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2014

Document Code: 201

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) | | | |
| 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) | | | |
| Internet Website Address | www.paramounthhealthcare.com | | (Area Code) (Telephone Number) | | | |
| Statutory Statement Contact | Jonathan Burns, Mr. jonathan.burns@promedica.org (E-Mail Address) | | (419)887-2500 (Area Code) (Telephone Number) (419)887-2909 (Area Code)(Telephone Number)(Extension) (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 |

Jeffrey William Martin Mr., Vice President, Operations
Stacey Lee Bock Mrs., Vice President, Finance

John David Meier M.D., Vice President, Health Services

OTHERS

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)
John Charles Randolph
(Printed Name)
1.
President
(Title)

(Signature)
Stacey Lee Bock
(Printed Name)
2.
Vice President, Finance
(Title)

(Signature)
Jeffrey Craig Kuhn
(Printed Name)
3.
Secretary
(Title)

Subscribed and sworn to before me this
day of January, 2015

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

Yes[X] No[]

(Notary Public Signature)

DIRECTORS OR TRUSTEES (continued)

Mark Leslie Ferris Mr.
Daniel Sullivan Murtagh M.D.
Jeffrey William Boersma Mr.

Dale Joseph Seymour Mr.
Julie Anne Bartnik Ms.

ASSETS

| | Current Year | | | Prior Year |
|--|--------------|----------------------------|---|-----------------------------|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols.1-2) | 4 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 | 1,124,450 | | 1,124,450 | 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) | 103,537,357 | 4,566,380 | 98,970,977 | 98,826,206 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | | |
| 28. TOTAL (Lines 26 and 27) | 103,537,357 | 4,566,380 | 98,970,977 | 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. Prepaid | 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 Covered | 2 Uncovered | 3 Total | 4 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 | 8,689,243 | | 8,689,243 | 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) | 43,217,677 | | 43,217,677 | 34,445,595 |
| 25. Aggregate write-ins for special surplus funds | XXX | XXX | | |
| 26. Common capital stock | XXX | XXX | 4,700,000 | 4,700,000 |
| 27. Preferred capital stock | XXX | XXX | | |
| 28. Gross paid in and contributed surplus | XXX | XXX | 40,619,246 | 40,619,246 |
| 29. Surplus notes | XXX | XXX | | |
| 30. Aggregate write-ins for other than special surplus funds | XXX | XXX | | |
| 31. Unassigned funds (surplus) | XXX | XXX | 10,434,054 | 19,061,365 |
| 32. Less treasury stock, at cost: | | | | |
| 32.1 .....0 shares common (value included in Line 26 \$.....0) | XXX | XXX | | |
| 32.2 .....0 shares preferred (value included in Line 27 \$.....0) | XXX | XXX | | |
| 33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) | XXX | XXX | 55,753,300 | 64,380,611 |
| 34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) | XXX | XXX | 98,970,977 | 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. | XXX | XXX | | |
| 2502. | XXX | XXX | | |
| 2503. | XXX | XXX | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | XXX | XXX | | |
| 2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) | XXX | XXX | | |
| 3001. | XXX | XXX | | |
| 3002. | XXX | XXX | | |
| 3003. | XXX | XXX | | |
| 3098. Summary of remaining write-ins for Line 30 from overflow page | XXX | XXX | | |
| 3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) | XXX | XXX | | |

STATEMENT OF REVENUE AND EXPENSES

| | Current Year | | Prior Year |
|---|----------------|-------------|-------------|
| | 1 Uncovered | 2 Total | 3 Total |
| | XXX | 149,295 | 348,136 |
| 1. Member Months | XXX | 149,295 | 348,136 |
| 2. Net premium income (including \$.....0 non-health premium income) | XXX | 143,021,577 | 212,770,047 |
| 3. Change in unearned premium reserves and reserve for rate credits | XXX | | |
| 4. Fee-for-service (net of \$.....0 medical expenses) | XXX | | |
| 5. Risk revenue | XXX | | |
| 6. Aggregate write-ins for other health care related revenues | XXX | | |
| 7. Aggregate write-ins for other non-health revenues | XXX | | |
| 8. TOTAL Revenues (Lines 2 to 7) | XXX | 143,021,577 | 212,770,047 |
| Hospital and Medical: | | | |
| 9. Hospital/medical benefits | | 119,448,620 | 157,634,660 |
| 10. Other professional services | | 1,278,920 | 1,626,787 |
| 11. Outside referrals | | | |
| 12. Emergency room and out-of-area | | 5,291,357 | 13,574,184 |
| 13. Prescription drugs | | 14,159,849 | 21,700,022 |
| 14. Aggregate write-ins for other hospital and medical | | | |
| 15. Incentive pool, withhold adjustments and bonus amounts | | | |
| 16. Subtotal (Lines 9 to 15) | | 140,178,746 | 194,535,653 |
| Less: | | | |
| 17. Net reinsurance recoveries | | 48,455 | 343,618 |
| 18. TOTAL Hospital and Medical (Lines 16 minus 17) | | 140,130,291 | 194,192,035 |
| 19. Non-health claims (net) | | | |
| 20. Claims adjustment expenses, including \$.....1,007,241 cost containment expenses | | 1,626,890 | 2,985,293 |
| 21. General administrative expenses | | 5,124,949 | 13,212,160 |
| 22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) | | | |
| 23. TOTAL Underwriting Deductions (Lines 18 through 22) | | 146,882,130 | 210,389,488 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23) | XXX | (3,860,553) | 2,380,559 |
| 25. Net investment income earned (Exhibit of Net Investment Income, Line 17) | | 1,180,799 | 1,092,186 |
| 26. Net realized capital gains (losses) less capital gains tax of \$.....1,040,451 | | 2,025,401 | 3,302,337 |
| 27. Net investment gains (losses) (Lines 25 plus 26) | | 3,206,200 | 4,394,523 |
| 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 | | (7,895) | 4,575 |
| 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 | (662,248) | 6,779,657 |
| 31. Federal and foreign income taxes incurred | XXX | (1,547,361) | (468,231) |
| 32. Net income (loss) (Lines 30 minus 31) | XXX | 885,113 | 7,247,888 |
| DETAILS OF WRITE-INS | | | |
| 0601. | XXX | | |
| 0602. | XXX | | |
| 0603. | XXX | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | XXX | | |
| 0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) | XXX | | |
| 0701. | XXX | | |
| 0702. | XXX | | |
| 0703. | XXX | | |
| 0798. Summary of remaining write-ins for Line 7 from overflow page | XXX | | |
| 0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) | XXX | | |
| 1401. | | | |
| 1402. | | | |
| 1403. | | | |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | | | |
| 1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) | | | |
| 2901. Other Income | | (7,895) | 4,575 |
| 2902. | | | |
| 2903. | | | |
| 2998. Summary of remaining write-ins for Line 29 from overflow page | | | |
| 2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) | | (7,895) | 4,575 |

STATEMENT OF REVENUE AND EXPENSES (Continued)

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| CAPITAL & SURPLUS ACCOUNT | | |
| 33. Capital and surplus prior reporting year | 64,380,611 | 58,165,491 |
| 34. Net income or (loss) from Line 32 | 885,113 | 7,247,888 |
| 35. Change in valuation basis of aggregate policy and claim reserves | | |
| 36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 | (946,931) | 1,084,921 |
| 37. Change in net unrealized foreign exchange capital gain or (loss) | | |
| 38. Change in net deferred income tax | (5,105) | (1,529,183) |
| 39. Change in nonadmitted assets | (1,560,388) | (588,506) |
| 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 | (7,000,000) | |
| 47. Aggregate write-ins for gains or (losses) in surplus | | |
| 48. Net change in capital and surplus (Lines 34 to 47) | (8,627,311) | 6,215,120 |
| 49. Capital and surplus end of reporting year (Line 33 plus 48) | 55,753,300 | 64,380,611 |
| DETAILS OF WRITE-INS | | |
| 4701. | | |
| 4702. | | |
| 4703. | | |
| 4798. Summary of remaining write-ins for Line 47 from overflow page | | |
| 4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) | | |

CASH FLOW

| | | 1 Current Year | 2 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 | 4,835,755 | 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) | 145,480,480 | 221,616,102 |
| 11. | Net cash from operations (Line 4 minus Line 10) | (512,283) | (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) | 4,125,430 | 866,551 |
| 17. | Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) | (2,874,570) | 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 | | | |
|---------|-------|-------|-------|

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

| | 1 Total | 2 Comprehensive (Hospital & Medical) | 3 Medicare Supplement | 4 Dental Only | 5 Vision Only | 6 Federal Employees Health Benefits Plan | 7 Title XVIII Medicare | 8 Title XIX Medicaid | 9 Other Health | 10 Other Non-Health |
|--|-------------|--|-----------------------------|---------------------|---------------------|--|---------------------------------|-------------------------------|----------------------|---------------------------|
| 1. Net premium income | 143,021,577 | | | | | | 143,021,577 | | | |
| 2. Change in unearned premium reserves and reserve for rate credit | | | | | | | | | | |
| 3. Fee-for-service (net of \$.....0 medical expenses) | | | | | | | | | | XXX |
| 4. Risk revenue | | | | | | | | | | XXX |
| 5. Aggregate write-ins for other health care related revenues | | | | | | | | | | XXX |
| 6. Aggregate write-ins for other non-health care related revenues | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 7. TOTAL Revenues (Lines 1 to 6) | 143,021,577 | | | | | | 143,021,577 | | | |
| 8. Hospital/medical benefits | 119,448,620 | | | | | | 119,448,620 | | | XXX |
| 9. Other professional services | 1,278,920 | | | | | | 1,278,920 | | | XXX |
| 10. Outside referrals | | | | | | | | | | XXX |
| 11. Emergency room and out-of-area | 5,291,357 | | | | | | 5,291,357 | | | XXX |
| 12. Prescription drugs | 14,159,849 | | | | | | 14,159,849 | | | XXX |
| 13. Aggregate write-ins for other hospital and medical | | | | | | | | | | XXX |
| 14. Incentive pool, withhold adjustments and bonus amounts | | | | | | | | | | XXX |
| 15. Subtotal (Lines 8 to 14) | 140,178,746 | | | | | | 140,178,746 | | | XXX |
| 16. Net reinsurance recoveries | 48,455 | | | | | | 48,455 | | | XXX |
| 17. TOTAL Hospital and Medical (Lines 15 minus 16) | 140,130,291 | | | | | | 140,130,291 | | | XXX |
| 18. Non-health claims (net) | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 19. Claims adjustment expenses including \$.....1,007,241 cost containment expenses | 1,626,890 | | | | | | 1,626,890 | | | |
| 20. General administrative expenses | 5,124,949 | | | | | | 7,675,997 | | (2,551,048) | |
| 21. Increase in reserves for accident and health contracts | | | | | | | | | | XXX |
| 22. Increase in reserves for life contracts | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 23. TOTAL Underwriting Deductions (Lines 17 to 22) | 146,882,130 | | | | | | 149,433,178 | | (2,551,048) | |
| 24. Net underwriting gain or (loss) (Line 7 minus Line 23) | (3,860,553) | | | | | | (6,411,601) | | 2,551,048 | |

DETAILS OF WRITE-INS

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

| Line of Business | 1 Direct Business | 2 Reinsurance Assumed | 3 Reinsurance Ceded | 4 Net Premium Income (Columns 1 + 2 - 3) |
|---|-------------------------|-----------------------------|---------------------------|--|
| 1. Comprehensive (hospital and medical) ..... | ..... | ..... | ..... | ..... |
| 2. Medicare Supplement ..... | ..... | ..... | ..... | ..... |
| 3. Dental only ..... | ..... | ..... | ..... | ..... |
| 4. Vision only ..... | ..... | ..... | ..... | ..... |
| 5. Federal Employees Health Benefits Plan ..... | ..... | ..... | ..... | ..... |
| 6. Title XVIII - Medicare | 143,233,575 | ..... | 211,998 | 143,021,577 |
| 7. Title XIX - Medicaid ..... | ..... | ..... | ..... | ..... |
| 8. Other health ..... | ..... | ..... | ..... | ..... |
| 9. Health subtotal (Lines 1 through 8) | 143,233,575 | ..... | 211,998 | 143,021,577 |
| 10. Life ..... | ..... | ..... | ..... | ..... |
| 11. Property/casualty ..... | ..... | ..... | ..... | ..... |
| 12. TOTALS (Lines 9 to 11) | 143,233,575 | ..... | 211,998 | 143,021,577 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

| | 1 Total | 2 Comprehensive (Hospital & Medical) | 3 Medicare Supplement | 4 Dental Only | 5 Vision Only | 6 Federal Employees Health Benefits Plan | 7 Title XVIII Medicare | 8 Title XIX Medicaid | 9 Other Health | 10 Other Non-Health |
|--|-------------|---|-----------------------------|---------------------|---------------------|--|---------------------------------|-------------------------------|----------------------|---------------------------|
| 1. Payments during the year: | | | | | | | | | | |
| 1.1 Direct | 139,312,814 | | | | | | 139,312,814 | | | |
| 1.2 Reinsurance assumed | | | | | | | | | | |
| 1.3 Reinsurance ceded | 48,455 | | | | | | 48,455 | | | |
| 1.4 Net | 139,264,359 | | | | | | 139,264,359 | | | |
| 2. Paid medical incentive pools and bonuses | | | | | | | | | | |
| 3. Claim liability December 31, current year from Part 2A: | | | | | | | | | | |
| 3.1 Direct | 15,822,293 | | | | | | 15,822,293 | | | |
| 3.2 Reinsurance assumed | | | | | | | | | | |
| 3.3 Reinsurance ceded | | | | | | | | | | |
| 3.4 Net | 15,822,293 | | | | | | 15,822,293 | | | |
| 4. Claim reserve December 31, current year from Part 2D: | | | | | | | | | | |
| 4.1 Direct | | | | | | | | | | |
| 4.2 Reinsurance assumed | | | | | | | | | | |
| 4.3 Reinsurance ceded | | | | | | | | | | |
| 4.4 Net | | | | | | | | | | |
| 5. Accrued medical incentive pools and bonuses, current year | | | | | | | | | | |
| 6. Net healthcare receivables (a) | (260,061) | | | | | | (260,061) | | | |
| 7. Amounts recoverable from reinsurers December 31, current year | | | | | | | | | | |
| 8. Claim liability December 31, prior year from Part 2A: | | | | | | | | | | |
| 8.1 Direct | 15,216,422 | | | | | | 15,216,422 | | | |
| 8.2 Reinsurance assumed | | | | | | | | | | |
| 8.3 Reinsurance ceded | | | | | | | | | | |
| 8.4 Net | 15,216,422 | | | | | | 15,216,422 | | | |
| 9. Claim reserve December 31, prior year from Part 2D: | | | | | | | | | | |
| 9.1 Direct | | | | | | | | | | |
| 9.2 Reinsurance assumed | | | | | | | | | | |
| 9.3 Reinsurance ceded | | | | | | | | | | |
| 9.4 Net | | | | | | | | | | |
| 10. Accrued medical incentive pools and bonuses, prior year | | | | | | | | | | |
| 11. Amounts recoverable from reinsurers December 31, prior year | | | | | | | | | | |
| 12. Incurred benefits: | | | | | | | | | | |
| 12.1 Direct | 140,178,746 | | | | | | 140,178,746 | | | |
| 12.2 Reinsurance assumed | | | | | | | | | | |
| 12.3 Reinsurance ceded | 48,455 | | | | | | 48,455 | | | |
| 12.4 Net | 140,130,291 | | | | | | 140,130,291 | | | |
| 13. Incurred medical incentive pools and bonuses | | | | | | | | | | |

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

| | 1 Total | 2 Compre- hensive (Hospital & Medical) | 3 Medicare Supplement | 4 Dental Only | 5 Vision Only | 6 Federal Employees Health Benefits Plan | 7 Title XVIII Medicare | 8 Title XIX Medicaid | 9 Other Health | 10 Other Non-Health |
|---|------------|--|-----------------------------|---------------------|---------------------|--|---------------------------------|-------------------------------|----------------------|---------------------------|
| 1. Reported in Process of Adjustment: | | | | | | | | | | |
| 1.1 Direct | 2,630,253 | ..... | ..... | ..... | ..... | ..... | 2,630,253 | ..... | ..... | ..... |
| 1.2 Reinsurance assumed ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1.3 Reinsurance ceded ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1.4 Net | 2,630,253 | ..... | ..... | ..... | ..... | ..... | 2,630,253 | ..... | ..... | ..... |
| 2. Incurred but Unreported: | | | | | | | | | | |
| 2.1 Direct | 13,192,040 | ..... | ..... | ..... | ..... | ..... | 13,192,040 | ..... | ..... | ..... |
| 2.2 Reinsurance assumed ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2.3 Reinsurance ceded ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2.4 Net | 13,192,040 | ..... | ..... | ..... | ..... | ..... | 13,192,040 | ..... | ..... | ..... |
| 3. Amounts Withheld from Paid Claims and Capitations: | | | | | | | | | | |
| 3.1 Direct ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3.2 Reinsurance assumed ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3.3 Reinsurance ceded ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3.4 Net ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4. TOTALS | | | | | | | | | | |
| 4.1 Direct | 15,822,293 | ..... | ..... | ..... | ..... | ..... | 15,822,293 | ..... | ..... | ..... |
| 4.2 Reinsurance assumed ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4.3 Reinsurance ceded ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4.4 Net | 15,822,293 | ..... | ..... | ..... | ..... | ..... | 15,822,293 | ..... | ..... | ..... |

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 | | |
| 1. Comprehensive (hospital and medical) ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2. Medicare Supplement ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3. Dental only ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4. Vision only ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 5. Federal Employees Health Benefits Plan ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 6. Title XVIII - Medicare | 13,444,335 | 125,820,024 | 79,397 | 15,742,896 | 13,523,732 | 15,216,422 |
| 7. Title XIX - Medicaid ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 8. Other health ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 9. Health subtotal (Lines 1 to 8) | 13,444,335 | 125,820,024 | 79,397 | 15,742,896 | 13,523,732 | 15,216,422 |
| 10. Healthcare receivables (a) ..... | ..... | 874,443 | ..... | ..... | ..... | 1,134,504 |
| 11. Other non-health ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 12. Medical incentive pool and bonus amounts ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 13. TOTALS (Lines 9 - 10 + 11 + 12) | 13,444,335 | 124,945,581 | 79,397 | 15,742,896 | 13,523,732 | 14,081,918 |

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2010 | 2 2011 | 3 2012 | 4 2013 | 5 2014 |
| 1. Prior | 22,310 | 21,475 | 20,995 | 20,936 | 20,925 |
| 2. 2010 | 226,941 | 248,852 | 248,659 | 248,574 | 248,574 |
| 3. 2011 | XXX | 228,364 | 255,669 | 255,485 | 255,421 |
| 4. 2012 | XXX | XXX | 232,458 | 254,360 | 254,364 |
| 5. 2013 | XXX | XXX | XXX | 187,357 | 200,873 |
| 6. 2014 | XXX | XXX | XXX | XXX | 125,820 |

Section B - Incurred Health Claims

| 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 | 22,757 | 21,475 | 20,995 | 20,936 | 20,925 |
| 2. 2010 | 250,785 | 248,881 | 248,659 | 248,574 | 248,574 |
| 3. 2011 | XXX | 256,408 | 255,810 | 255,485 | 255,421 |
| 4. 2012 | XXX | XXX | 261,751 | 254,360 | 254,364 |
| 5. 2013 | XXX | XXX | XXX | 202,573 | 200,952 |
| 6. 2014 | XXX | XXX | XXX | XXX | 141,563 |

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

| Years in Which Premiums were Earned and Claims were Incurred | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|--------------------|--------------------|--|-----------------------|--|-----------------------|------------------|---|--|-----------------------|
| | Premiums Earned | Claims Payments | Claim Adjustment Expense Payments | (Col. 3/2) Percent | Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | (Col. 5/1) Percent | Claims Unpaid | Unpaid Claims Adjustment Expenses | Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | (Col. 9/1) Percent |
| 1. 2010 | 280,860 | 248,574 | 7,498 | 3.016 | 256,072 | 91.174 | | | 256,072 | 91.174 |
| 2. 2011 | 277,929 | 255,421 | 5,637 | 2.207 | 261,058 | 93.930 | | | 261,058 | 93.930 |
| 3. 2012 | 270,344 | 254,364 | 5,537 | 2.177 | 259,901 | 96.137 | | | 259,901 | 96.137 |
| 4. 2013 | 212,770 | 200,873 | 3,262 | 1.624 | 204,135 | 95.942 | 79 | | 204,214 | 95.979 |
| 5. 2014 | 143,022 | 125,820 | 1,662 | 1.321 | 127,482 | 89.134 | 15,743 | 370 | 143,595 | 100.400 |

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Hospital and Medical
Section A - Paid Health Claims

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2010 | 2 2011 | 3 2012 | 4 2013 | 5 2014 |
| 1. Prior | 10,068 | 9,424 | 9,055 | 9,001 | 9,001 |
| 2. 2010 | 96,555 | 106,160 | 106,039 | 105,968 | 105,968 |
| 3. 2011 | XXX | 101,574 | 111,106 | 110,925 | 110,925 |
| 4. 2012 | XXX | XXX | 99,450 | 108,943 | 108,943 |
| 5. 2013 | XXX | XXX | XXX | 60,625 | 60,625 |
| 6. 2014 | XXX | XXX | XXX | XXX | XXX |

Section B - Incurred Health Claims

| 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 | 10,340 | 9,424 | 9,055 | 9,001 | 9,001 |
| 2. 2010 | 106,748 | 106,171 | 106,039 | 105,968 | 105,968 |
| 3. 2011 | XXX | 112,988 | 111,171 | 110,925 | 110,925 |
| 4. 2012 | XXX | XXX | 111,557 | 108,943 | 108,943 |
| 5. 2013 | XXX | XXX | XXX | 60,625 | 60,625 |
| 6. 2014 | XXX | XXX | XXX | XXX | XXX |

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

| Years in Which Premiums were Earned and Claims were Incurred | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|--------------------|--------------------|--|-----------------------|--|-----------------------|------------------|---|--|-----------------------|
| | Premiums Earned | Claims Payments | Claim Adjustment Expense Payments | (Col. 3/2) Percent | Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | (Col. 5/1) Percent | Claims Unpaid | Unpaid Claims Adjustment Expenses | Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | (Col. 9/1) Percent |
| 1. 2010 | 130,316 | 105,968 | 5,932 | 5.598 | 111,900 | 85.868 | | | 111,900 | 85.868 |
| 2. 2011 | 131,571 | 110,925 | 3,567 | 3.215 | 114,492 | 87.019 | | | 114,492 | 87.019 |
| 3. 2012 | 127,040 | 108,943 | 3,436 | 3.154 | 112,379 | 88.460 | | | 112,379 | 88.460 |
| 4. 2013 | 69,989 | 60,625 | 1,658 | 2.735 | 62,283 | 88.990 | | | 62,283 | 88.990 |
| 5. 2014 | | | | | | | | | | |

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Federal Employees Health Benefits Plan Premiums

Section A - Paid Health Claims

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2010 | 2 2011 | 3 2012 | 4 2013 | 5 2014 |
| 1. Prior | 557 | 557 | 557 | 557 | 557 |
| 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

| 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 | 557 | 557 | 557 | 557 | 557 |
| 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 Claims and Claims Adjustment Expense Ratio

| Years in Which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claims Payments | 3 Claim Adjustment Expense Payments (Col. 3/2) Percent | 4 | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) (Col. 5/1) Percent | 6 | 7 | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) (Col. 9/1) Percent | 10 |
|---|-------------------------|-------------------------|--|---|--|---|---|--|--|----|
| 1. 2010 | | | 15 | | 15 | | | | 15 | |
| 2. 2011 | | | | | | | | | | |
| 3. 2012 | | | | | | | | | | |
| 4. 2013 | | | | | | | | | | |
| 5. 2014 | | | | | | | | | | |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2010 | 2 2011 | 3 2012 | 4 2013 | 5 2014 |
| 1. Prior | 11,685 | 11,494 | 11,383 | 11,378 | 11,367 |
| 2. 2010 | 130,386 | 142,692 | 142,620 | 142,606 | 142,606 |
| 3. 2011 | XXX | 126,790 | 144,563 | 144,560 | 144,496 |
| 4. 2012 | XXX | XXX | 133,008 | 145,417 | 145,421 |
| 5. 2013 | XXX | XXX | XXX | 126,732 | 140,248 |
| 6. 2014 | XXX | XXX | XXX | XXX | 125,820 |

Section B - Incurred Health Claims

| 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 | 11,860 | 11,494 | 11,383 | 11,378 | 11,367 |
| 2. 2010 | 144,037 | 142,710 | 142,620 | 142,606 | 142,606 |
| 3. 2011 | XXX | 143,420 | 144,639 | 144,560 | 144,496 |
| 4. 2012 | XXX | XXX | 150,194 | 145,417 | 145,421 |
| 5. 2013 | XXX | XXX | XXX | 141,948 | 140,327 |
| 6. 2014 | XXX | XXX | XXX | XXX | 141,563 |

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

| Years in Which Premiums were Earned and Claims were Incurred | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|--------------------|--------------------|--|-----------------------|--|-----------------------|------------------|---|--|-----------------------|
| | Premiums Earned | Claims Payments | Claim Adjustment Expense Payments | (Col. 3/2) Percent | Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | (Col. 5/1) Percent | Claims Unpaid | Unpaid Claims Adjustment Expenses | Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | (Col. 9/1) Percent |
| 1. 2010 | 150,544 | 142,606 | 1,551 | 1.087 | 144,157 | 95.757 | | | 144,157 | 95.757 |
| 2. 2011 | 146,358 | 144,496 | 2,071 | 1.433 | 146,567 | 100.143 | | | 146,567 | 100.143 |
| 3. 2012 | 143,304 | 145,421 | 2,101 | 1.445 | 147,522 | 102.943 | | | 147,522 | 102.943 |
| 4. 2013 | 142,781 | 140,248 | 1,604 | 1.144 | 141,852 | 99.349 | 79 | | 141,931 | 99.405 |
| 5. 2014 | 143,022 | 125,820 | 1,662 | 1.321 | 127,482 | 89.134 | 15,743 | 370 | 143,595 | 100.400 |

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

UNDERWRITING AND INVESTMENT EXHIBIT

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

| | 1 Total | 2 Compre- hensive (Hospital & Medical) | 3 Medicare Supplement | 4 Dental Only | 5 Vision Only | 6 Federal Employees Health Benefits Plan | 7 Title XVIII Medicare | 8 Title XIX Medicaid | 9 Other |
|--|------------|--|-----------------------------|---------------------|---------------------|--|---------------------------------|-------------------------------|------------|
| 1. Unearned premium reserves | | | | | | | | | |
| 2. Additional policy reserves (a) | | | | | | | | | |
| 3. Reserve for future contingent benefits | | | | | | | | | |
| 4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income) | 1,190,483 | ..... | ..... | ..... | ..... | ..... | 1,190,483 | ..... | ..... |
| 5. Aggregate write-ins for other policy reserves | | | | | | | | | |
| 6. TOTALS (Gross) | 1,190,483 | ..... | ..... | ..... | ..... | ..... | 1,190,483 | ..... | ..... |
| 7. Reinsurance ceded | | | | | | | | | |
| 8. TOTALS (Net) (Page 3, Line 4) | 1,190,483 | ..... | ..... | ..... | ..... | ..... | 1,190,483 | ..... | ..... |
| 9. Present value of amounts not yet due on claims | | | | | | | | | |
| 10. Reserve for future contingent benefits | | | | | | | | | |
| 11. Aggregate write-ins for other claim reserves | | | | | | | | | |
| 12. TOTALS (Gross) | | | | | | | | | |
| 13. Reinsurance ceded | | | | | | | | | |
| 14. TOTALS (Net) (Page 3, Line 7) | | | | | | | | | |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 0501. | | | | | | | | | |
| 0502. | | | | | | | | | |
| 0503. | | | | | | | | | |
| 0598. Summary of remaining write-ins for Line 5 from overflow page | | | | | | | | | |
| 0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) | | | | | | | | | |
| 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) | | | | | | | | | |

(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) | 57,362 | 41,095 | 415,235 | | 513,692 |
| 2. Salaries, wages and other benefits | 1,280,003 | 337,256 | 2,574,555 | | 4,191,814 |
| 3. Commissions (less \$.....0 ceded plus \$.....0 assumed) | | | 307,727 | | 307,727 |
| 4. Legal fees and expenses | | | | | |
| 5. Certifications and accreditation fees | | | | | |
| 6. Auditing, actuarial and other consulting services | 71,665 | 663,866 | 694,347 | | 1,429,878 |
| 7. Traveling expenses | 94,996 | 4,851 | 161,927 | | 261,774 |
| 8. Marketing and advertising | 3,555 | | 1,113,681 | | 1,117,236 |
| 9. Postage, express and telephone | 21,518 | | 710,090 | | 731,608 |
| 10. Printing and office supplies | 16,345 | 1,083 | 152,080 | | 169,508 |
| 11. Occupancy, depreciation and amortization | | | 62,567 | | 62,567 |
| 12. Equipment | 2,000 | | 146,199 | | 148,199 |
| 13. Cost or depreciation of EDP equipment and software | | | 119,179 | | 119,179 |
| 14. Outsourced services including EDP, claims, and other services | 37,078 | | 3,091,075 | | 3,128,153 |
| 15. Boards, bureaus and association fees | 345 | | 22,921 | | 23,266 |
| 16. Insurance, except on real estate | | | | | |
| 17. Collection and bank service charges | | | 3,616 | | 3,616 |
| 18. Group service and administration fees | | | | | |
| 19. Reimbursements by uninsured plans | (1,068,048) | (571,143) | (5,519,955) | | (7,159,146) |
| 20. Reimbursements from fiscal intermediaries | | | | | |
| 21. Real estate expenses | | | 30,952 | | 30,952 |
| 22. Real estate taxes | | | | | |
| 23. Taxes, licenses and fees: | | | | | |
| 23.1 State and local insurance taxes | | | 4,736 | | 4,736 |
| 23.2 State premium taxes | | | | | |
| 23.3 Regulatory authority licenses and fees | | | 61,809 | | 61,809 |
| 23.4 Payroll taxes | 490,422 | 142,641 | 972,208 | | 1,605,271 |
| 23.5 Other (excluding federal income and real estate taxes) | | | | | |
| 24. Investment expenses not included elsewhere | | | | 247,668 | 247,668 |
| 25. Aggregate write-ins for expenses | | | | | |
| 26. TOTAL Expenses Incurred (Lines 1 to 25) | 1,007,241 | 619,649 | 5,124,949 | 247,668 | (a) 6,999,507 |
| 27. Less expenses unpaid December 31, current year | 229,400 | 140,600 | 6,194,878 | | 6,564,878 |
| 28. Add expenses unpaid December 31, prior year | 463,680 | 208,320 | 5,166,898 | | 5,838,898 |
| 29. Amounts receivable relating to uninsured plans, prior year | | | | | |
| 30. Amounts receivable relating to uninsured plans, current year | | | | | |
| 31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30) | 1,241,521 | 687,369 | 4,096,969 | 247,668 | 6,273,527 |

DETAILS OF WRITE-INS

| | | | | | |
|---|--|--|--|--|--|
| 2501. | | | | | |
| 2502. | | | | | |
| 2503. | | | | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | | | | | |
| 2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) | | | | | |

(a) Includes management fees of \$....(26,763,142) to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

| | | 1 Collected During Year | 2 Earned During Year |
|---|-----------|-------------------------------|----------------------------|
| 1. U.S. Government bonds | (a) | 142,561 | 162,485 |
| 1.1 Bonds exempt from U.S. tax | (a) | 61,497 | 56,094 |
| 1.2 Other bonds (unaffiliated) | (a) | 742,938 | 739,977 |
| 1.3 Bonds of affiliates | (a) | | |
| 2.1 Preferred stocks (unaffiliated) | (b) | | |
| 2.11 Preferred stocks of affiliates | (b) | | |
| 2.2 Common stocks (unaffiliated) | | 460,446 | 456,970 |
| 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) | 12,941 | 12,941 |
| 7. Derivative instruments | (f) | | |
| 8. Other invested assets | | | |
| 9. Aggregate write-ins for investment income | | | |
| 10. TOTAL Gross investment income | 1,420,383 | 1,428,467 | |
| 11. Investment expenses | (g) | 247,668 | |
| 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) | | |
| 15. Aggregate write-ins for deductions from investment income | | | |
| 16. TOTAL Deductions (Lines 11 through 15) | | 247,668 | |
| 17. Net Investment income (Line 10 minus Line 16) | | | 1,180,799 |

DETAILS OF WRITE-INS

| | | | |
|---|--|--|--|
| 0901. | | | |
| 0902. | | | |
| 0903. | | | |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | | | |
| 0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) | | | |
| 1501. | | | |
| 1502. | | | |
| 1503. | | | |
| 1598. Summary of remaining write-ins for Line 15 from overflow page | | | |
| 1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above) | | | |

- (a) Includes \$.....17,511 accrual of discount less \$.....596,119 amortization of premium and less \$.....51,625 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 \$.....0 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 \$.....247,668 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 Realized Gain (Loss) on Sales or Maturity | 2 Other Realized Adjustments | 3 Total Realized Capital Gain (Loss) (Columns 1 + 2) | 4 Change in Unrealized Capital Gain (Loss) | 5 Change in Unrealized Foreign Exchange Capital Gain (Loss) |
|--|--|------------------------------------|--|---|---|
| 1. U.S. Government bonds | (17,851) | | (17,851) | (34,092) | |
| 1.1 Bonds exempt from U.S. tax | 4,175 | | 4,175 | | |
| 1.2 Other bonds (unaffiliated) | 29,493 | (12,248) | 17,245 | 12,321 | |
| 1.3 Bonds of affiliates | | | | | |
| 2.1 Preferred stocks (unaffiliated) | | | | | |
| 2.11 Preferred stocks of affiliates | | | | | |
| 2.2 Common stocks (unaffiliated) | 3,104,697 | (42,414) | 3,062,283 | (925,160) | |
| 2.21 Common stocks of affiliates | | | | | |
| 3. Mortgage loans | | | | | |
| 4. Real estate | | | | | |
| 5. Contract loans | | | | | |
| 6. Cash, cash equivalents and short-term investments | | | | | |
| 7. Derivative instruments | | | | | |
| 8. Other invested assets | | | | | |
| 9. Aggregate write-ins for capital gains (losses) | | | | | |
| 10. TOTAL Capital gains (losses) | 3,120,514 | (54,662) | 3,065,852 | (946,931) | |

DETAILS OF WRITE-INS

| | | | | |
|--|--|--|--|--|
| 0901. | | | | |
| 0902. | | | | |
| 0903. | | | | |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | | | | |
| 0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) | | | | |

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) ..... | ..... | ..... | ..... |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks ..... | ..... | ..... | ..... |
| 2.2 Common stocks ..... | ..... | ..... | ..... |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens ..... | ..... | ..... | ..... |
| 3.2 Other than first liens ..... | ..... | ..... | ..... |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company ..... | ..... | ..... | ..... |
| 4.2 Properties held for the production of income ..... | ..... | ..... | ..... |
| 4.3 Properties held for sale ..... | ..... | ..... | ..... |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) ..... | ..... | ..... | ..... |
| 6. Contract loans ..... | ..... | ..... | ..... |
| 7. Derivatives (Schedule DB) ..... | ..... | ..... | ..... |
| 8. Other invested assets (Schedule BA) | 276,857 | 260,574 | (16,283) |
| 9. Receivables for securities ..... | ..... | ..... | ..... |
| 10. Securities lending reinvested collateral assets (Schedule DL) ..... | ..... | ..... | ..... |
| 11. Aggregate write-ins for invested assets ..... | ..... | ..... | ..... |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 276,857 | 260,574 | (16,283) |
| 13. Title plants (for Title insurers only) ..... | ..... | ..... | ..... |
| 14. Invested income due and accrued ..... | ..... | ..... | ..... |
| 15. Premium and considerations: | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 72,147 | 85,814 | 13,667 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due ..... | ..... | ..... | ..... |
| 15.3 Accrued retrospective premiums ..... | ..... | ..... | ..... |
| 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 | 19,874 | ..... | (19,874) |
| 18.1 Current federal and foreign income tax recoverable and interest thereon ..... | ..... | ..... | ..... |
| 18.2 Net deferred tax asset ..... | ..... | ..... | ..... |
| 19. Guaranty funds receivable or on deposit ..... | ..... | ..... | ..... |
| 20. Electronic data processing equipment and software | 279,405 | 413,696 | 134,291 |
| 21. Furniture and equipment, including health care delivery assets | 2,876,878 | 1,560,234 | (1,316,644) |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates ..... | ..... | ..... | ..... |
| 23. Receivables from parent, subsidiaries and affiliates ..... | ..... | ..... | ..... |
| 24. Health care and other amounts receivable | 607,323 | 334,181 | (273,142) |
| 25. Aggregate write-ins for other than invested assets | 433,896 | 351,493 | (82,403) |
| 26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 4,566,380 | 3,005,992 | (1,560,388) |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts ..... | ..... | ..... | ..... |
| 28. TOTAL (Lines 26 and 27) | 4,566,380 | 3,005,992 | (1,560,388) |
| 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 | 43,768 | (99,620) |
| 2502. Prepays | 290,508 | 307,725 | 17,217 |
| 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 | 351,493 | (82,403) |

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 | 12,279 | 12,535 | 12,430 | 12,368 | 12,298 | 149,295 |
| 2. Provider Service Organizations | | | | | | |
| 3. Preferred Provider Organizations | | | | | | |
| 4. Point of Service | | | | | | |
| 5. Indemnity Only | | | | | | |
| 6. Aggregate write-ins for other lines of business | | | | | | |
| 7. TOTAL | 12,279 | 12,535 | 12,430 | 12,368 | 12,298 | 149,295 |
| DETAILS OF WRITE-INS | | | | | | |
| 0601. | | | | | | |
| 0602. | | | | | | |
| 0603. | | | | | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | | | | | | |
| 0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) | | | | | | |

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 | 2014 | 2013 |
|--|----------------------|------------|------------|
| | Ohio | | |
| 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

| Restricted Asset Category | 1 Total Gross Restricted from Current Year | 2 Total Gross Restricted from Prior Year | 3 Increase/(Decrease) | 4 Total Current year admitted Restricted | 5 Percentage Gross Restricted to Total Assets | 6 Percentage Admitted Restricted to Total Admitted Assets |
|--|---|---|--------------------------|---|--|--|
| a. Subject to contractual obligation for which 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 | | | | Mortgage-Referenced Security |
|------------------|-------------|------------|------------|------------------------------|
| Cusip | Actual Cost | Fair Value | Book Value | |
| 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 | |
| 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

| | <u>2014</u> | <u>2013</u> | | | | | |
|--|---------------------|---------------------|-----------------------|----------------|-----------------|----------------|---------------|
| | <u>Ordinary</u> | <u>Capital</u> | <u>Ordinary</u> | <u>Capital</u> | <u>Ordinary</u> | <u>Capital</u> | <u>Change</u> |
| (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 | | | | |
| 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 | 0 |
| (3) Net admitted adjusted gross DTAs from 9A1e | | | | | | | |
| (4) % of total net admitted adjusted gross DTAs | 0 | 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 | <u>\$ (506,910)</u> | <u>\$ 992,415</u> | <u>\$ (1,499,325)</u> | | | | |
| 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 | <u>2,341,041</u> | <u>2,309,699</u> | <u>31,342</u> | | | | |
| (b) Statutory valuation allowance adjustment | - | - | - | | | | |
| (c) Nonadmitted | - | - | - | | | | |
| (d) Admitted ordinary deferred tax assets | <u>2,341,041</u> | <u>2,309,699</u> | <u>31,342</u> | | | | |
| (e) Capital | | | | | | | |
| (1) Impairment of securities | 47,256 | 79,854 | (32,598) | | | | |
| (2) Other | - | - | - | | | | |
| Subtotal | <u>47,256</u> | <u>79,854</u> | <u>(32,598)</u> | | | | |
| (f) Statutory valuation allowance adjustment | - | - | - | | | | |
| (g) Nonadmitted | - | - | - | | | | |
| (h) Admitted capital deferred tax assets | <u>47,256</u> | <u>79,854</u> | <u>(32,598)</u> | | | | |
| (i) Admitted deferred tax assets | <u>2,388,297</u> | <u>2,389,553</u> | <u>(1,256)</u> | | | | |
| 3. Deferred tax liabilities: | | | | | | | |
| (a) Ordinary | | | | | | | |
| (1) Discounted salvage & sub | 176 | 1,075 | (899) | | | | |
| Subtotal | <u>176</u> | <u>1,075</u> | <u>(899)</u> | | | | |
| (b) Capital | | | | | | | |
| (1) Unrealized gain | 2,056,635 | 2,566,522 | (509,887) | | | | |
| (2) Other | 17,649 | 12,902 | 4,747 | | | | |
| Subtotal | <u>2,074,284</u> | <u>2,579,424</u> | <u>(505,140)</u> | | | | |
| (c) Deferred tax liabilities | <u>\$ 2,074,460</u> | <u>\$ 2,580,499</u> | <u>\$ (506,039)</u> | | | | |
| 4. Net deferred tax assets/liabilities | <u>\$ 313,837</u> | <u>\$ (190,946)</u> | <u>\$ 504,783</u> | | | | |

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 | <u>(634,179)</u> | <u>(168)</u> | <u>(362,507)</u> | <u>(4)</u> |
| Other | | | | |
| Total | <u><u>\$ (501,809)</u></u> | <u><u>(133)%</u></u> | <u><u>\$ 2,521,598</u></u> | <u><u>31 %</u></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><u>\$ (501,809)</u></u> | <u><u>(133)%</u></u> | <u><u>\$ 2,521,598</u></u> | <u><u>31 %</u></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:

| <u>Year</u> | <u>Ordinary</u> | <u>Capital</u> | <u>Total</u> |
|-------------|-----------------|----------------|--------------|
| 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 | \$ 18,746 | | | (5,761) |
| ProMedica Physicians Group | 39,618 | (8,763) | 54,677 | (9,519) |
| Promedica Continuing Care | 1,662 | | 3,338 | (6,602) |
| ProMedica Health System | 586,224 | | 37,176 | |
| St. Lukes | | (88,661) | 286,753 | |
| Bixby Medical Center | 20,106 | | | (3,965) |
| The Toledo Hospital | 277,380 | | | (19,400) |
| Defiance Hospital | 16,609 | | | (9,150) |
| Fostoria Hospital | 2,274 | | 4,899 | |
| Flower Hospital | 20,852 | | | (24,648) |
| 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 | 115,083 | (25,668) | 417 | (1,106) |
| | \$ 1,124,450 | \$ (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 | <u>(895,686)</u> | | <u>(895,686)</u> |
| Total gain or (loss) from operations | <u>1,655,362</u> | | <u>1,655,362</u> |
| Claim payments | <u>118,796,760</u> | | <u>118,796,760</u> |

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 | <u>5,979,060</u> | | | <u>5,979,060</u> |
| Total Common Stock | <u>\$ 20,806,327</u> | - | - | <u>\$ 20,806,327</u> |
| | | | | |
| Total Assets at Fair Value | <u>\$ 20,806,327</u> | - | - | <u>\$ 20,806,327</u> |

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 | |
|--|--|-----|--|-----|--|--|------------------------------|------------------------------|---|-----|
| | | | | | Prior Year Accrued Less Payments Col 1-3 | Prior Year Accrued Less Payments Col 2-4 | To Prior Year Balances | To Prior Year Balances | | |
| | 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 | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 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 reinsurance-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 retrospective 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.

| Quarter | Estimated | Pharmacy | Actual Rebates | Actual Rebates | Actual Rebates |
|------------|---------------------|----------------------|--|--|---|
| | Pharmacy Rebates | Rebates as Billed | Received within 90 days of billing | Received within 91-180 days of billing | Received More than 180 days 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.

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[]
Ohio
- 1.3 State Regulating?
- 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[X] No[]
10/09/2014
- 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. 12/31/2010
- 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. 12/31/2010
- 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). 09/07/2011
- 3.4 By what department or departments?
- 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[X] No[] N/A[]
- 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?
4.12 renewals? Yes[] No[X]
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?
4.22 renewals? Yes[] No[X]
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 Company 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 0.000%
7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (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. Yes[] No[X]
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (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 |
|---------------------|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | Yes[] No[X] .. |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP, 600 Renaissance Center, Suite 900, Detroit, MI 48243-1895
- 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 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[X] No[]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
Requirements waived as the Company does not meet the premium threshold.
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[] N/A[]
- 10.6 If the response to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Timothy Gustafson FSA, MAAA, Deloitte & Touche LLP, 180 N. Stetson Avenue, Chicago, IL 6060

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X] \$ 0
- 12.11 Name of real estate holding company
12.12 Number of parcels involved
12.13 Total book/adjusted carrying value
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? Yes [] No [X] N/A[X]
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [X] N/A[X]
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X] N/A[X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [X] N/A[X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X] N/A[X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s). Yes [] No [X] N/A[X]
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X] N/A[X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s). Yes [] No [X] N/A[X]
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X] N/A[X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered. Yes [] No [X] N/A[X]

| | 1 American Bankers Association (ABA) Routing Number | 2 Issuing or Confirming Bank Name | 3 Circumstances That Can Trigger the Letter of Credit | 4 Amount |
|---------|--|---|---|-------------|
| 15.2001 | | | | |

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [] No [X] N/A[X]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [] N/A[X]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [] N/A[X]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X] N/A[X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans): \$ 0
- 20.11 To directors or other officers \$ 0
- 20.12 To stockholders not officers \$ 0
- 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans): \$ 0
- 20.21 To directors or other officers \$ 0
- 20.22 To stockholders not officers \$ 0
- 20.23 Trustees, supreme or grand (Fraternal only) \$ 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X] N/A[X]
- 21.2 If yes, state the amount thereof at December 31 of the current year: \$ 0
- 21.21 Rented from others \$ 0
- 21.22 Borrowed from others \$ 0
- 21.23 Leased from others \$ 0
- 21.24 Other \$ 0
- 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 [] N/A[X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ 0
- 22.22 Amount paid as expenses \$ 33,069
- 22.23 Other amounts paid \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [] N/A[X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

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 [] N/A[X]
- 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? \$ 0
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ 0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? \$ 0
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? \$ 0

GENERAL INTERROGATORIES (Continued)

- 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. | \$ 0 |
| 24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. | \$ 0 |
| 24.103 Total payable for securities lending reported on the liability page. | \$ 0 |
- 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 | \$ 401,501 |
| 25.29 On deposit with other regulatory bodies | \$ 0 |
| 25.30 Pledged as collateral - excluding collateral pledged to an FHLB | \$ 0 |
| 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:

| 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? Yes [] No [] N/A [X]
- If no, attach a description with this statement.
- 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. \$ 0
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 I, 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:

| 1 Name of Custodian(s) | 2 Custodian's Address |
|-----------------------------------|---|
| The Bank of New York Mellon | Three Mellon Center, Suite 153-3925, Pittsburgh, PA |

- 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:

| 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:

| 1 Old Custodian | 2 New Custodian | 3 Date of Change | 4 Reason |
|--------------------|--------------------|---------------------|-------------|
| | | | |

- 28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

| 1 Central Registration Depository Number(s) | 2 Name | 3 Address |
|---|-----------|--------------|
| See attached..... | | |

- 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 CUSIP # | 2 Name of Mutual Fund | 3 Book/Adjusted Carrying Value |
|-----------------------|--|--------------------------------------|
| 411511306 | Harbor International Mutual Fund | 3,272,277 |
| 0075W0700 | Advisors Inner Circle/United Assoc S&P Index | 2,706,783 |
| 29.2999 Total ..... | ..... | 5,979,060 |

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

GENERAL INTERROGATORIES (Continued)

| 1 Name of Mutual Fund (from above table) | 2 Name of Significant Holding of the Mutual Fund | 3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding | 4 Date of Valuation |
|--|--|--|---------------------------|
| Harbor International Mutual Fund | Anheuser-Busch Inbev SA | 89,988 | 02/05/2015 .. |
| Harbor International Mutual Fund | Lloyds Banking Group PLC | 88,024 | 02/05/2015 .. |
| Harbor International Mutual Fund | Roche Holding AG Dividend Right Cert. | 88,024 | 02/05/2015 .. |
| Harbor International Mutual Fund | Novartis AG | 87,370 | 02/05/2015 .. |
| Harbor International Mutual Fund | Novo Nordisk A/S Class B | 84,098 | 02/05/2015 .. |
| Advisors Inner Circle/United Assoc S&P Index | Apple Inc | 95,549 | 12/31/2014 .. |
| Advisors Inner Circle/United Assoc S&P Index | Exxon Mobile | 57,925 | 12/31/2014 .. |
| Advisors Inner Circle/United Assoc S&P Index | Microsoft Corp | 56,572 | 12/31/2014 .. |
| Advisors Inner Circle/United Assoc S&P Index | Johnson & Johnson | 43,309 | 12/31/2014 .. |
| Advisors Inner Circle/United Assoc S&P Index | Wells Fargo | 38,166 | 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 Statement (Admitted) Value | 2 Fair Value | 3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
|-----------------------------|------------------------------------|--------------------|--|
| 30.1 Bonds | 63,831,152 | 64,547,895 | 716,743 |
| 30.2 Preferred stocks | | | |
| 30.3 Totals | 63,831,152 | 64,547,895 | 716,743 |

- 30.4 Describe the sources or methods utilized in determining the fair values
New York Stock Exchange, American Stock Exchange, NASDAQ, NAIC

- 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[] N/A[]
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:

OTHER

- 33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 183,472
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 Name | 2 Amount Paid |
|------------|------------------|
| NCQA | 183,472 |

- 34.1 Amount of payments for legal expenses, if any? \$..... 0
34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | |

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$..... 0
35.2 List the name of 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 Name | 2 Amount Paid |
|-----------|------------------|
| | |

General Interrogatories Part 1 Attachments

| Broker Code | Broker Name |
|-------------|--|
| E45 | ANCORA SECURITIES INC, JERSEY CITY |
| XYH | AQUA SECURITIES LP, NEW YORK |
| RBC | BAIRD, ROBERT W & CO INC, MILWAUKEE |
| YQD | BARCLAYS CAPITAL LE, JERSEY CITY |
| FDN | BARRINGTON RESEARCH ASSOCIATES, BROOKLYN |
| SSI | BB&T SECURITIES, LLC, RICHMOND |
| DKK | BENCHMARK COMPANY LLC, BROOKLYN |
| SAN | BERNSTEIN SANFORD C & CO, NEW YORK |
| FED | BLUEFIN RESEARCH PARTNER, JERSEY CITY |
| BFT | BMO CAPITAL MARKETS CORP, NEW YORK |
| DYG | BREAN CAPITAL LLC, JERSEY CITY |
| BCH | BROADCOURT CAP CORP/SUB OF MLPF&S,NY |
| G9W | BTIG LLC, SAN FRANCISCO |
| R4X | BUCKINGHAM RESEARCH GRP INC, BROOKLYN |
| ASJ | CANACCORD GENUITY INC.NEY YORK |
| CAN | CANTOR FITZGERALD & CO INC, NEW YORK |
| K82 | CITATION GROUP/BCC CLRG, NEW YORK |
| SHY | CITIGROUP GBL MKTS INC, NEW YORK |
| EMD | CORNERSTONE MACRO LLC, NEW YORK |
| TFF | COWEN AND COMPANY LLC, NEW YORK |
| R4C | CRAIG HALLUM, MINNEAPOLIS |
| P51 | CREDIT RESEARCH & TRADING LLC, JERSEY |
| FOB | CREDIT SUISSE, NEW YORK (CSUS) |
| EFN | CUTTONE & CO., INC., NEW YORK |
| D3X | CUTTONE & CO, JERSEY CITY |
| DVI | DAVIDSON(D A) & CO INC, NEW YORK |
| ALX | DEUTSCHE BK SECS INC, NY (NWSCUS33) |
| A46 | DOUGHERTY COMPANY, BROOKLYN |
| P92 | DOWLING & PARTNERS, JERSEY CITY |
| B2W | EVERCORE GROUP LLC, JERSEY CITY |
| RCB | FBR CAPITAL MARKETS & CO, ARLINGTON |
| GOL | GOLDMAN SACHS & CO, NY |
| SLK | GOLDMAN SACHS EXECUTION & CLEARING, NY |
| IET | INSTINET CORP, NY |
| EUI | INVESTMENT TECHNOLOGY GROUP, NEW YORK |
| RTG | ISI GROUP INC, NY |
| 74L | J P MORGAN SECURITIES INC, BROOKLYN |
| JAN | JANNEY MONTGOMERY SCOTT, PHILADELPHIA |
| JEF | JEFFERIES & CO INC, NEW YORK |
| CSK | JMP SECURITIES, SAN FRANCISCO |
| TPS | JONESTRADING INSTL SVCS LLC, WESTLAKE |
| HKI | KEEFE BRUYETTE AND WOODS, JERSEY CITY |
| ENJ | KEYBANC CAPITAL MARKETS INC, JERSEY CITY |
| MCD | KEYBANC CAPITAL MARKETS INC, NEW YORK |
| B2T | KNIGHT EQUITY MARKETS L.P.,JERSEY CITY |
| AM8 | LEERINK SWANN & CO, JERSEY CITY |
| 805 | LIQUIDNET INC, BROOKLYN |
| B6K | LONGBOW SECURITIES LLC, JERSEY CITY |
| T86 | MACQUARIE SECURITIES(USA)INC JERSEY CITY |
| MER | MERRILL LYNCH PIERCE FENNER SMITH INC NY |
| WAS | MERRILL LYNCH PROFESSIONAL CLRG, PURCHAS |
| YXB | MIZUHO SECURITIES USA, INC., NEW YORK |
| MOS | MORGAN STANLEY & CO INC, NY |
| NEE | NEEDHAM & CO, NEW YORK |
| GAL | NOBLE INTL INVESTMENTS INC, JERSEY CITY |
| FAH | OPPENHEIMER & CO INC, NEW YORK |
| D1R | PACIFIC CREST SECURITIES, PORTLAND |
| PIP | PIPER JAFFRAY & CO, MINNEAPOLIS |
| 89G | PULSE TRADING LLC, BOSTON |
| RAY | RAYMOND JAMES & ASSOC INC, ST PETERSBURG |
| DAB | RBC CAPITAL MARKETS LLC, NEW YORK |
| JEI | SIDOTI & CO LLC, NEW YORK |
| 86S | SIMMONS & CO INTL, HOUSTON |
| Z42 | SJ LEVINSON & SONS LLC, JERSEY CITY |
| T9U | STATE STREET BROKERAGE SVCS, BOSTON |
| SHS | STEPHENS INC, LITTLE ROCK |
| STE | STERNE AGEE & LEACH INC |
| STI | STIFEL NICOLAUS |
| B9J | STRATEGAS SECURITIES LLC, NEW YORK |
| BIT | SUNTRUST CAPITAL MARKETS INC, ATLANTA |
| SBI | UBS SECURITIES LLC, STAMFORD |
| WED | WEBBUSH MORGAN SECS INC, LOS ANGELES |
| WEQ | WEEDEN & CO, NEW YORK |
| IY6 | WELLS FARGO SECURITIES LLC, CHARLOTTE |

General Interrogatories Part 1 Attachments

BWC
C6U

WILLIAM BLAIR & CO, CHICAGO
WUNDERLICH SECURITIES INC, MEMPHIS

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

| | Yes [] No [X] | 0 |
|---|----------------|---|
| 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? | \$ | 0 |
| 1.2 If yes, indicate premium earned on U.S. business only: | \$ | 0 |
| 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? | \$ | 0 |
| 1.31 Reason for excluding: | \$ | 0 |
| 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. | \$ | 0 |
| 1.6 Individual policies - Most current three years: | \$ | 0 |
| 1.61 TOTAL Premium earned | \$ | 0 |
| 1.62 TOTAL Incurred claims | \$ | 0 |
| 1.63 Number of covered lives | \$ | 0 |
| All years prior to most current three years: | \$ | 0 |
| 1.64 TOTAL Premium earned | \$ | 0 |
| 1.65 TOTAL Incurred claims | \$ | 0 |
| 1.66 Number of covered lives | \$ | 0 |
| 1.7 Group policies - Most current three years: | \$ | 0 |
| 1.71 TOTAL Premium earned | \$ | 0 |
| 1.72 TOTAL Incurred claims | \$ | 0 |
| 1.73 Number of covered lives | \$ | 0 |
| All years prior to most current three years: | \$ | 0 |
| 1.74 TOTAL Premium earned | \$ | 0 |
| 1.75 TOTAL Incurred claims | \$ | 0 |
| 1.76 Number of covered lives | \$ | 0 |

2. Health Test

| | 1 Current Year | 2 Prior Year |
|-------------------------------|-------------------|-----------------|
| 2.1 Premium Numerator | 143,021,577 | 212,770,047 |
| 2.2 Premium Denominator | 143,021,577 | 212,770,047 |
| 2.3 Premium Ratio (2.1 / 2.2) | 1.000 | 1.000 |
| 2.4 Reserve Numerator | 17,012,776 | 15,820,077 |
| 2.5 Reserve Denominator | 17,012,776 | 15,820,077 |
| 2.6 Reserve Ratio (2.4 / 2.5) | 1.000 | 1.000 |

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, as 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] N/A[]

5.1 Does the reporting entity have stop-loss reinsurance? Yes[X] No[]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

| | | |
|---------------------------------|----------|---------|
| 5.31 Comprehensive Medical | \$ | 435,000 |
| 5.32 Medical Only | \$ | 0 |
| 5.33 Medicare Supplement | \$ | 0 |
| 5.34 Dental & 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: The plan has hold harmless provision with network hospitals. Paramount's reinsurance contract provides for payment of certain benefits for 30 days following and event of insolvency.

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 | ..... | 2,093 |
| 8.2 Number of providers at end of reporting year | ..... | 2,139 |

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes[] No[X]

9.2 If yes, direct premium earned:

| | | |
|---|-------|---|
| 9.21 Business with rate guarantees between 15-36 months | ..... | 0 |
| 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[] No[X]

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 |

11.1 Is the reporting entity organized as:

| | |
|---|--------------|
| 11.12 A Medical Group/Staff Model, | Yes[] No[X] |
| 11.13 An Individual Practice Association (IPA), or, | Yes[] No[X] |
| 11.14 A Mixed Model (combination of above)? | Yes[X] No[] |

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

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

Ohio

11.4 If yes, show the amount required.

\$ 1,500,000
Yes[] No[X]

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

11.6 If the amount is calculated, show the calculation.

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

| 1 Name of Service Area |
|---------------------------|
| Allen County |
| Ashland County |
| Crawford County |
| Defiance County |
| Erie County |
| Fulton County |
| Hancock County |
| Hardin County |
| Henry County |

GENERAL INTERROGATORIES (Continued)

| 1 Name of Service Area |
|---------------------------|
| Lorain County |
| Lucas County |
| Marion County |
| Morrow County |
| Ottawa County |
| Paulding County |
| Putnam County |
| Richland County |
| Sandusky County |
| Seneca County |
| Williams County |
| Wood County |
| Wyandot |
| Deleware |
| Knox |
| Huron |

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

Yes[] No[X]

\$ 0

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

Yes[] No[X]

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

\$ 0

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 as authorized reinsurers?

Yes[] No[] N/A[X]

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

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

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded)

\$ 0

15.1 Direct Premium Written

\$ 0

15.2 Total incurred claims

15.2 Number of covered lives

| *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 |
|--|-------------|-------------|--------------|-------------|--------------|
| BALANCE SHEET (Pages 2 and 3) | | | | | |
| 1. TOTAL Admitted Assets (Page 2, Line 28) | 98,970,977 | 98,826,206 | 111,600,269 | 120,824,586 | 160,671,421 |
| 2. TOTAL Liabilities (Page 3, Line 24) | 43,217,677 | 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) | (512,283) | (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 | 6,387,037 | 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::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS ALLOCATED BY STATES AND TERRITORIES

| State, Etc. | 1 Active Status | Direct Business Only | | | | | | | 9 Deposit - Type Contracts |
|---|--------------------|---------------------------------|---------------------------|-------------------------|--|---|----------------------------------|--------------------------------|-------------------------------|
| | | 2 Accident & Health Premiums | 3 Medicare Title XVIII | 4 Medicaid Title XIX | 5 Federal Employees Health Benefits Plan Premiums | 6 Life & Annuity Premiums & Other Considerations | 7 Property/ Casualty Premiums | 8 Total Columns 2 Through 7 | |
| 1. Alabama (AL) | N | | | | | | | | |
| 2. Alaska (AK) | N | | | | | | | | |
| 3. Arizona (AZ) | N | | | | | | | | |
| 4. Arkansas (AR) | N | | | | | | | | |
| 5. California (CA) | N | | | | | | | | |
| 6. Colorado (CO) | N | | | | | | | | |
| 7. Connecticut (CT) | N | | | | | | | | |
| 8. Delaware (DE) | N | | | | | | | | |
| 9. District of Columbia (DC) | N | | | | | | | | |
| 10. Florida (FL) | N | | | | | | | | |
| 11. Georgia (GA) | N | | | | | | | | |
| 12. Hawaii (HI) | N | | | | | | | | |
| 13. Idaho (ID) | N | | | | | | | | |
| 14. Illinois (IL) | N | | | | | | | | |
| 15. Indiana (IN) | N | | | | | | | | |
| 16. Iowa (IA) | N | | | | | | | | |
| 17. Kansas (KS) | N | | | | | | | | |
| 18. Kentucky (KY) | N | | | | | | | | |
| 19. Louisiana (LA) | N | | | | | | | | |
| 20. Maine (ME) | N | | | | | | | | |
| 21. Maryland (MD) | N | | | | | | | | |
| 22. Massachusetts (MA) | N | | | | | | | | |
| 23. Michigan (MI) | N | | | | | | | | |
| 24. Minnesota (MN) | N | | | | | | | | |
| 25. Mississippi (MS) | N | | | | | | | | |
| 26. Missouri (MO) | N | | | | | | | | |
| 27. Montana (MT) | N | | | | | | | | |
| 28. Nebraska (NE) | N | | | | | | | | |
| 29. Nevada (NV) | N | | | | | | | | |
| 30. New Hampshire (NH) | N | | | | | | | | |
| 31. New Jersey (NJ) | N | | | | | | | | |
| 32. New Mexico (NM) | N | | | | | | | | |
| 33. New York (NY) | N | | | | | | | | |
| 34. North Carolina (NC) | N | | | | | | | | |
| 35. North Dakota (ND) | N | | | | | | | | |
| 36. Ohio (OH) | L | 143,233,575 | | | | | | 143,233,575 | |
| 37. Oklahoma (OK) | N | | | | | | | | |
| 38. Oregon (OR) | N | | | | | | | | |
| 39. Pennsylvania (PA) | N | | | | | | | | |
| 40. Rhode Island (RI) | N | | | | | | | | |
| 41. South Carolina (SC) | N | | | | | | | | |
| 42. South Dakota (SD) | N | | | | | | | | |
| 43. Tennessee (TN) | N | | | | | | | | |
| 44. Texas (TX) | N | | | | | | | | |
| 45. Utah (UT) | N | | | | | | | | |
| 46. Vermont (VT) | N | | | | | | | | |
| 47. Virginia (VA) | N | | | | | | | | |
| 48. Washington (WA) | N | | | | | | | | |
| 49. West Virginia (WV) | N | | | | | | | | |
| 50. Wisconsin (WI) | N | | | | | | | | |
| 51. Wyoming (WY) | N | | | | | | | | |
| 52. American Samoa (AS) | N | | | | | | | | |
| 53. Guam (GU) | N | | | | | | | | |
| 54. Puerto Rico (PR) | N | | | | | | | | |
| 55. U.S. Virgin Islands (VI) | N | | | | | | | | |
| 56. Northern Mariana Islands (MP) | N | | | | | | | | |
| 57. Canada (CAN) | N | | | | | | | | |
| 58. Aggregate other alien (OT) | XXX | | | | | | | | |
| 59. Subtotal | XXX | 143,233,575 | | | | | | 143,233,575 | |
| 60. Reporting entity contributions for Employee Benefit Plans | XXX | | | | | | | | |
| 61. TOTAL (Direct Business) | (a) 1 | 143,233,575 | | | | | | 143,233,575 | |

DETAILS OF WRITE-INS

| | | | | | | | | | |
|--|-----------|--|--|--|--|--|--|--|--|
| 58001 | XXX | | | | | | | | |
| 58002 | XXX | | | | | | | | |
| 58003 | XXX | | | | | | | | |
| 58998. Summary of remaining write-ins for Line 58 from overflow page ... | XXX | | | | | | | | |
| 58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above) | XXX | | | | | | | | |

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

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

Explanation of basis of allocation of premiums by states, etc.: All individual policies are allocated based on residency which is in Ohio. Group policies are allocated based on employment location. All groups are employed in Ohio.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART
ORGANIZATION CHART

Paramount Health Care 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 following coding system is used to show the interrelationships among the various members of the insurance holding company system:

- A circle means that ProMedica is the sole member/parent of the entity.
- ◆ Each entity marked with a diamond is a subsidiary of the entity listed directly above and denoted with a circle.
- Each entity marked with a square is a subsidiary of the entity listed directly above and marked with a diamond.
- Each entity marked with an arrow is a member of the insurance holding company system.

The following list depicts the identities and interrelationships of affiliated persons within the insurance holding company system:

- ProMedica Foundation, an Ohio nonprofit corporation, of which Bay Park Community Hospital Foundation, Toledo Hospital Foundation, Toledo Children’s Hospital Foundation, Flower Foundation, Defiance Foundation, Fostoria Community Hospital Foundation, ProMedica Physicians & Continuum Services Foundation f/k/a ProMedica Continuing Care Services Corporation, Bixby Hospital Foundation, Herrick Hospital Foundation, and Memorial Hospital Foundation are divisions.
 - ◆ Mission Pointe Golf Course, LLC, a Michigan limited liability company, with ProMedica Foundation d/b/a Herrick Hospital Foundation as its sole member.
- ProMedica Innovations, LLC, an Ohio limited liability company, with ProMedica Health System, Inc., as its sole member.
- Fostoria Hospital Association, an Ohio nonprofit corporation.
 - ◆ NWO Health Partners, LLC, an Ohio limited liability company in which Fostoria Hospital Association holds 50% ownership interest with Northwest Ohio Orthopedic and Sports Medicine, Inc., holding the remaining 50% interest.
- ProMedica Physicians and Continuum Services f/k/a ProMedica Physician Corporation f/k/a ProMedica Physicians Enterprises, an Ohio nonprofit corporation.
 - ◆ ProMedica Continuing Care Services Corporation f/k/a Crestview of Ohio, Inc., an Ohio nonprofit corporation.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

- Monroe Community Ambulance, a Michigan nonprofit corporation in which ProMedica Continuing Care Services Corporation has 25% ownership interest with various other corporations holding the remaining 75%
- ◆ Toledo District Nurse Association, an Ohio nonprofit corporation.
- ◆ Visiting Nurse Hospice and Health Care, an Ohio nonprofit corporation.
- ◆ ProMedica Retail Group, Inc., f/k/a The Flower Market, Inc., an Ohio for-profit corporation.
- ◆ ProMedica Courier Services, Inc., an Ohio nonprofit corporation.
- ◆ Erie West Hospice and Palliative Care, Ltd., an Ohio limited liability company.
- ◆ ProMedica Physician Group, Inc., an Ohio professional association, which is beneficially owned by ProMedica Physicians & Continuum Services f/k/a ProMedica Physician Corporation pursuant to the terms of a Share Control Agreement, dated as of June 2, 1999, by and among ProMedica Physician Corporation, Lee Hammerling, M.D., and ProMedica Physician Group, Inc. Dr. Hammerling holds legal ownership of all outstanding shares of capital stock of ProMedica Physician Group, Inc.
 - The Pharmacy Counter, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
 - ProMedica Central Corporation of Michigan, a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica Physician Group, Inc.
 - Evolv Medical Aesthetics, LLC, an Ohio limited liability company in which ProMedica Physician Group, Inc., holds 50% ownership interest and Frank Barone, M.D., Inc., holds the remaining 50% interest.
 - ProMedica Central Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
 - ProMedica North Physicians Corporation, a Michigan nonprofit stock corporation and a wholly-owned subsidiary of ProMedica Physician Group, Inc.
 - ProMedica West Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
 - ProMedica East Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

- Midwest Cardiovascular Consultants, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Northwest Ohio Cardiology Consultants, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Cardiothoracic Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Monroe Cardiology, PLLC, a Michigan limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Anesthesiology Consultants, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Physician Management Services, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Surgical Services, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- WellCare Physicians Group, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Monroe Physicians, PLLC, a Michigan limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Multi Specialty Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Genito-Urinary Surgeons, LLC, an Ohio limited liability company with ProMedica Physicians Group, Inc., as its sole member.
- ProMedica Hospitalists, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Hospitalists, PLLC, a Michigan limited liability company with ProMedica Physician Group, Inc., as its sole member.
- Memorial Professional Services, Ltd., an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- Memorial Anesthesia, Ltd., an Ohio limited liability company with ProMedica Physicians Group, Inc., as its sole member.
- ProMedica Indemnity Corporation, a Vermont nonprofit corporation.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

- ProMedica Insurance Corporation f/k/a ProMedica Health Ventures Corporation f/k/a Vanguard Health Ventures, Inc., an Ohio nonprofit corporation.
- ◆ Paramount Preferred Options, Inc., an Ohio for-profit corporation, which is wholly-owned by ProMedica Insurance Corporation.
 - Health Management Solutions, Inc., an Ohio for-profit corporation which is wholly-owned by Paramount Preferred Options.
 - ◆ NAIC 95189-Paramount Care, Inc., an Ohio nonprofit health-insuring corporation and a wholly-owned subsidiary of ProMedica Insurance Corporation.
 - ◆ Paramount Benefits Agency, Inc., an Ohio for-profit corporation and a wholly owned subsidiary of ProMedica Insurance Corporation.
 - ◆ NAIC 95566-Paramount Care of Michigan, Inc., a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica Insurance Corporation.
 - ◆ NAIC 11518-Paramount Insurance Company f/k/a ProMedica Life Insurance Company, a for-profit corporation and a wholly owned subsidiary of ProMedica Insurance Corporation.
 - ◆ NAIC 12353-Paramount Advantage, an Ohio nonprofit corporation wholly owned subsidiary of ProMedica Insurance Corporation.
- Bay Park Community Hospital, an Ohio nonprofit corporation.
- Defiance Hospital, Inc., an Ohio nonprofit corporation.
- ◆ Kaitlyn's Cottage, Inc., an Ohio nonprofit corporation with Defiance Hospital, Inc., as its sole member.
- Emma L. Bixby Medical Center, a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica Health System, Inc.
- ◆ Bixby Medical Office Limited Partnership, a Michigan limited partnership in which Emma L. Bixby Medical Center holds 64.44% ownership interest with various physicians having the remaining 35.56% interest.
 - ◆ Monroe Cancer Center, a Michigan nonprofit corporation in which Emma L. Bixby Medical Center has 33.33% ownership interest with Barbara Ann Karmanos Cancer Center having 33.33% and Mercy Memorial Hospital Corporation having 33.33%
 - ◆ Lenawee Long Term Care Corporation, a Michigan nonprofit corporation and a wholly owned subsidiary of Emma L. Bixby Medical Center.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

- ◆ Herrick Memorial Development Corporation, a Michigan for-profit corporation and a wholly owned subsidiary of Emma L. Bixby Medical Center.
 - Herrick Memorial Office Plaza Condominium Association, a Michigan nonprofit corporation in which Herrick Memorial Development Corporation holds 71.8% ownership interest with various physicians having the remaining 28.2% interest.
- ◆ Lenawee Physician Hospital Organization LLC, a Michigan limited liability company in which Emma L. Bixby Medical Center holds 50% ownership interest with Raisin River Physicians, PLC, holding the remaining 50% interest.
- Herrick Memorial Hospital, Inc., a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica Health System, Inc.
- The Toledo Hospital, an Ohio nonprofit corporation, of which Toledo Children's Hospital f/k/a ProMedica Children's Medical Center of Northwest Ohio and ProMedica Wildwood Orthopaedic and Spine Hospital are divisions.
 - ◆ Reynolds Road Surgery Center, LLC, an Ohio limited liability company in which The Toledo Hospital holds 62.66% ownership interest, with various physicians holding a remaining 37.34% interest.
 - ◆ Northwest Ohio Dedicated Breast MRI, LLC, an Ohio limited liability company in which The Toledo Hospital holds 50% ownership interest with TRA Investment Club, LLC, holding the remaining 50% interest.
 - ◆ Arrowhead Behavioral Health, LLC, a Delaware limited liability company in which The Toledo Hospital holds 30% ownership interest and Toledo Holding Company, LLC, holding a remaining 70% interest.
 - ◆ West Central Surgical Center, LLC, an Ohio limited liability company of which The Toledo Hospital holds 50% ownership interest and various physicians holding the remaining 50% interest.
- Flower Hospital, an Ohio nonprofit corporation.
- PHS Ventures, Inc., f/k/a BVPH Ventures, Inc., an Ohio nonprofit corporation in which ProMedica Health System, Inc., an Ohio nonprofit corporation, holds a 100% ownership interest.
- St. Luke's Hospital, an Ohio nonprofit corporation.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

- ◆ OhioCare Ambulatory Surgery Center, LLC, an Ohio limited liability company of which St. Luke's Hospital holds 50% ownership interest and various physicians holding the remaining 50% interest.
- ◆ St. Luke's Physician Hospital Organization, Inc., an Ohio for-profit corporation of which St. Luke's Hospital holds 50% ownership interest and various physicians holding the remaining 50% interest.
- Care Enterprises, Inc., an Ohio nonprofit corporation.
 - ◆ Perrysburg Medical Arts, LLC, an Ohio limited liability company of which Care Enterprises, Inc., holds 11.1% ownership interest with various physicians and investment groups holding the remaining interest.
 - ◆ Waterville Medical Center, LLC, an Ohio limited liability company of which Care Enterprises, Inc., holds 70% ownership interest and SB Medical Building Venture, Ltd., holds the remaining 30% interest.
- Care Holdings, Inc., an Ohio for-profit corporation.
- Physicians Advantage Management Services Organization, Inc., an Ohio for-profit corporation.
- St. Luke's Hospital Foundation, an Ohio nonprofit corporation.
 - ◆ Cobra Ventures, LLC, an Ohio limited liability company.
- Memorial Hospital, an Ohio nonprofit corporation.
 - ◆ Fremont Hospital/Physician Organization d/b/a Cooperative Care, an Ohio for-profit corporation of which Memorial Hospital holds 50% ownership interest and various other physicians hold the remaining 50% interest.
 - Sandusky County Medical Specialists, LLC, an Ohio limited liability company of which Fremont Hospital/Physician Organizations holds 100% ownership interest.
 - ◆ North Central Ohio Health Services, LLC, an Ohio limited liability company of which Memorial Hospital holds 20% ownership interest with various other entities holding the remaining interest.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

- ◆ East-West Holding, Ltd., and Ohio limited liability company of which Memorial Hospital holds 50% ownership interest with The Bellevue Hospital, an Ohio nonprofit corporation holding the remaining 50% interest.

Other Affiliated Entities

- Lima Memorial Joint Operating Company, an Ohio nonprofit corporation, in which Lima Memorial Hospital, an Ohio nonprofit corporation and PHS Ventures, Inc., each hold 50% ownership interest.
- ProMedica Orthopedic Co-Management Company, LLC, an Ohio limited liability company in which The Toledo Hospital, Bay Park Community Hospital, and Flower Hospital share 40% ownership interest with various physicians holding the remaining 60% interest.
- ProMedica Cardiovascular Co-Management Company, LLC, an Ohio limited liability company in which The Toledo Hospital, Bay Park Community Hospital, and Flower Hospital share 38.4% ownership interest with various physicians holding the remaining 61.6% interest.
- Interactive Physical Therapy, an Ohio limited liability company in which ProMedica Health System, Inc., holds 50% ownership interest and various individuals holding the remaining 50% interest.
- ProMedica Surgical Services Co-Management Company, LLC, an Ohio limited liability company in which The Toledo Hospital, Bay Park Community Hospital, and Flower Hospital share 50% ownership interest with various physicians holding the remaining 50% interest.

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