

Amended Explanation Page

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Adjustment Adjustment to increase due from affiliates and liability for amounts held under uninsured plans.



ANNUAL STATEMENT
For the Year Ending DECEMBER 31, 2014
OF THE CONDITION AND AFFAIRS OF THE
Paramount Health Care

NAIC Group Code	1212 (Current Period)	1212 (Prior Period)	NAIC Company Code	95189	Employer's ID Number	341549926
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated/Organized	04/22/1987		Commenced Business	01/01/1988		
Statutory Home Office	1901 Indian Wood Circle (Street and Number)		Maumee, OH, US 43537 (City or Town, State, Country and Zip Code)			
Main Administrative Office			1901 Indian Wood Circle (Street and Number)			
	Maumee, OH, US 43537 (City or Town, State, Country and Zip Code)		(419)887-2500 (Area Code) (Telephone Number)			
Mail Address	1901 Indian Wood Circle (Street and Number or P.O. Box)		Maumee, OH, US 43537 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records			1901 Indian Wood Circle (Street and Number)			
	Maumee, OH, US 43537 (City or Town, State, Country and Zip Code)		(419)887-2500 (Area Code) (Telephone Number)			
Internet Website Address	www.paramounthealthcare.com					
Statutory Statement Contact	Jonathan Burns, Mr. (Name)		(419)887-2909 (Area Code)(Telephone Number)(Extension)			
	jonathan.burns@promedica.org (E-Mail Address)		(419)887-2020 (Fax Number)			

OFFICERS

Name	Title
Robert William LaClair Mr.	Chairman #
John Charles Randolph Mr.	President
Alan Michael Sattler Mr.	Treasurer #
Jeffrey Craig Kuhn Mr.	Secretary

OTHERS

Jeffrey William Martin Mr., Vice President, Operations
Stacey Lee Bock Mrs., Vice President, Finance
John David Meier M.D., Vice President, Health Services

DIRECTORS OR TRUSTEES

Garry Walter Roberts Mr.
Dee Ann Bialecki-Haase M.D.
Cynthia Ann Geronimo Ms.
Richard Lawrence Munk M.D.
Timothy Bublick Mr.
Richard Dean Heltzel Mr.
John Charles Randolph Mr.
Calvin Joseph Lawshe Mr.
Deborah Anne Dickenson Peters Ms.
Cathy Lynn Cantor M.D.

State of Ohio
County of Lucas ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
John Charles Randolph	Stacey Lee Bock	Jeffrey Craig Kuhn
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Vice President, Finance	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me this
day of , 2015

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

Yes[] No[X]
1
25

(Notary Public Signature)

DIRECTORS OR TRUSTEES (continued)

Mark Leslie Ferris Mr.	Dale Joseph Seymour Mr.
Daniel Sullivan Murtagh M.D.	Julie Anne Bartnik Ms.
Jeffrey William Boersma Mr.	

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)	62,524,979		62,524,979	57,900,797
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks	20,806,327		20,806,327	23,707,627
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)				
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....9,170,522, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....1,306,173, Schedule DA)	10,476,695		10,476,695	14,182,776
6.	Contract loans (including \$.....0 premium notes)				
7.	Derivatives (Schedule DB)				
8.	Other invested assets (Schedule BA)	276,857	276,857		
9.	Receivables for securities	14,816		14,816	3,050
10.	Securities Lending Reinvested Collateral Assets (Schedule DL)				
11.	Aggregate write-ins for invested assets				
12.	Subtotals, cash and invested assets (Lines 1 to 11)	94,099,674	276,857	93,822,817	95,794,251
13.	Title plants less \$.....0 charged off (for Title insurers only)				
14.	Investment income due and accrued	375,554		375,554	367,431
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection	103,941	72,147	31,794	23,108
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3	Accrued retrospective premiums	374,049		374,049	
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers				
16.2	Funds held by or deposited with reinsured companies				
16.3	Other amounts receivable under reinsurance contracts				
17.	Amounts receivable relating to uninsured plans	377,926	19,874	358,052	157,485
18.1	Current federal and foreign income tax recoverable and interest thereon	1,842,864		1,842,864	465,476
18.2	Net deferred tax asset	313,837		313,837	
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software	739,845	279,405	460,440	743,770
21.	Furniture and equipment, including health care delivery assets (\$.....0)	2,876,878	2,876,878		
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates	7,278,605		7,278,605	474,362
24.	Health care (\$.....267,120) and other amounts receivable	874,443	607,323	267,120	800,323
25.	Aggregate write-ins for other than invested assets	433,896	433,896		
26.	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	109,691,512	4,566,380	105,125,132	98,826,206
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	TOTAL (Lines 26 and 27)	109,691,512	4,566,380	105,125,132	98,826,206
DETAILS OF WRITE-INS					
1101.	.....			
1102.	.....			
1103.	.....			
1198.	Summary of remaining write-ins for Line 11 from overflow page				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.	AR	143,388	143,388		
2502.	Prepays	290,508	290,508		
2503.	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	433,896	433,896		

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1	2	3	4
		Covered	Uncovered	Total	Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	15,822,293		15,822,293	15,216,422
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	370,000		370,000	672,000
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	1,190,483		1,190,483	603,655
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	286,285		286,285	308,709
9.	General expenses due or accrued	6,194,878		6,194,878	5,166,898
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2	Net deferred tax liability				190,946
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others	48,756		48,756	33,258
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	3,605,465		3,605,465	4,864,020
16.	Derivatives				
17.	Payable for securities	10,274		10,274	118,884
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20.	Reinsurance in unauthorized and certified (\$.....0) companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans	14,843,398		14,843,398	7,270,803
23.	Aggregate write-ins for other liabilities (including \$.....0 current)	7,000,000		7,000,000	
24.	TOTAL Liabilities (Lines 1 to 23)	49,371,832		49,371,832	34,445,595
25.	Aggregate write-ins for special surplus funds	X X X	X X X		
26.	Common capital stock	X X X	X X X	4,700,000	4,700,000
27.	Preferred capital stock	X X X	X X X		
28.	Gross paid in and contributed surplus	X X X	X X X	40,619,246	40,619,246
29.	Surplus notes	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
31.	Unassigned funds (surplus)	X X X	X X X	10,434,054	19,061,365
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	55,753,300	64,380,611
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	105,125,132	98,826,206
DETAILS OF WRITE-INS					
2301.	Dividend Payable	7,000,000		7,000,000	
2302.	.....			
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	7,000,000		7,000,000	
2501.	.....	X X X	X X X		
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	143,216,913	210,301,858
2.	Net investment income	1,751,284	1,681,703
3.	Miscellaneous income		
4.	TOTAL (Lines 1 through 3)	144,968,197	211,983,561
5.	Benefit and loss related payments	139,264,359	208,623,894
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	(1,318,400)	19,410,066
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	1,380,366	(6,417,858)
10.	TOTAL (Lines 5 through 9)	139,326,325	221,616,102
11.	Net cash from operations (Line 4 minus Line 10)	5,641,872	(9,632,541)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	27,137,316	41,758,261
12.2	Stocks	10,938,351	20,307,915
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets	18,896	
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds	473,016	132,798
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7)	38,567,579	62,198,974
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	32,358,307	36,575,365
13.2	Stocks	6,318,282	13,461,798
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets	35,179	31,803
13.6	Miscellaneous applications	175,038	646,441
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6)	38,886,807	50,715,408
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(319,228)	11,483,567
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	7,000,000	
16.6	Other cash provided (applied)	(2,028,725)	866,551
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(9,028,725)	866,551
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(3,706,081)	2,717,577
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	14,182,776	11,465,200
19.2	End of year (Line 18 plus Line 19.1)	10,476,695	14,182,776

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

20.0001		
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Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Paramount Insurance Company (the “Company”) are presented on a basis of accounting practices prescribed by the Ohio Department of Insurance.

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

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Ohio is shown below:

	State of Domicile Ohio	2014	2013
NET INCOME			
Paramount Health Care state basis		885,113	7,247,888
State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
State Permitted Practices that increase/(decrease) NAIC SAP		-	-
NAIC SAP		885,113	7,247,888
SURPLUS			
Paramount Health Care state basis		55,753,300	64,380,611
State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
State Permitted Practices that increase/(decrease) NAIC SAP		-	-
NAIC SAP		55,753,300	64,380,611

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

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

C. Accounting Policy

Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts. Expenses incurred in connections with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds are stated at amortized cost.
3. Common stock investments are stated at Fair Market Value.
4. The Company does not have any preferred stock investments.
5. The Company does not invest in mortgage loans.
6. The Company has no investments in loan-backed securities.
7. The Company has no investments in subsidiaries.
8. The Company has no investments in joint ventures.
9. The Company does not invest in derivatives.

Notes to Financial Statements

10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54, Individual and Group Accident and Health Contracts.

11. Unpaid losses and loss adjustment expenses include an amount from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability is continually reviewed and any adjustments are reflected in the period determined.

12. The Company has not modified its capitalization policy from the prior period.

13. The Company estimates its pharmaceutical rebate receivables based on historical cash payment and prescriptions filled.
2. Accounting Changes and Corrections of Errors
- NOT APPLICABLE
3. Business Combinations and Goodwill
- NOT APPLICABLE
4. Discontinued Operations
- NOT APPLICABLE
5. Investments
- A. The company does not have any Mortgage Loan investments.

B. The company is not a creditor for any Restructured Debt.

C. The company does not have any reverse mortgages.

D.

1. When necessary the Company uses internal estimates in determining prepayment assumptions and whether an other-than-temporary impairment has occurred.

2. None

3. None

4. None

5. None

E. The company does not have any re-purchase agreements.

F. The company does not have any real estate investments.

G. The company does not have any low-income housing tax credits.

H. Restricted Assets

Notes to Financial Statements

	1	2	3	4	5	6
Retricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted from Prior Year	Increase/ (Decrease)	Total Current year admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which the liability is not shown						
b. collateral held under security lending agreements						
c. Subject to repurchase agreements						
d. Subject to reverse repurchase agreements						
e. Subject to dollar repurchase agreements						
f. Subject to dollar reverse repurchase agreements						
g. Placed under option contracts						
h. Letter stock or securities restricted as to sale-excluding FHLB capital stock						
i. FHLB capital stock						
j. On deposit with states	401,501	400,540	961	401,501	0.4%	0.4%
k. On deposit with other regulatory bodies						
l. Pledged as collateral to FHLB (including assets backing funding agreements)						
m. Pledged as collateral not captured in other categories						
n. Other restricted assets						
o. Total Restricted Assets	401,501	400,540	961	401,501	0%	0%

- I. The company does not have any working capital financing investments.
- J. The company does not have any netting of assets and liabilities relating to derivatives, repurchase and reverse repurchase and securities borrowing and lending.
- K.

Structured Notes				
Cusip	Actual Cost	Fair Value	Book Value	Mortgage-Referenced Security
912828C99	\$ 829,097	\$ 801,762	\$ 801,762	No
912828GX2	\$ 274,374	\$ 264,066	\$ 264,066	No

6. Joint ventures, Partnerships and Limited Liability Companies

-NOT APPLICABLE

Notes to Financial Statements

7. Investment Income

The Company does not have any non-admitted accrued investment income.

8. Derivative Instruments

-NOT APPLICABLE

9. Income Taxes

The application of SSAP No. 101 requires a company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance if necessary to reduce the deferred tax asset to an amount which is more likely than not to be realized. 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 considers 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; and (7) any tax planning strategies that the Company would employ to avoid a tax benefit expiring unused. Although the realization is not assured, the Company believes it is more likely than not that the deferred tax assets, net of valuation allowances, will be realized. The Company has not recorded a valuation allowance as of December 31, 2014 or 2013.

A. The components of DTAs and DTLs as of December 31 are as follows:

	December 31, 2014			December 31, 2013			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$ 2,341,041	\$ 47,256	\$ 2,388,297	\$ 2,309,699	\$ 79,854	\$ 2,389,553	\$ 31,342	\$ (32,598)	\$ (1,25
(b) Statutory valuation allowance							-	-	-
(c) Adjusted gross deferred tax assets	2,341,041	47,256	2,388,297	2,309,699	79,854	2,389,553	31,342	(32,598)	(1,25
(d) Deferred tax assets nonadmitted							-	-	-
(e) Subtotal net admitted deferred tax	2,341,041	47,256	2,388,297	2,309,699	79,854	2,389,553	31,342	(32,598)	(1,25
(f) Deferred tax liabilities	176	2,074,284	2,074,460	1,075	2,579,424	2,580,499	(899)	(505,140)	(506,03
(g) Net admitted deferred tax asset	\$ 2,340,865	\$ (2,027,028)	\$ 313,837	\$ 2,308,624	\$ (2,499,570)	\$ (190,946)	\$ 32,241	\$ 472,542	\$ 504,78

	12/31/2014			12/31/2012			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission Calculation Components SSSAP No. 101									
(a) Federal Income Taxes Paid in Prior Years									
Recoverable Through Loss Carrybacks	\$ 987,114	\$ -	\$ 987,114	\$ 971,462	\$ 79,854	\$ 1,051,316	\$ 15,652	\$ (79,854)	\$ (64,202)
(b) Adjusted Gross Deferred Tax Assets									
Expected To Be Realized (Excluding The									
Amount of Deferred Tax Assets from 2(a)	-	-	-	-	-	-	0	0	0
above) After Application of the Threshold									
Limitation. (The Lesser of 2(b)1 and 2(b)2									
Below)									
1. Adjusted Gross Deferred Tax Assets									
Expected to be Realized Following									
the Balance Sheet Date.	568,596	47,256	615,852	247,502	-	247,502	321,094	47,256	368,350
2. Adjusted Gross Deferred Tax Assets									
Allowed per Limitation Threshold.			8,246,853			9,545,526			(1,298,673)
(c) Adjusted Gross Deferred Tax Assets									
(Excluding The Amount of Deferred Tax	785,331	-	785,331	1,090,735	-	1,090,735	(305,404)	0	(305,404)
Assets from 2(a) and 2(b) above) Offset by									
Gross Deferred Tax Liabilities.									
(d) Deferred Tax Assets Admitted as the Result of									
application of SSAP No. 101.									
Total	\$ 2,341,041	\$ 47,256	\$ 2,388,297	\$ 2,309,699	\$ 79,854	\$ 2,389,553	\$ 31,342	\$ (32,598)	\$ (1,256)

Notes to Financial Statements

	2014		2013	
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount		869%		721%
(b) Amount of Adjusted Capital and Surplus Used To Determine Recovery Period And Threshold Limitation in 2(b)2 above	55,439,463		64,571,557	

	2014		2013		Change	
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
Impact of tax planning strategies						
Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, by Tax Character as a Percentage						
(1) Adjusted gross DTAs from 9A1c						
(2) % total adjusted gross DTAs	0	0	0	0	0	0
(3) Net admitted adjusted gross DTAs from 9A1e						
(4) % of total net admitted adjusted gross DTAs	0	0	0	0	0	0

The Company's tax-planning strategies does not include the use of reinsurance.

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

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

1. Current Income Tax			
(a) Federal	\$ (1,502,094)	\$ (370,351)	\$ (1,131,743)
(b) Federal income tax on capital gains	1,040,451	1,460,646	(420,195)
(c) Other	(45,267)	(97,880)	52,613
(d) Federal income taxes incurred	\$ (506,910)	\$ 992,415	\$ (1,499,325)
2. Deferred tax assets:			
(a) Ordinary			
(1) Discounting on claims payable	\$ 50,230	\$ 60,176	\$ (9,946)
(2) Unearned premiums	20,040	21,610	(1,570)
(3) Accrued Vacation	270,779	319,734	(48,955)
(4) Other accruals	500,057	933,203	(433,146)
(5) Amortization	-	157,500	(157,500)
(6) Depreciation	786,541	302,450	484,091
(7) Allowance for doubtful accounts	244,770	162,316	82,454
(9) Other	468,624	352,710	115,914
Subtotal	2,341,041	2,309,699	31,342
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets	2,341,041	2,309,699	31,342
(e) Capital			
(1) Impairment of securities	47,256	79,854	(32,598)
(2) Other	-	-	-
Subtotal	47,256	79,854	(32,598)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets	47,256	79,854	(32,598)
(i) Admitted deferred tax assets	2,388,297	2,389,553	(1,256)
3. Deferred tax liabilities:			
(a) Ordinary			
(1) Discounted salvage & sub	176	1,075	(899)
Subtotal	176	1,075	(899)
(b) Capital			
(1) Unrealized gain	2,056,635	2,566,522	(509,887)
(2) Other	17,649	12,902	4,747
Subtotal	2,074,284	2,579,424	(505,140)
(c) Deferred tax liabilities	\$ 2,074,460	\$ 2,580,499	\$ (506,039)
4. Net deferred tax assets/liabilities	\$ 313,837	\$ (190,946)	\$ 504,783

Notes to Financial Statements

D.-Analysis of Actual Income Tax Expense

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 income taxes. The significant items causing this difference are as follows:

	2014	%	2013	%
Provision computed at statutory rate	\$ 132,370	35 %	\$ 2,884,105	35 %
Prior years provision to return adjustment				
Other	(634,179)	(168)	(362,507)	(4)
Total	<u>\$ (501,809)</u>	<u>(133)%</u>	<u>\$ 2,521,598</u>	<u>31 %</u>
Federal income taxes incurred	\$ (1,502,094)	(397)%	\$ (370,351)	(4)%
Change in net deferred income taxes	5,104	1	1,529,183	18
Tax on capital gains/(losses)	1,040,451	275	1,460,646	18
Other	<u>(45,270)</u>	<u>(12)</u>	<u>(97,880)</u>	<u>(1)</u>
Total statutory income taxes	<u>\$ (501,809)</u>	<u>(133)%</u>	<u>\$ 2,521,598</u>	<u>31 %</u>

E.-At December 31, 2014 and 2013, the Company had no operating loss carryforwards to utilize in future years.

The following is income tax incurred for 2012, 2013 and 2014 that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2012			\$ -
2013		1,045,029	1,045,029
2014			-

F.-The Company is a party to a tax sharing agreement with the parent company, PIC, and the affiliated entities as follows: Paramount Preferred Options (PPO), Paramount Care of Michigan, Inc. (PCM), Paramount Care, Inc. (PCI), Paramount Benefits Agency (PBA) and Paramount Insurance Company (PICO). Tax returns are completed on a consolidated basis. However, allocation is based upon separate return calculations with current credit for net losses. The method of allocation between the companies is subject to a written agreement approved by the Board of Directors. Intercompany tax balances are settled through the holding company, PIC.

G-Accounting for tax contingencies

For the years ended December 31, 2014 and 2013, the Company did not have tax contingencies under the principles of SSAP No. 5, *Liabilities, Contingencies and Impairment of Assets*. This is subject to change but it is not expected to significantly increase in the 12 month period following the balance sheet date. The Company is primarily subject to U.S. federal and various U.S. state and local tax authorities. Tax years subsequent to 2010 remain open to examination by the Internal Revenue Service, and 2009 remains open to other state and local tax authorities. As of December 31, 2014, there are no U.S. federal or state returns under examination.

10. Information Concerning Parent, Subsidiaries and Affiliates

The Company is ultimately controlled by ProMedica Health System, Inc. (“ProMedica”), a nonprofit holding company exempt from federal taxation under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code. The Company’s

Notes to Financial Statements

affiliates include PCM, PPO, PICO, PBA, PECM and PA. The Company also has many area hospitals as affiliates such as Toledo Hospital, Toledo Children’s Hospital, Flower Hospital, Bay Park Hospital, Emma L. Bixby Hospital, Defiance Hospital, Fostoria Hospital, Herrick Memorial Hospital and St. Luke’s Hospital. ProMedica Physician Group, a group of physicians owned by ProMedica, is also an affiliate of the Company.

Through management service agreements the company provides administrative support to four of its affiliated entities, PCM, PBA, PICO and PA. The following table shows the amounts allocated to the companies. These amounts were to compensate the Company for administrative support staff in all functional areas. The cost of shared services is allocated between the Company and affiliates based upon the percentage of subscribers at the end of each month.

	2014	2013
PCM	327,363	816,279
PBA	-	5,004
PICO	6,427,240	4,546,580
PA	23,040,919	16,563,564

ProMedica allocates corporate overhead to all ProMedica entities pursuant to a Cost Allocation Agreement. The Company was allocated \$3,032,380 and \$5,418,435 of overhead expense in 2014 and 2013, respectively. The amount is to compensate ProMedica for the services provided to the Company for corporate staff primarily in management, legal services, information services and investment management.

Balances outstanding with affiliated entities at December 31, 2014 and 2013

	2014		2013	
	Due from	Due to	Due from	Due to
Bay Park	\$ 242,039			(5,761)
ProMedica Physicians Group	633,462	(8,763)	54,677	(9,519)
Promedica Continuing Care	526,823		3,338	(6,602)
ProMedica Health System	586,224		37,176	
St. Lukes	536,890	(88,661)	286,753	
Bixby Medical Center	452,826			(3,965)
The Toledo Hospital	2,969,060			(19,400)
Defiance Hospital	230,278			(9,150)
Fostoria Hospital	142,857		4,899	
Flower Hospital	555,456			(24,648)
Fremont Hospital	344,191			
Paramount Care of Michigan		(315,204)		(80,518)
Health Management Solutions	25,896		76,444	
Paramount Advantage		(886,167)		(4,703,351)
Paramount Insurance Co.		(2,281,002)	10,658	
Other affiliated entities	32,603	(25,668)	417	(1,106)
	\$ 7,278,605	\$ (3,605,465)	\$ 474,362	\$ (4,864,020)

Notes to Financial Statements

Claims paid to affiliated entities during fiscal year 2014 and 2013

	2014	2013
	Paid	Paid
Bay Park Community Hospital	\$ 4,409,703	\$ 7,934,949
ProMedica North Region	6,759	135,740
Defiance Hospital	23,481	194,818
Flower Hospital	10,973,695	14,890,588
Fostoria Hospital	68,228	219,467
Lima Memorial Hospital	29,374	22,473
Memorial Hospital	26,640	-
ProMedica Physicians Group	7,501,328	11,666,905
ProMedica Continuing Care Services	7,080,247	7,163,614
St. Lukes Hospital	7,119,646	9,255,411
The Toledo Hospital	27,742,462	38,473,002
	\$ 64,981,563	\$ 89,956,967

Effective August 1, 2013, the comprehensive line of business of Paramount Care Inc. along with the related assets and liabilities were transferred to Paramount Insurance Company. The transfer was approved by the Ohio Department of Insurance. The following is detail of the assets and liabilities transferred.

Assets	PHC	PICO
Investments	(5,015,775)	5,015,775
Cash	(10,401,569)	10,401,569
Premiums receivable	(1,122,973)	1,122,973
Reinsurance receivable	(3,771)	3,771
Health care receivable	(373,922)	373,922
Prepaid other	(130,000)	130,000
Total	(17,048,011)	17,048,011
Liabilities		
Unpaid claims	9,870,201	(9,870,201)
Unpaid claims adjustment expenses	508,000	(508,000)
Premiums received in advance	3,068,135	(3,068,135)
Current federal income tax payable	1,857,979	(1,857,979)
General expenses due and accrued	733,559	(733,559)
Due from PICO/due to PHC	746,114	(746,114)
Uncertain tax position	264,023	(264,023)
Total	17,048,011	(17,048,011)

The Company is a party to a tax sharing agreement with the parent company, PIC, and the affiliated entities as follows: Paramount Preferred Options (PPO), Paramount Care of Michigan, Inc. (PCM), Paramount Care, Inc. (PCI), Paramount Benefits Agency (PBA) and Paramount Insurance Company (PICO). Tax returns are completed on a consolidated basis. However, allocation is based upon separate return calculations with current credit for net losses. The method of allocation between the companies is subject to a written agreement approved by the Board of Directors. Intercompany tax balances are settled through the holding company, PIC.

Tax payable/receivable amounts to affiliated entities as of 2014 and 2013:

	2014	2013
Paramount Health Care	\$ 972,387	\$ 6,299,145
Paramount Care of Michigan	297,339	945,149
Paramount Benefits Agency	(7,884)	(7,087)
Paramount Preferred Options	68,670	(7,593)
Paramount Advantage	(4,866,223)	(8,864,521)
Paramount Insurance Company	(4,460,163)	(181,952)
Health Management Solutions	(647,386)	(1,051,684)
ProMedica Insurance Corporation	8,643,260	2,868,543

Notes to Financial Statements

11. Debt

-NOT APPLICABLE

12. Retirement Plans, Deferred Compensation, Postemployment Benefits

- A. The company does not participate in defined benefit plans.
- B. Effective July 1, 2002, the System extended the ProMedica pension plan to the eligible employees of Paramount. The pension costs for Paramount are based on a direct calculation of certain cost components and the application of reasonable methodology for other cost components. In 2007, the pension asset was transferred to ProMedica Health System. The company did not contribute anything for the year ended December 31, 2014 and 2013.

The company sponsors a 401 (k) savings plan, whereby eligible employees may voluntarily contribute a percentage of their annual compensation. Under the provisions of the plan, the Company annually matches employees' contributions of up to 3% of compensation. All employees with at least one year of service are eligible for the plan match. For the years ended December 31, 2014 and 2013, contributions by the Company amounted to \$418,780 and \$686,550 respectively. If an employee has ten or more years of pension vesting service and is paid at least 1000 hours during the plan year and is employed at December 31 of any year, the company may contribute 2% of the employee's pay to his or her 401 (k) account. For the years ended December 31, 2014 and 2013, there was no employer contribution to this plan.

- C. The company does not participate in a multi-employer plan.
- D. The company participates in a Consolidated/Holding Company Plan. See description at [B] above.

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

- A. The Company has 750 shares authorized and 420 shares issued and outstanding.
- B. The Company has no preferred stock.
- C. Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, to an amount less than 10% of admitted capital (including all dividends within the prior 12 month period). Additionally, the Company must obtain prior approval for dividends not paid from earned surplus. During 2014, a \$7,000,000 ordinary dividend was declared to be paid to ProMedica Insurance Corp. During 2013, no dividends were paid to ProMedica Insurance Corp.
- D. Within the limitations of [C] above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- E. There were no restrictions placed on the Company's surplus.
- F. The Company did not receive any capital contributions during the year.
- G. There is no stock being held by the Company.
- H. The Company has no special surplus funds.

Notes to Financial Statements

- I. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is:

Unrealized gains, net of tax (946,931)

- J. The Company has no surplus debentures or other outstanding obligations.

- K. The Company was not involved in a quasi-reorganization during the year.

14. Contingencies

The Company has been and is currently involved in various governmental investigations, audits, and reviews. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments, state attorneys general, the Office of Inspector General (“OIG”), the Office of Personnel Management, the Office of Civil Rights, U.S. Congressional committees, the U.S. Department of Justice, U.S. Attorneys, the SEC, the IRS, the U.S. Department of Labor (“DOL”), the Federal Deposit Insurance Corporation, and other governmental authorities. Examples of audits include the risk adjustment data validation (“RADV”) audits discussed below and a review by the DOL of the Company’s administration of applicable customer employee benefit plans with respect to Employee Retirement Income Security Act of 1974 compliance.

Government actions can result in assessment of damages, civil or criminal fines or penalties, or other sanctions, including loss of licensure or exclusion from participation in government programs and could have a material adverse impact on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

Risk Adjustment Data Validation Audits (“RADV audits”) — CMS adjusts capitation payments to Medicare Advantage and Medicare Part D plans according to the predicted health status of each beneficiary, as supported by data provided by health care providers. The Company collects claim and encounter data from providers, who the Company generally relies on to appropriately code their claim submissions and document their medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted and member demographic information.

In February 2012, CMS announced a final RADV audit and payment adjustment methodology and that it will conduct RADV audits beginning with the 2011 payment year. These audits involve a review of medical records maintained by care providers and may result in retrospective adjustments to payments made to health plans. CMS has not communicated how the final payment adjustment under its methodology will be implemented. PIC has been selected for audit by CMS for the 2011 payment year. This audit began in 2014. The impact of potential payment adjustments on the Company’s statutory basis financial statement is unknown.

15. Leases

The Company has entered into lease agreements for office space, furniture, computers, and telephones that expire through 2014. Rental expense charged to operations amounted to \$1,054,757 and \$829,820 in 2014 and 2013, respectively.

At January 1, 2015, the minimum aggregate rental commitments are as follows:

Notes to Financial Statements

Year Ending	
December 31	Operating Leases
2015	\$1,110,093
2016	\$1,110,093
2017	\$1,110,093
2018	\$954,605
2019	\$0
Thereafter	\$0
Total	\$4,284,884

The Company is not party to any capital or leveraged lease agreements, nor is it a lessor.

16. Off-Balance Sheet Risk

-NOT APPLICABLE

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

-NOT APPLICABLE

18. Gain or loss to the Reporting Entity from Uninsured A&H Plans and the uninsured Portion of partially Insured Plans

The gain from operations from Administrative Services Only (ASO) uninsured plans was as follows during 2014:

	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
Net reimbursement for administrative Expenses (including admin fees) in excess of actual expenses: \$	2,551,048		\$ 2,551,048
Total net other income or expenses including interest paid to or received from plans	(895,686)		(895,686)
Total gain or (loss) from operations	1,655,362		1,655,362
Claim payments	118,796,760		118,796,760

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

-NOT APPLICABLE

20. Fair Value Measurements

A1.

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
Assets at fair value				
Common Stock				
Industrial and Misc	\$ 14,827,267			\$ 14,827,267
Mutual Funds	5,979,060			5,979,060
		\$	\$	
Total Common Stock	\$ 20,806,327	-	-	\$ 20,806,327
		\$	\$	
Total Assets at Fair Value	\$ 20,806,327	-	-	\$ 20,806,327

C.

Notes to Financial Statements

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Short Term Investments	1,306,173	1,306,173	1,306,173			
Bonds	63,241,722	62,524,979		63,241,722		
Common Stock	20,806,327	20,806,327	20,806,327			

D. NA

21. Other Items

The Company has no extraordinary items, troubled debt restructuring or other unusual disclosures to make.

22. Subsequent Events

There were no Type I or Type II subsequent events at the time of this filing that would materially alter the financial position of the Company.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1

- 1. None of the reinsurers listed in Schedule S as non-affiliated, are 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.
- 2. None of the policies issued by the company have 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 an insured or any other person not primarily engaged in the insurance business.

Section 2

- 1. The company does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit.
- 2. The company does not 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.

Section 3

- 1. The aggregate reduction in surplus for termination of all reinsurance agreements, by either party, as of the date of this statement is \$0.
- 2. No new agreements have been executed or existing agreements amended since January 1, 2013 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.

B. The Company does not have any uncollectible reinsurance recorded on its books.

C. The company had no commutation of reinsurance.

Notes to Financial Statements

24. Retrospectively Rated Contracts

E. Risk Sharing Provisions of the Affordable Care Act

- 1. PHC writes uninsured non-individual accident and health insurance premium that is subject to the Affordable Care Act.

The company had zero balances for the risk corridors program due a lack of sufficient data to estimate the recoverable amounts.

- 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	
Assets	Amount
1. Premiums receivable due to ACA Risk Adjustment	NA
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment	NA
3. Premium adjustments payable due to ACA Risk Adjustment	NA
Operations (Revenue & Expense)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	NA
5. Reported in expenses as ACA Risk adjustment user fees	NA
NA-to uninsured plans	
b. Transitional ACA Reinsurance Program	
Assets	
1. Amounts recoverable for claims paid due to ACA Reinsurance	NA
2. Amounts recoverable for claims unpaid due to ACA Reinsurance(Contra Liability)	NA
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	\$0
Liabilities	
4. Liabilities for contributions payable due to ACA Reinsurance -not Reported as ceded Premium	NA
5. Ceded reinsurance premiums payable due to ACA Reinsurance	NA
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	\$1,308,132
Operations (Revenue & Expense)	
7. Ceded reinsurance premiums due to ACA Reinsurance	NA
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	NA
9. ACA Reinsurance contributions-not reported as ceded premium	NA
NA-to uninsured plans	
c. Temporary ACA Risk Corridors Program	
Assets	
1. Accrued retrospective premium due to ACA Risk Corridors	\$0
Liabilities	
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	\$0
Operations (Revenue & Expense)	
3. Effect of ACA Risk Corridors on net premium income (paid/received)	\$0
4. Effect of ACA Risk Corridors on change in reserves for rate	\$0

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

Notes to Financial Statements

					Differences		Adjustments			Unsettled Balances as of the Reporting Date	
	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business written before December 31 of the Prior Year		Prior Year Accrued Less Payments Col 1-3	Prior Year Accrued Less Payments Col 2-4	To Prior Year	To Prior Year		Cumulative Balance from Prior Years Col 1-3+7	Cumulative Balance from Prior Years Col 2-4+8
	1	2	3	4	5	6	7	8	Ref	9	10
	Rec	Pay	Rec	Pay	Rec	Pay	Rec	Pay		Rec	Pay
a. Permanent ACA Risk Adjustment Program											
1. Premium Adjustment receivables	-	-	-	-	-	-	-	-		-	-
2. Premium adjustments (payable)	-	-	-	-	-	-	-	-		-	-
3. Subtotal ACA Permanent Risk Adjustment Program	-	-	-	-	-	-	-	-		-	-
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	-	-	-	-	-	-	-	-		-	-
2. Amounts recoverable for claims unpaid (contra liability)	-	-	-	-	-	-	-	-		-	-
4. Liabilities for contributions payable due to ACA reinsurane-not reported as ceded premium	-	-	-	-	-	-	-	-		-	-
5. Ceded reinsurance premiums payable	-	-	-	-	-	-	-	-		-	-
6. Liability for amounts held under uninsured plans	-	-	-	-	-	-	-	-		-	-
7. Subtotal ACA Transitional Reinsurance Program	-	-	-	-	-	-	-	-		-	-
c. Temporary ACA Risk Corridors Program											
1. Accrued restrospective premium	-	-	-	-	-	-	-	-		-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-		-	-
3. Subtotal ACA Risk Corridors Program	-	-	-	-	-	-	-	-		-	-
d. Total for ACA Risk Sharing Provisions	-	-	-	-	-	-	-	-		-	-

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2013 were \$15,888,422. As of December 31, 2014, \$14,035 784 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$79,397 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Commercial and Medicare lines of insurance. Therefore, there has been a \$1,773,241 favorable prior-year development since December 31, 2013 to December 31, 2014. The decrease is generally a result of ongoing analysis of recent development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

-NOT APPLICABLE

27. Structured Settlements

-NOT APPLICABLE

28. Health Care Receivables

Notes to Financial Statements

The Company estimates its pharmaceutical rebate receivables based on historical cash payments.

	Estimated	Pharmacy	Actual Rebates	Actual Rebates	Actual Rebates
	Pharmacy	Rebates	Received	Received	Received More
Quarter	Rebates	as Billed	within 90 days	within 91-180 days	than 180 days
			of billing	of billing	after billing
12/31/2014	542,875	542,875	-	-	-
9/30/114	-	-	-	-	-
6/30/2014	549,837	1,028,039	-	-	1,028,039
3/31/2014	1,012,338	916,460	-	-	916,460
12/31/2013	776,992	779,773	-	-	779,773
9/30/2013	461,075	1,164,105	-	-	1,164,105
6/30/2013	910,810	1,496,587	-	-	1,496,587
3/31/2013	256,805	884,978	-	140,137	744,841
12/31/2012	284,993	582,106	-	580,496	1,609
9/30/2012	350,580	622,638	-	450,930	171,708
6/30/2012	674,145	621,282	-	440,169	181,113
3/31/2012	334,559	754,857	-	619,940	134,917

29. Participating Policies

-NOT APPLICABLE

30. Premium Deficiency Reserves

Liability carried for premium deficiency reserve : \$0
Date of most recent evaluation of this liability: 1/22/2015
Was anticipated investment income utilized in the calculation? Yes

31. Anticipated Salvage and Subrogation

The Company took into account estimated anticipated salvage and subrogation in its determination of the liability for unpaid claims/losses and reduced such liability by \$56,940.

FIVE-YEAR HISTORICAL DATA

	1 2014	2 2013	3 2012	4 2011	5 2010
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	105,125,132	98,826,206	111,600,269	120,824,586	160,671,421
2. TOTAL Liabilities (Page 3, Line 24)	49,371,832	34,445,595	53,434,778	55,748,731	117,613,501
3. Statutory surplus	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
4. TOTAL Capital and Surplus (Page 3, Line 33)	55,753,300	64,380,611	58,165,491	65,075,855	43,057,920
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	143,021,577	212,770,047	270,343,717	277,928,973	280,859,301
6. TOTAL Medical and Hospital Expenses (Line 18)	140,130,291	194,192,035	261,243,920	252,645,851	245,749,778
7. Claims adjustment expenses (Line 20)	1,626,890	2,985,293	5,771,731	5,618,205	7,491,495
8. TOTAL Administrative Expenses (Line 21)	5,124,949	13,212,160	21,441,828	(2,916,460)	44,809,896
9. Net underwriting gain (loss) (Line 24)	(3,860,553)	2,380,559	(18,113,762)	22,581,377	(17,191,868)
10. Net investment gain (loss) (Line 27)	3,206,200	4,394,523	3,641,540	6,783,703	5,802,296
11. TOTAL Other Income (Lines 28 plus 29)	(7,895)	4,575	3,836	18,159	22,083
12. Net income or (loss) (Line 32)	885,113	7,247,888	(8,600,057)	27,387,592	(14,174,201)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	5,641,872	(9,632,541)	(12,412,627)	3,615,387	3,738,322
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	55,753,300	64,380,611	58,165,491	65,075,855	43,057,920
15. Authorized control level risk-based capital	6,389,776	8,955,231	12,115,525	11,496,676	12,110,786
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	12,298	12,279	43,658	45,681	48,835
17. TOTAL Members Months (Column 6, Line 7)	149,295	348,136	531,236	560,987	578,004
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	98.0	91.3	96.6	90.9	87.5
20. Cost containment expenses	0.7	1.0	1.5	1.4	1.8
21. Other claims adjustment expenses	0.4	0.4	0.6	0.7	0.9
22. TOTAL Underwriting Deductions (Line 23)	102.7	98.9	106.7	91.9	106.1
23. TOTAL Underwriting Gain (Loss) (Line 24)	(2.7)	1.1	(6.7)	8.1	(6.1)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	13,523,732	21,573,197	26,773,495	21,105,605	22,593,804
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	14,081,918	28,819,576	26,666,011	23,460,147	28,684,517
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					
33. TOTAL Investment in Parent Included in Lines 26 to 31 above					

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

If no, please explain::