,811	1,221,804,341	1,133,560,810	1,120,901,254	1,065,326,255
<b>Income Statement Items (Page 4)</b>					
5. Total revenues (Line 8).....	2,238,208,133	2,473,452,397	2,371,862,087	2,122,761,380	2,078,659,426
6. Total medical and hospital expenses (Line 18).....	1,819,680,986	2,068,746,339	2,041,311,942	1,714,170,993	1,716,315,809
7. Claims adjustment expenses (Line 20).....	57,692,301	65,444,186	69,662,362	64,390,278	65,249,879
8. Total administrative expenses (Line 21).....	273,394,712	252,250,607	237,425,592	281,171,936	363,502,527
9. Net underwriting gain (loss) (Line 24).....	87,440,134	88,925,265	24,796,191	61,572,173	(58,616,789)
10. Net investment gain (loss) (Line 27).....	30,190,307	28,963,755	23,580,111	33,282,914	36,856,911
11. Total other income (Lines 28 plus 29).....	(2,876,641)	911,414	72,087	58,563	6,151,301
12. Net income or (loss) (Line 32).....	97,299,319	97,740,167	43,417,934	66,235,138	(25,427,131)
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11).....	107,547,158	37,410,445	119,900,275	108,965,673	31,244,411
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital.....	1,279,933,899	1,221,831,862	1,133,560,810	1,120,901,254	1,065,326,255
15. Authorized control level risk-based capital.....	111,252,178	120,762,950	124,086,513	110,208,106	110,225,945
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7).....	1,022,576	1,111,733	1,159,793	1,028,945	1,039,293
17. Total member months (Column 6, Line 7).....	12,549,670	13,425,595	13,467,058	12,196,851	12,252,504
<b>Operating Percentage (Page 4)</b> <b>(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100 .0</b>					
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 (Line 18 plus Line 19)...	81.3	83.6	86.1	80.8	82.6
20. Cost containment expenses.....	0.9	1.1	1.2	1.2	1.1
21. Other claims adjustment expenses.....	1.7	1.5	1.7	1.8	2.0
22. Total underwriting deductions (Line 23).....	96.1	96.4	99.0	97.1	102.8
23. Total underwriting gain (loss) (Line 24).....	3.9	3.6	1.0	2.9	(2.8)
<b>Unpaid Claims Analysis (U&amp;I Exhibit, Part 2B)</b>					
24. Total claims incurred for prior years (Line 13 Col. 5).....	203,037,536	224,901,739	186,896,890	180,197,320	188,216,400
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	200,749,206	246,945,492	189,306,714	203,490,800	207,317,000
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....	89,178,485	142,718,687	126,723,336	132,707,523	124,193,357
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....					
30. Affiliated mortgage loans on real estate.....					
31. All other affiliated.....	337,751,439	367,347,797	408,737,048	434,311,220	443,671,162
32. Total of above Lines 26 to 31.....	426,929,924	510,066,484	535,460,384	567,018,743	567,864,519
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 [ ☐ ]

If no, please explain:



SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

			1	Direct Business Only							
				2	3	4	5	6	7	8	9
State, Etc.			Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama.....	AL	..N.....							.....0	
2.	Alaska.....	AK	..N.....							.....0	
3.	Arizona.....	AZ	..N.....							.....0	
4.	Arkansas.....	AR	..N.....							.....0	
5.	California.....	CA	..N.....							.....0	
6.	Colorado.....	CO	..N.....							.....0	
7.	Connecticut.....	CT	..N.....							.....0	
8.	Delaware.....	DE	..N.....							.....0	
9.	District of Columbia.....	DC	..N.....							.....0	
10.	Florida.....	FL	..N.....							.....0	
11.	Georgia.....	GA	..L.....							.....0	
12.	Hawaii.....	HI	..N.....							.....0	
13.	Idaho.....	ID	..N.....							.....0	
14.	Illinois.....	IL	..N.....							.....0	
15.	Indiana.....	IN	..L.....	5,442,743						5,442,743	
16.	Iowa.....	IA	..N.....							.....0	
17.	Kansas.....	KS	..N.....							.....0	
18.	Kentucky.....	KY	..N.....							.....0	
19.	Louisiana.....	LA	..N.....							.....0	
20.	Maine.....	ME	..N.....							.....0	
21.	Maryland.....	MD	..N.....							.....0	
22.	Massachusetts.....	MA	..N.....							.....0	
23.	Michigan.....	MI	..L.....	453,102						453,102	
24.	Minnesota.....	MN	..N.....							.....0	
25.	Mississippi.....	MS	..N.....							.....0	
26.	Missouri.....	MO	..N.....							.....0	
27.	Montana.....	MT	..N.....							.....0	
28.	Nebraska.....	NE	..N.....							.....0	
29.	Nevada.....	NV	..N.....							.....0	
30.	New Hampshire.....	NH	..N.....							.....0	
31.	New Jersey.....	NJ	..N.....							.....0	
32.	New Mexico.....	NM	..N.....							.....0	
33.	New York.....	NY	..N.....							.....0	
34.	North Carolina.....	NC	..L.....							.....0	
35.	North Dakota.....	ND	..N.....							.....0	
36.	Ohio.....	OH	..L.....	2,233,660,697						2,233,660,697	
37.	Oklahoma.....	OK	..N.....							.....0	
38.	Oregon.....	OR	..N.....							.....0	
39.	Pennsylvania.....	PA	..L.....							.....0	
40.	Rhode Island.....	RI	..N.....							.....0	
41.	South Carolina.....	SC	..L.....							.....0	
42.	South Dakota.....	SD	..N.....							.....0	
43.	Tennessee.....	TN	..N.....							.....0	
44.	Texas.....	TX	..N.....							.....0	
45.	Utah.....	UT	..N.....							.....0	
46.	Vermont.....	VT	..N.....							.....0	
47.	Virginia.....	VA	..N.....							.....0	
48.	Washington.....	WA	..N.....							.....0	
49.	West Virginia.....	WV	..L.....							.....0	
50.	Wisconsin.....	WI	..L.....							.....0	
51.	Wyoming.....	WY	..N.....							.....0	
52.	American Samoa.....	AS	..N.....							.....0	
53.	Guam.....	GU	..N.....							.....0	
54.	Puerto Rico.....	PR	..N.....							.....0	
55.	U.S. Virgin Islands.....	VI	..N.....							.....0	
56.	Northern Mariana Islands.....	MP	..N.....							.....0	
57.	Canada.....	CAN	..N.....							.....0	
58.	Aggregate Other alien.....	OT	...XXX.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
59.	Subtotal.....	...XXX.....		2,239,556,542	.....0	.....0	.....0	.....0	.....0	2,239,556,542	.....0
60.	Reporting entity contributions for Employee Benefit Plans.....	...XXX.....								.....0	
61.	Total (Direct Business).....	(a).....9		2,239,556,542	.....0	.....0	.....0	.....0	.....0	2,239,556,542	.....0

DETAILS OF WRITE-INS									
58001. ....									.....0
58002. ....									.....0
58003. ....									.....0
58998. Summary of remaining write-ins for line 58.....		.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
58999. Total (Lines 58001 thru 58003 + 58998).....		.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

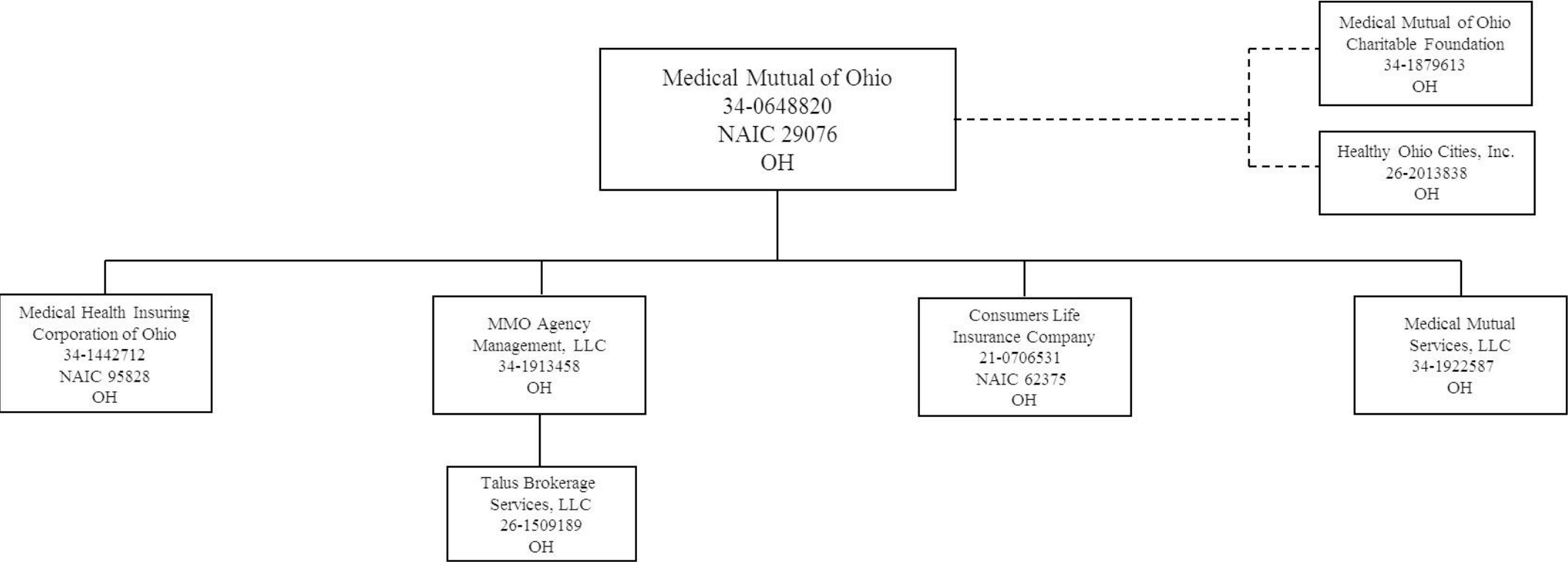
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to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

Explanation of basis of allocation by states, premiums by state, etc.

Premiums are allocated based upon the location of the group's home office or the individual's home address.

(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



2014 ALPHABETICAL INDEX  
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