



ANNUAL STATEMENT
For the Year Ending DECEMBER 31, 2015
OF THE CONDITION AND AFFAIRS OF THE
Summa Insurance Company, Inc.

| | | | | | | |
|---------------------------------------|---|------------------------|--|------------|--|------------|
| NAIC Group Code | 3259 (Current Period) | 3259 (Prior Period) | NAIC Company Code | 10649 | Employer's ID Number | 34-1809108 |
| Organized under the Laws of | Ohio | | State of Domicile or Port of Entry | Ohio | | |
| Country of Domicile | United States of America | | | | | |
| Licensed as business type: | Life, Accident & Health[] Dental Service Corporation[] Other[] | | Property/Casualty[X] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[] | | Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[] | |
| Incorporated/Organized | 08/07/1995 | | Commenced Business | 02/01/1996 | | |
| Statutory Home Office | 10 North Main Street (Street and Number) | | Akron, OH, 44308 (City or Town, State, Country and Zip Code) | | | |
| Main Administrative Office | Akron, OH, 44308 (City or Town, State, Country and Zip Code) | | 10 North Main Street (Street and Number) | | (330)996-8410 (Area Code) (Telephone Number) | |
| Mail Address | P.O. Box 3620 (Street and Number or P.O. Box) | | Akron, OH, 44309 (City or Town, State, Country and Zip Code) | | | |
| Primary Location of Books and Records | Akron, OH, 44308 (City or Town, State, Country and Zip Code) | | 10 North Main Street (Street and Number) | | (330)996-8410 (Area Code) (Telephone Number) | |
| Internet Website Address | SummaCare.com | | (330)996-8410-62057 (Area Code)(Telephone Number)(Extension) | | | |
| Statutory Statement Contact | Roy Douglas Hall (Name) | | (330)996-8553 (Area Code)(Telephone Number)(Extension) | | | |
| | hallroy@summacare.com (E-Mail Address) | | (330)996-8553 (Fax Number) | | | |

OFFICERS

| Name | Title |
|--------------------------|-----------|
| Kathleen Tirbovich Geier | Chair |
| Robert Andrew Gerberry | Secretary |
| Brian Keith Derrick | Treasurer |

OTHERS

Anne Armao, VP - Marketing & Product Development
Keith Johnson, VP - Third Party Administrator
Donald Novosel, VP - Contracting & Network Development
Mumtaz Ibrahim M.D., Chief Medical Officer
Dennis Pijor, VP - Finance, CFO #

Kevin Cavalier, VP - Sales
James Loveless, VP - Individual Product Line
Annette Ruby, VP - Health Services Management
Claude Vincenti, President

DIRECTORS OR TRUSTEES

Kathleen Tirbovich Geier
Erik Newman Steele D.O.
Richard Allen Merolla
Thomas Anthony Malone M.D. #
Rajiv Vishnu Taliwal M.D.
Lydia Alexander Cook M.D. #

Vincent Hadar Johnson Jr. M.D.
Bradley Hall Crombie M.D.
Claude Maurius Vincenti #
James Ross McIlvaine
Benjamin Paul Sutton #
Brian Keith Derrick #

State of Ohio
County of Summit ss

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

| | | |
|---------------------|------------------------|-------------------------------|
| (Signature) | (Signature) | (Signature) |
| Brian Keith Derrick | Robert Andrew Gerberry | Dennis Dale Pijor |
| (Printed Name) | (Printed Name) | (Printed Name) |
| 1. | 2. | 3. |
| Treasurer | Secretary | Vice President - Finance, CFO |
| (Title) | (Title) | (Title) |

| | | |
|--|--|---|
| Subscribed and sworn to before me this 22nd day of February, 2016 | 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)

ASSETS

| | | Current Year | | | Prior Year |
|----------------------|---|--------------|--------------------|--------------------------------|---------------------|
| | | 1 | 2 | 3 | 4 |
| | | Assets | Nonadmitted Assets | Net Admitted Assets (Cols.1-2) | Net Admitted Assets |
| 1. | Bonds (Schedule D) | 45,808,733 | | 45,808,733 | 47,175,877 |
| 2. | Stocks (Schedule D) | | | | |
| 2.1 | Preferred stocks | | | | |
| 2.2 | Common Stocks | | | | |
| 3. | Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 | First liens | | | | |
| 3.2 | Other than first liens | | | | |
| 4. | Real estate (Schedule A): | | | | |
| 4.1 | Properties occupied by the company (less \$.....0 encumbrances) | | | | |
| 4.2 | Properties held for the production of income (less \$.....0 encumbrances) | | | | |
| 4.3 | Properties held for sale (less \$.....0 encumbrances) | | | | |
| 5. | Cash (\$.....5,006,505, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....140,815, Schedule DA) | 5,147,320 | | 5,147,320 | 15,631,617 |
| 6. | Contract loans (including \$.....0 premium notes) | | | | |
| 7. | Derivatives (Schedule DB) | | | | |
| 8. | Other invested assets (Schedule BA) | | | | |
| 9. | Receivables for securities | | | | |
| 10. | Securities Lending Reinvested Collateral Assets (Schedule DL) | | | | |
| 11. | Aggregate write-ins for invested assets | | | | |
| 12. | Subtotals, cash and invested assets (Lines 1 to 11) | 50,956,053 | | 50,956,053 | 62,807,494 |
| 13. | Title plants less \$.....0 charged off (for Title insurers only) | | | | |
| 14. | Investment income due and accrued | 113,478 | | 113,478 | 122,716 |
| 15. | Premiums and considerations: | | | | |
| 15.1 | Uncollected premiums and agents' balances in the course of collection | 289,607 | 94,298 | 195,309 | 819,399 |
| 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 (\$.....0) and contracts subject to redetermination (\$.....0) | | | | |
| 16. | Reinsurance: | | | | |
| 16.1 | Amounts recoverable from reinsurers | 2,377,575 | | 2,377,575 | 3,199,481 |
| 16.2 | Funds held by or deposited with reinsured companies | | | | |
| 16.3 | Other amounts receivable under reinsurance contracts | | | | |
| 17. | Amounts receivable relating to uninsured plans | | | | |
| 18.1 | Current federal and foreign income tax recoverable and interest thereon | 2,729,537 | | 2,729,537 | 2,229,081 |
| 18.2 | Net deferred tax asset | | | | |
| 19. | Guaranty funds receivable or on deposit | | | | |
| 20. | Electronic data processing equipment and software | | | | 230,936 |
| 21. | Furniture and equipment, including health care delivery assets (\$.....0) | 8,669 | 8,669 | | |
| 22. | Net adjustment in assets and liabilities due to foreign exchange rates | | | | |
| 23. | Receivables from parent, subsidiaries and affiliates | 1,418,465 | | 1,418,465 | 927,262 |
| 24. | Health care (\$.....1,903,849) and other amounts receivable | 2,182,782 | 278,933 | 1,903,849 | 1,177,260 |
| 25. | Aggregate write-ins for other than invested assets | 16,000 | 16,000 | | |
| 26. | TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 60,092,166 | 397,900 | 59,694,266 | 71,513,629 |
| 27. | From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | | |
| 28. | TOTAL (Lines 26 and 27) | 60,092,166 | 397,900 | 59,694,266 | 71,513,629 |
| DETAILS OF WRITE-INS | | | | | |
| 1101. | ..... |  |  |  |  |
| 1102. | ..... |  |  |  |  |
| 1103. | ..... |  |  |  |  |
| 1198. | Summary of remaining write-ins for Line 11 from overflow page | | | | |
| 1199. | TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) | | | | |
| 2501. | Prepaid Expenses | 16,000 | 16,000 | | |
| 2502. | Deferred ACA Asset | | | | |
| 2503. | Pharmacy Rebates | | | | |
| 2598. | Summary of remaining write-ins for Line 25 from overflow page | | | | |
| 2599. | TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) | 16,000 | 16,000 | | |

LIABILITIES, CAPITAL AND SURPLUS

| | | Current Year | | | Prior Year |
|----------------------|--|--------------|----------------|--------------|--------------|
| | | 1 Covered | 2 Uncovered | 3 Total | 4 Total |
| 1. | Claims unpaid (less \$.....0 reinsurance ceded) | 21,817,703 | | 21,817,703 | 25,620,497 |
| 2. | Accrued medical incentive pool and bonus amounts | 130,128 | | 130,128 | 270,001 |
| 3. | Unpaid claims adjustment expenses | 394,677 | | 394,677 | 456,658 |
| 4. | Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act | | | | |
| 5. | Aggregate life policy reserves | | | | |
| 6. | Property/casualty unearned premium reserves | | | | |
| 7. | Aggregate health claim reserves | | | | |
| 8. | Premiums received in advance | 6,291,417 | | 6,291,417 | 6,346,416 |
| 9. | General expenses due or accrued | 4,082,281 | | 4,082,281 | 5,948,385 |
| 10.1 | Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) | | | | |
| 10.2 | Net deferred tax liability | | | | |
| 11. | Ceded reinsurance premiums payable | | | | |
| 12. | Amounts withheld or retained for the account of others | | | | |
| 13. | Remittances and items not allocated | | | | |
| 14. | Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) | | | | |
| 15. | Amounts due to parent, subsidiaries and affiliates | 2,595,699 | | 2,595,699 | 1,412,582 |
| 16. | Derivatives | | | | |
| 17. | Payable for securities | | | | |
| 18. | Payable for securities lending | | | | |
| 19. | Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers) | | | | |
| 20. | Reinsurance in unauthorized and certified (\$.....0) companies | | | | |
| 21. | Net adjustments in assets and liabilities due to foreign exchange rates | | | | |
| 22. | Liability for amounts held under uninsured plans | | | | |
| 23. | Aggregate write-ins for other liabilities (including \$.....0 current) | | | | |
| 24. | TOTAL Liabilities (Lines 1 to 23) | 35,311,905 | | 35,311,905 | 40,054,539 |
| 25. | Aggregate write-ins for special surplus funds | X X X | X X X | 3,400,000 | |
| 26. | Common capital stock | X X X | X X X | 2,500,062 | 2,500,062 |
| 27. | Preferred capital stock | X X X | X X X | | |
| 28. | Gross paid in and contributed surplus | X X X | X X X | 82,866,381 | 82,866,381 |
| 29. | Surplus notes | X X X | X X X | | |
| 30. | Aggregate write-ins for other than special surplus funds | X X X | X X X | | |
| 31. | Unassigned funds (surplus) | X X X | X X X | (64,384,082) | (53,907,353) |
| 32. | Less treasury stock, at cost: | | | | |
| 32.1 |0 shares common (value included in Line 26 \$.....0) | X X X | X X X | | |
| 32.2 |0 shares preferred (value included in Line 27 \$.....0) | X X X | X X X | | |
| 33. | TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) | X X X | X X X | 24,382,361 | 31,459,090 |
| 34. | TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) | X X X | X X X | 59,694,266 | 71,513,629 |
| DETAILS OF WRITE-INS | | | | | |
| 2301. | Minority Interest | | | | |
| 2302. | Deferred gain on sale of bonds to SummaCare, Inc. | | | | |
| 2303. | Miscellaneous | | | | |
| 2398. | Summary of remaining write-ins for Line 23 from overflow page | | | | |
| 2399. | TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) | | | | |
| 2501. | ACA Annual Fee on Health Insurers | X X X | X X X | 3,400,000 | |
| 2502. | ..... | X X X | X X X | | |
| 2503. | ..... | X X X | X X X | | |
| 2598. | Summary of remaining write-ins for Line 25 from overflow page | X X X | X X X | | |
| 2599. | TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) | X X X | X X X | 3,400,000 | |
| 3001. | ..... | X X X | X X X | | |
| 3002. | ..... | X X X | X X X | | |
| 3003. | ..... | X X X | X X X | | |
| 3098. | Summary of remaining write-ins for Line 30 from overflow page | X X X | X X X | | |
| 3099. | TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) | X X X | X X X | | |

STATEMENT OF REVENUE AND EXPENSES

| | | Current Year | | Prior Year |
|-----------------------|---|----------------|-------------|--------------|
| | | 1 Uncovered | 2 Total | 3 Total |
| 1. | Member Months | X X X | 548,129 | 668,877 |
| 2. | Net premium income (including \$.....0 non-health premium income) | X X X | 214,854,062 | 234,605,565 |
| 3. | Change in unearned premium reserves and reserve for rate credits | X X X | | |
| 4. | Fee-for-service (net of \$.....0 medical expenses) | X X X | | |
| 5. | Risk revenue | X X X | | |
| 6. | Aggregate write-ins for other health care related revenues | X X X | | |
| 7. | Aggregate write-ins for other non-health revenues | X X X | | |
| 8. | TOTAL Revenues (Lines 2 to 7) | X X X | 214,854,062 | 234,605,565 |
| Hospital and Medical: | | | | |
| 9. | Hospital/medical benefits | | 161,400,478 | 179,502,219 |
| 10. | Other professional services | | | |
| 11. | Outside referrals | | | |
| 12. | Emergency room and out-of-area | | | |
| 13. | Prescription drugs | | 34,972,199 | 37,638,737 |
| 14. | Aggregate write-ins for other hospital and medical | | | |
| 15. | Incentive pool, withhold adjustments and bonus amounts | | (29,605) | 209,044 |
| 16. | Subtotal (Lines 9 to 15) | | 196,343,072 | 217,350,000 |
| Less: | | | | |
| 17. | Net reinsurance recoveries | | 4,304,566 | 5,406,579 |
| 18. | TOTAL Hospital and Medical (Lines 16 minus 17) | | 192,038,506 | 211,943,421 |
| 19. | Non-health claims (net) | | | |
| 20. | Claims adjustment expenses, including \$.....544,859 cost containment expenses | | 2,785,953 | 3,223,020 |
| 21. | General administrative expenses | | 28,857,955 | 34,892,476 |
| 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) | | 223,682,414 | 250,058,917 |
| 24. | Net underwriting gain or (loss) (Lines 8 minus 23) | X X X | (8,828,352) | (15,453,352) |
| 25. | Net investment income earned (Exhibit of Net Investment Income, Line 17) | | 474,461 | 264,025 |
| 26. | Net realized capital gains (losses) less capital gains tax of \$.....0 | | | |
| 27. | Net investment gains (losses) (Lines 25 plus 26) | | 474,461 | 264,025 |
| 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 | | 973 | 4,149 |
| 30. | Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) | X X X | (8,352,918) | (15,185,178) |
| 31. | Federal and foreign income taxes incurred | X X X | (732,449) | (1,676,494) |
| 32. | Net income (loss) (Lines 30 minus 31) | X X X | (7,620,469) | (13,508,684) |
| DETAILS OF WRITE-INS | | | | |
| 0601. | ..... | X X X | | |
| 0602. | ..... | X X X | | |
| 0603. | ..... | X X X | | |
| 0698. | Summary of remaining write-ins for Line 6 from overflow page | X X X | | |
| 0699. | TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) | X X X | | |
| 0701. | ..... | X X X | | |
| 0702. | ..... | X X X | | |
| 0703. | ..... | X X X | | |
| 0798. | Summary of remaining write-ins for Line 7 from overflow page | X X X | | |
| 0799. | TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) | X X X | | |
| 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. | Gain on the sale of fixed assets | | | |
| 2902. | Miscellaneous Income (Expense) | | 973 | 4,149 |
| 2903. | Finance and service charges not included in premiums | | | |
| 2998. | Summary of remaining write-ins for Line 29 from overflow page | | | |
| 2999. | TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) | | 973 | 4,149 |

STATEMENT OF REVENUE AND EXPENSES (Continued)

| | | 1 | 2 |
|---------------------------|--|--------------|--------------|
| | | Current Year | Prior Year |
| CAPITAL & SURPLUS ACCOUNT | | | |
| 33. | Capital and surplus prior reporting year | 31,459,090 | 29,767,075 |
| 34. | Net income or (loss) from Line 32 | (7,620,469) | (13,508,684) |
| 35. | Change in valuation basis of aggregate policy and claim reserves | | |
| 36. | Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 | | (30,582,313) |
| 37. | Change in net unrealized foreign exchange capital gain or (loss) | | |
| 38. | Change in net deferred income tax | | (567,210) |
| 39. | Change in nonadmitted assets | 543,741 | 30,377,889 |
| 40. | Change in unauthorized and certified reinsurance | | |
| 41. | Change in treasury stock | | |
| 42. | Change in surplus notes | | (35,000,000) |
| 43. | Cumulative effect of changes in accounting principles | | |
| 44. | Capital Changes: | | |
| 44.1 | Paid in | | |
| 44.2 | Transferred from surplus (Stock Dividend) | | |
| 44.3 | Transferred to surplus | | |
| 45. | Surplus adjustments: | | |
| 45.1 | Paid in | | 50,000,000 |
| 45.2 | Transferred to capital (Stock Dividend) | | |
| 45.3 | Transferred from capital | | |
| 46. | Dividends to stockholders | | |
| 47. | Aggregate write-ins for gains or (losses) in surplus | (1) | 972,333 |
| 48. | Net change in capital and surplus (Lines 34 to 47) | (7,076,729) | 1,692,015 |
| 49. | Capital and surplus end of reporting year (Line 33 plus 48) | 24,382,361 | 31,459,090 |
| DETAILS OF WRITE-INS | | | |
| 4701. | Deferred gain on sale of bonds to SummaCare, Inc. | | (6,485) |
| 4702. | Gain on sale of bonds | | |
| 4703. | Federal income tax adjustment | | 978,818 |
| 4798. | Summary of remaining write-ins for Line 47 from overflow page | (1) | |
| 4799. | TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) | (1) | 972,333 |

CASH FLOW

| | | 1 | 2 |
|---|---|--------------|--------------|
| | | Current Year | Prior Year |
| Cash from Operations | | | |
| 1. | Premiums collected net of reinsurance | 215,423,153 | 236,113,446 |
| 2. | Net investment income | 520,843 | 186,001 |
| 3. | Miscellaneous income | | |
| 4. | TOTAL (Lines 1 through 3) | 215,943,996 | 236,299,447 |
| 5. | Benefit and loss related payments | 195,159,267 | 212,168,555 |
| 6. | Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | |
| 7. | Commissions, expenses paid and aggregate write-ins for deductions | 33,571,020 | 34,123,113 |
| 8. | Dividends paid to policyholders | | |
| 9. | Federal and foreign income taxes paid (recovered) net of \$(310,945) tax on capital gains (losses) | (231,992) | (1,829,269) |
| 10. | TOTAL (Lines 5 through 9) | 228,498,295 | 244,462,399 |
| 11. | Net cash from operations (Line 4 minus Line 10) | (12,554,299) | (8,162,952) |
| Cash from Investments | | | |
| 12. | Proceeds from investments sold, matured or repaid: | | |
| 12.1 | Bonds | 1,330,000 | 2,195,000 |
| 12.2 | Stocks | | |
| 12.3 | Mortgage loans | | |
| 12.4 | Real estate | | |
| 12.5 | Other invested assets | | |
| 12.6 | Net gains or (losses) on cash, cash equivalents and short-term investments | | |
| 12.7 | Miscellaneous proceeds | | |
| 12.8 | TOTAL Investment proceeds (Lines 12.1 to 12.7) | 1,330,000 | 2,195,000 |
| 13. | Cost of investments acquired (long-term only): | | |
| 13.1 | Bonds | | 37,562,157 |
| 13.2 | Stocks | | |
| 13.3 | Mortgage loans | | |
| 13.4 | Real estate | | |
| 13.5 | Other invested assets | | |
| 13.6 | Miscellaneous applications | | |
| 13.7 | TOTAL Investments acquired (Lines 13.1 to 13.6) | | 37,562,157 |
| 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) | 1,330,000 | (35,367,157) |
| 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 | | 15,000,000 |
| 16.3 | Borrowed funds | | |
| 16.4 | Net deposits on deposit-type contracts and other insurance liabilities | | |
| 16.5 | Dividends to stockholders | | |
| 16.6 | Other cash provided (applied) | 740,002 | 36,462,431 |
| 17. | Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) | 740,002 | 51,462,431 |
| 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) | (10,484,297) | 7,932,322 |
| 19. | Cash, cash equivalents and short-term investments: | | |
| 19.1 | Beginning of year | 15,631,617 | 7,699,295 |
| 19.2 | End of year (Line 18 plus Line 19.1) | 5,147,320 | 15,631,617 |

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

| | | | |
|---------|--|--|--|
| 20.0001 | | | |
|---------|--|--|--|

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|----------------------|--|-------------|---|------------------------|----------------|----------------|---|----------------------------|--------------------------|-----------------|---------------------|
| | | Total | Comprehensive (Hospital & Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. | Net premium income | 214,854,062 | 214,023,564 | 147,893 | | | | | | 682,605 | |
| 2. | Change in unearned premium reserves and reserve for rate credit | | | | | | | | | | |
| 3. | Fee-for-service (net of \$.0 medical expenses) | | | | | | | | | | X X X |
| 4. | Risk revenue | | | | | | | | | | X X X |
| 5. | Aggregate write-ins for other health care related revenues | | | | | | | | | | X X X |
| 6. | Aggregate write-ins for other non-health care related revenues | | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | |
| 7. | TOTAL Revenues (Lines 1 to 6) | 214,854,062 | 214,023,564 | 147,893 | | | | | | 682,605 | |
| 8. | Hospital/medical benefits | 161,400,478 | 161,285,762 | 114,716 | | | | | | | X X X |
| 9. | Other professional services | | | | | | | | | | X X X |
| 10. | Outside referrals | | | | | | | | | | X X X |
| 11. | Emergency room and out-of-area | | | | | | | | | | X X X |
| 12. | Prescription drugs | 34,972,199 | 34,319,164 | | | | | | | 653,035 | X X X |
| 13. | Aggregate write-ins for other hospital and medical | | | | | | | | | | X X X |
| 14. | Incentive pool, withhold adjustments and bonus amounts | (29,605) | (29,605) | | | | | | | | X X X |
| 15. | Subtotal (Lines 8 to 14) | 196,343,072 | 195,575,321 | 114,716 | | | | | | 653,035 | X X X |
| 16. | Net reinsurance recoveries | 4,304,566 | 4,304,566 | | | | | | | | X X X |
| 17. | TOTAL Hospital and Medical (Lines 15 minus 16) | 192,038,506 | 191,270,755 | 114,716 | | | | | | 653,035 | X X X |
| 18. | Non-health claims (net) | | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | |
| 19. | Claims adjustment expenses including \$.544,859 cost containment expenses | 2,785,953 | 2,775,061 | 1,627 | | | | | | 9,265 | |
| 20. | General administrative expenses | 28,857,955 | 28,745,130 | 16,858 | | | | | | 95,967 | |
| 21. | Increase in reserves for accident and health contracts | | | | | | | | | | X X X |
| 22. | Increase in reserves for life contracts | | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | |
| 23. | TOTAL Underwriting Deductions (Lines 17 to 22) | 223,682,414 | 222,790,946 | 133,201 | | | | | | 758,267 | |
| 24. | Net underwriting gain or (loss) (Line 7 minus Line 23) | (8,828,352) | (8,767,382) | 14,692 | | | | | | (75,662) | |
| DETAILS OF WRITE-INS | | | | | | | | | | | |
| 0501. | ..... |  |  |  |  |  |  |  |  |  | X X X |
| 0502. | ..... |  |  |  |  |  |  |  |  |  | X X X |
| 0503. | ..... |  |  |  |  |  |  |  |  |  | X X X |
| 0598. | Summary of remaining write-ins for Line 5 from overflow page | | | | | | | | | | X X X |
| 0599. | TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) | | | | | | | | | | X X X |
| 0601. | ..... |  | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | |
| 0602. | ..... |  | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | |
| 0603. | ..... |  | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | |
| 0698. | Summary of remaining write-ins for Line 6 from overflow page | | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | |
| 0699. | TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) | | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | |
| 1301. | ..... |  |  |  |  |  |  |  |  |  | X X X |
| 1302. | ..... |  |  |  |  |  |  |  |  |  | X X X |
| 1303. | ..... |  |  |  |  |  |  |  |  |  | X X X |
| 1398. | Summary of remaining write-ins for Line 13 from overflow page | | | | | | | | | | X X X |
| 1399. | TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) | | | | | | | | | | X X X |

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

| | | 1 | 2 | 3 | 4 |
|------------------|--|--------------------|------------------------|----------------------|---|
| | | Direct Business | Reinsurance Assumed | Reinsurance Ceded | Net Premium Income (Columns 1 + 2 - 3) |
| Line of Business | | | | | |
| 1. | Comprehensive (hospital and medical) | 215,785,554 | | 1,761,990 | 214,023,564 |
| 2. | Medicare Supplement | 147,893 | | | 147,893 |
| 3. | Dental only | | | | |
| 4. | Vision only | | | | |
| 5. | Federal Employees Health Benefits Plan | | | | |
| 6. | Title XVIII - Medicare | | | | |
| 7. | Title XIX - Medicaid | | | | |
| 8. | Other health | 682,605 | | | 682,605 |
| 9. | Health subtotal (Lines 1 through 8) | 216,616,052 | | 1,761,990 | 214,854,062 |
| 10. | Life | | | | |
| 11. | Property/casualty | | | | |
| 12. | TOTALS (Lines 9 to 11) | 216,616,052 | | 1,761,990 | 214,854,062 |

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|-------------|--|------------------------|----------------|----------------|---|----------------------------|--------------------------|-----------------|---------------------|
| | Total | Comprehensive (Hospital & Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. Payments during the year: | | | | | | | | | | |
| 1.1 Direct | 200,175,471 | 199,397,693 | 111,833 | | | | | | 665,945 | |
| 1.2 Reinsurance assumed | | | | | | | | | | |
| 1.3 Reinsurance ceded | 5,126,472 | 5,126,472 | | | | | | | | |
| 1.4 Net | 195,048,999 | 194,271,221 | 111,833 | | | | | | 665,945 | |
| 2. Paid medical incentive pools and bonuses | 110,268 | 110,268 | | | | | | | | |
| 3. Claim liability December 31, current year from Part 2A: | | | | | | | | | | |
| 3.1 Direct | 21,817,703 | 21,789,646 | 18,387 | | | | | | 9,670 | |
| 3.2 Reinsurance assumed | | | | | | | | | | |
| 3.3 Reinsurance ceded | | | | | | | | | | |
| 3.4 Net | 21,817,703 | 21,789,646 | 18,387 | | | | | | 9,670 | |
| 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 | 130,128 | 130,128 | | | | | | | | |
| 6. Net healthcare receivables (a) | | | | | | | | | | |
| 7. Amounts recoverable from reinsurers December 31, current year | 2,377,575 | 2,377,575 | | | | | | | | |
| 8. Claim liability December 31, prior year from Part 2A: | | | | | | | | | | |
| 8.1 Direct | 25,620,497 | 25,582,413 | 15,504 | | | | | | 22,580 | |
| 8.2 Reinsurance assumed | | | | | | | | | | |
| 8.3 Reinsurance ceded | | | | | | | | | | |
| 8.4 Net | 25,620,497 | 25,582,413 | 15,504 | | | | | | 22,580 | |
| 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 | 270,001 | 270,001 | | | | | | | | |
| 11. Amounts recoverable from reinsurers December 31, prior year | 3,199,481 | 3,199,481 | | | | | | | | |
| 12. Incurred benefits: | | | | | | | | | | |
| 12.1 Direct | 196,372,677 | 195,604,926 | 114,716 | | | | | | 653,035 | |
| 12.2 Reinsurance assumed | | | | | | | | | | |
| 12.3 Reinsurance ceded | 4,304,566 | 4,304,566 | | | | | | | | |
| 12.4 Net | 192,068,111 | 191,300,360 | 114,716 | | | | | | 653,035 | |
| 13. Incurred medical incentive pools and bonuses | (29,605) | (29,605) | | | | | | | | |

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|------------|---|------------------------|----------------|----------------|---|----------------------------|--------------------------|-----------------|---------------------|
| | Total | Compre- hensive (Hospital & Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. Reported in Process of Adjustment: | | | | | | | | | | |
| 1.1 Direct | | | | | | | | | | |
| 1.2 Reinsurance assumed | | | | | | | | | | |
| 1.3 Reinsurance ceded | | | | | | | | | | |
| 1.4 Net | | | | | | | | | | |
| 2. Incurred but Unreported: | | | | | | | | | | |
| 2.1 Direct | 21,817,703 | 21,789,646 | 18,387 | | | | | | 9,670 | |
| 2.2 Reinsurance assumed | | | | | | | | | | |
| 2.3 Reinsurance ceded | | | | | | | | | | |
| 2.4 Net | 21,817,703 | 21,789,646 | 18,387 | | | | | | 9,670 | |
| 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 | 21,817,703 | 21,789,646 | 18,387 | | | | | | 9,670 | |
| 4.2 Reinsurance assumed | | | | | | | | | | |
| 4.3 Reinsurance ceded | | | | | | | | | | |
| 4.4 Net | 21,817,703 | 21,789,646 | 18,387 | | | | | | 9,670 | |

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

| | | Claims Paid During the Year | | Claim Reserve and Claim Liability December 31 of Current Year | | 5 | 6 |
|------------------------|--|---|--|---|--|--|---|
| | | 1 On Claims Incurred Prior to January 1 of Current Year | 2 On Claims Incurred During the Year | 3 On Claims Unpaid December 31 of Prior Year | 4 On Claims Incurred During the Year | Claims Incurred in Prior Years (Columns 1 + 3) | Estimated Claim Reserve and Claim Liability December 31 of Prior Year |
| Line of Business | | | | | | | |
| 1. | Comprehensive (hospital and medical) | 25,436,312 | 169,697,468 | 31,000 | 21,717,994 | 25,467,312 | 25,582,414 |
| 2. | Medicare Supplement | 16,000 | 94,221 | | 19,998 | 16,000 | 15,503 |
| 3. | Dental only | | | | | | |
| 4. | Vision only | | | | | | |
| 5. | Federal Employees Health Benefits Plan | | | | | | |
| 6. | Title XVIII - Medicare | | | | | | |
| 7. | Title XIX - Medicaid | | | | | | |
| 8. | Other health | 23,000 | 603,904 | | 48,711 | 23,000 | 22,580 |
| 9. | Health subtotal (Lines 1 to 8) | 25,475,312 | 170,395,593 | 31,000 | 21,786,703 | 25,506,312 | 25,620,497 |
| 10. | Healthcare receivables (a) | | | | | | |
| 11. | Other non-health | | | | | | |
| 12. | Medical incentive pool and bonus amounts | 110,268 | | 130,128 | | 240,396 | 270,001 |
| 13. | TOTALS (Lines 9 - 10 + 11 + 12) | 25,585,580 | 170,395,593 | 161,128 | 21,786,703 | 25,746,708 | 25,890,498 |

(a) Excludes \$.00 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 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. | Prior | 13,338 | 13,338 | 13,338 | 13,338 | 13,338 |
| 2. | 2011 | 140,039 | 155,643 | 155,643 | 155,643 | 155,643 |
| 3. | 2012 | X X X | 161,880 | 180,289 | 180,289 | 180,289 |
| 4. | 2013 | X X X | X X X | 183,147 | 204,568 | 204,568 |
| 5. | 2014 | X X X | X X X | X X X | 187,992 | 213,578 |
| 6. | 2015 | X X X | X X X | X X X | X X X | 170,395 |

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 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. | Prior | 13,339 | 13,338 | 13,338 | 13,338 | 13,338 |
| 2. | 2011 | 157,240 | 155,647 | 155,643 | 155,643 | 155,643 |
| 3. | 2012 | X X X | 183,162 | 180,370 | 180,289 | 180,289 |
| 4. | 2013 | X X X | X X X | 206,426 | 204,670 | 204,569 |
| 5. | 2014 | X X X | X X X | X X X | 213,781 | 213,738 |
| 6. | 2015 | X X X | X X X | X X X | X X X | 192,182 |

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 | 4 (Col. 3/2) Percent | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 (Col. 9/1) Percent |
|---|------------|-----------------------------|-----------------------------|---|--------------------------------|---|--------------------------------|---------------------------|--|---|---------------------------------|
| 1. | 2011 | 175,693 | 155,643 | 1,376 | 0.884 | 157,019 | 89.371 | | | 157,019 | 89.371 |
| 2. | 2012 | 205,246 | 180,289 | 1,698 | 0.942 | 181,987 | 88.668 | | | 181,987 | 88.668 |
| 3. | 2013 | 219,611 | 204,568 | 3,127 | 1.529 | 207,695 | 94.574 | 1 | | 207,696 | 94.575 |
| 4. | 2014 | 234,606 | 213,578 | 3,207 | 1.502 | 216,785 | 92.404 | 160 | | 216,945 | 92.472 |
| 5. | 2015 | 214,854 | 170,395 | 2,414 | 1.417 | 172,809 | 80.431 | 21,787 | 395 | 194,991 | 90.755 |

12 Total

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 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. | Prior | 13,331 | 13,331 | 13,331 | 13,331 | 13,331 |
| 2. | 2011 | 136,245 | 151,804 | 151,804 | 151,804 | 151,804 |
| 3. | 2012 | X X X | 161,403 | 179,769 | 179,769 | 179,769 |
| 4. | 2013 | X X X | X X X | 181,990 | 203,372 | 203,372 |
| 5. | 2014 | X X X | X X X | X X X | 186,336 | 211,883 |
| 6. | 2015 | X X X | X X X | X X X | X X X | 169,697 |

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 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. | Prior | 13,332 | 13,331 | 13,331 | 13,331 | 13,331 |
| 2. | 2011 | 153,045 | 151,808 | 151,804 | 151,804 | 151,804 |
| 3. | 2012 | X X X | 182,674 | 179,850 | 179,769 | 179,769 |
| 4. | 2013 | X X X | X X X | 205,231 | 203,474 | 203,373 |
| 5. | 2014 | X X X | X X X | X X X | 212,086 | 212,043 |
| 6. | 2015 | X X X | X X X | X X X | X X X | 191,415 |

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 | 4 (Col. 3/2) Percent | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 (Col. 9/1) Percent |
|---|------------|-----------------------------|-----------------------------|---|--------------------------------|---|--------------------------------|---------------------------|--|---|---------------------------------|
| 1. | 2011 | 171,706 | 151,804 | 1,346 | 0.887 | 153,150 | 89.193 | | | 153,150 | 89.193 |
| 2. | 2012 | 203,989 | 179,769 | 1,690 | 0.940 | 181,459 | 88.955 | | | 181,459 | 88.955 |
| 3. | 2013 | 218,105 | 203,372 | 3,111 | 1.529 | 206,483 | 94.671 | 1 | | 206,484 | 94.672 |
| 4. | 2014 | 233,029 | 211,883 | 3,183 | 1.502 | 215,066 | 92.292 | 160 | | 215,226 | 92.360 |
| 5. | 2015 | 214,023 | 169,697 | 2,402 | 1.416 | 172,099 | 80.412 | 21,718 | 394 | 194,211 | 90.743 |

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

| Year in Which Losses Were Incurred | | Cumulative Net Amounts Paid | | | | |
|---------------------------------------|-------------|-----------------------------|-----------|-----------|-----------|-----------|
| | | 1 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. | Prior | 7 | 7 | 7 | 7 | 7 |
| 2. | 2011 | 42 | 57 | 57 | 57 | 57 |
| 3. | 2012 | X X X | 60 | 69 | 69 | 69 |
| 4. | 2013 | X X X | X X X | 58 | 73 | 73 |
| 5. | 2014 | X X X | X X X | X X X | 80 | 96 |
| 6. | 2015 | X X X | X X X | X X X | X X X | 94 |

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 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. | Prior | 7 | 7 | 7 | 7 | 7 |
| 2. | 2011 | 55 | 57 | 57 | 57 | 57 |
| 3. | 2012 | X X X | 71 | 69 | 69 | 69 |
| 4. | 2013 | X X X | X X X | 72 | 73 | 73 |
| 5. | 2014 | X X X | X X X | X X X | 96 | 96 |
| 6. | 2015 | X X X | X X X | X X X | X X X | 114 |

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 | 4 (Col. 3/2) Percent | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 (Col. 9/1) Percent |
|---|------------|-----------------------------|-----------------------------|---|--------------------------------|---|--------------------------------|---------------------------|--|---|---------------------------------|
| 1. | 2011 | 95 | 57 | 1 | 1.794 | 58 | 61.077 | | | 58 | 61.077 |
| 2. | 2012 | 108 | 69 | 1 | 1.411 | 70 | 64.790 | | | 70 | 64.790 |
| 3. | 2013 | 120 | 73 | 1 | 1.383 | 74 | 61.675 | | | 74 | 61.675 |
| 4. | 2014 | 137 | 96 | 1 | 1.201 | 97 | 70.915 | | | 97 | 70.915 |
| 5. | 2015 | 148 | 94 | 2 | 1.791 | 96 | 64.651 | 20 | | 116 | 78.165 |

12 Medicare Supplement

| | |
|--|------|
| 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 |
| 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP | NONE |
| 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP | NONE |
| 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP | NONE |
| 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare | NONE |
| 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare | NONE |
| 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare | NONE |
| 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 |

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

Other

Section A - Paid Health Claims

| Year in Which Losses Were Incurred | | Cumulative Net Amounts Paid | | | | |
|---------------------------------------|-------------|-----------------------------|-----------|-----------|-----------|-----------|
| | | 1 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. | Prior | | | | | |
| 2. | 2011 | 3,752 | 3,782 | 3,782 | 3,782 | 3,782 |
| 3. | 2012 | X X X | 417 | 451 | 451 | 451 |
| 4. | 2013 | X X X | X X X | 1,099 | 1,123 | 1,123 |
| 5. | 2014 | X X X | X X X | X X X | 1,576 | 1,599 |
| 6. | 2015 | X X X | X X X | X X X | X X X | 604 |

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 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. | Prior | | | | | |
| 2. | 2011 | 4,140 | 3,782 | 3,782 | 3,782 | 3,782 |
| 3. | 2012 | X X X | 417 | 451 | 451 | 451 |
| 4. | 2013 | X X X | X X X | 1,123 | 1,123 | 1,123 |
| 5. | 2014 | X X X | X X X | X X X | 1,599 | 1,599 |
| 6. | 2015 | X X X | X X X | X X X | X X X | 653 |

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 | 4 (Col. 3/2) Percent | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 (Col. 9/1) Percent |
|---|------------|-----------------------------|-----------------------------|---|--------------------------------|---|--------------------------------|---------------------------|--|---|---------------------------------|
| 1. | 2011 | 3,892 | 3,782 | 29 | 0.758 | 3,811 | 97.910 | | | 3,811 | 97.910 |
| 2. | 2012 | 1,149 | 451 | 7 | 1.534 | 458 | 39.854 | | | 458 | 39.854 |
| 3. | 2013 | 1,386 | 1,123 | 16 | 1.413 | 1,139 | 82.169 | | | 1,139 | 82.169 |
| 4. | 2014 | 1,440 | 1,599 | 23 | 1.421 | 1,622 | 112.619 | | | 1,622 | 112.619 |
| 5. | 2015 | 683 | 604 | 10 | 1.612 | 614 | 89.859 | 49 | 1 | 664 | 97.180 |

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

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|-------|---|------------------------|----------------|----------------|---|----------------------------|--------------------------|-------|
| | Total | Compre- hensive (Hospital & Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | 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 \$##### for investment income) | | | | | | | | | |
| 5. Aggregate write-ins for other policy reserves | | | | | | | | | |
| 6. TOTALS (Gross) | | | | | | | | | |
| 7. Reinsurance ceded | | | | | | | | | |
| 8. TOTALS (Net) (Page 3, Line 4) | | | | | | | | | |
| 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 | 4 | 5 |
|----------------------|--|---------------------------|---------------------------------|---------------------------------|---------------------|----------------|
| | | 1 | 2 | | | |
| | | Cost Containment Expenses | Other Claim Adjustment Expenses | General Administrative Expenses | Investment Expenses | Total |
| 1. | Rent (\$.....0 for occupancy of own building) | 31,790 | 31,790 | 433,132 | | 496,712 |
| 2. | Salaries, wages and other benefits | 260,062 | 470,735 | 7,253,631 | | 7,984,428 |
| 3. | Commissions (less \$.....0 ceded plus \$.....0 assumed) | | | 7,296,507 | | 7,296,507 |
| 4. | Legal fees and expenses | | | 19,394 | | 19,394 |
| 5. | Certifications and accreditation fees | | | | | |
| 6. | Auditing, actuarial and other consulting services | 4,400 | 3,670 | 172,386 | | 180,456 |
| 7. | Traveling expenses | | | 34,748 | | 34,748 |
| 8. | Marketing and advertising | | | 472,217 | | 472,217 |
| 9. | Postage, express and telephone | 30,840 | 148,055 | 187,247 | | 366,142 |
| 10. | Printing and office supplies | 6,758 | 3 | 359,589 | | 366,350 |
| 11. | Occupancy, depreciation and amortization | 5,178 | 5,178 | 156,648 | | 167,004 |
| 12. | Equipment | | | 22,916 | | 22,916 |
| 13. | Cost or depreciation of EDP equipment and software | | | 775,972 | | 775,972 |
| 14. | Outsourced services including EDP, claims, and other services | 183,258 | 783,896 | 1,371,770 | | 2,338,924 |
| 15. | Boards, bureaus and association fees | | | 2,482 | | 2,482 |
| 16. | Insurance, except on real estate | | | 69,081 | | 69,081 |
| 17. | Collection and bank service charges | | | | 102,617 | 102,617 |
| 18. | Group service and administration fees | | 759,156 | 2,281,136 | | 3,040,292 |
| 19. | Reimbursements by uninsured plans | | | | | |
| 20. | Reimbursements from fiscal intermediaries | | | | | |
| 21. | Real estate expenses | | | | | |
| 22. | Real estate taxes | | | | | |
| 23. | Taxes, licenses and fees: | | | | | |
| 23.1 | State and local insurance taxes | | | 28 | | 28 |
| 23.2 | State premium taxes | | | 1,268,846 | | 1,268,846 |
| 23.3 | Regulatory authority licenses and fees | | | 6,207,291 | | 6,207,291 |
| 23.4 | Payroll taxes | 18,452 | 35,457 | 420,162 | | 474,071 |
| 23.5 | Other (excluding federal income and real estate taxes) | | | | | |
| 24. | Investment expenses not included elsewhere | | | | | |
| 25. | Aggregate write-ins for expenses | 4,121 | 3,164 | 52,772 | | 60,057 |
| 26. | TOTAL Expenses Incurred (Lines 1 to 25) | 544,859 | 2,241,104 | 28,857,955 | 102,617 | (a) 31,746,535 |
| 27. | Less expenses unpaid December 31, current year | | 394,677 | 4,082,281 | | 4,476,958 |
| 28. | Add expenses unpaid December 31, prior year | | 456,658 | 5,948,385 | | 6,405,043 |
| 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) | 544,859 | 2,303,085 | 30,724,059 | 102,617 | 33,674,620 |
| DETAILS OF WRITE-INS | | | | | | |
| 2501. | Miscellaneous Expenses | 4,121 | 3,164 | 14,272 | | 21,557 |
| 2502. | Donations | | | 38,500 | | 38,500 |
| 2503. | ..... |  |  |  |  |  |
| 2598. | Summary of remaining write-ins for Line 25 from overflow page | | | | | |
| 2599. | TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) | 4,121 | 3,164 | 52,772 | | 60,057 |

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

EXHIBIT OF NET INVESTMENT INCOME

| | | 1 | 2 |
|---|---|--------------------------|-----------------------|
| | | Collected During Year | Earned During Year |
| 1. | U.S. Government bonds | (a)..... 575,019 | 575,019 |
| 1.1 | Bonds exempt from U.S. tax | (a)..... | ..... |
| 1.2 | Other bonds (unaffiliated) | (a)..... | ..... |
| 1.3 | Bonds of affiliates | (a)..... | ..... |
| 2.1 | Preferred stocks (unaffiliated) | (b)..... | ..... |
| 2.11 | Preferred stocks of affiliates | (b)..... | ..... |
| 2.2 | Common stocks (unaffiliated) ..... | ..... | ..... |
| 2.21 | Common stocks of affiliates ..... | ..... | ..... |
| 3. | Mortgage loans | (c)..... | ..... |
| 4. | Real estate | (d)..... | ..... |
| 5. | Contract loans ..... | ..... | ..... |
| 6. | Cash, cash equivalents and short-term investments | (e)..... 2,058 | 2,058 |
| 7. | Derivative instruments | (f)..... | ..... |
| 8. | Other invested assets ..... | ..... | ..... |
| 9. | Aggregate write-ins for investment income ..... | ..... | ..... |
| 10. | TOTAL Gross investment income | 577,077 | 577,077 |
| 11. | Investment expenses ..... | ..... | (g)..... 102,616 |
| 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) ..... | ..... | ..... 102,616 |
| 17. | Net Investment income (Line 10 minus Line 16) ..... | ..... | ..... 474,461 |
| 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 \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 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 \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts. | | | |
| (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes. | | | |
| (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets. | | | |

EXHIBIT OF CAPITAL GAINS (LOSSES)

| | | 1 | 2 | 3 | 4 | 5 |
|----------------------|--|---|-------------------------------|---|--|--|
| | | Realized Gain (Loss) on Sales or Maturity | Other Realized Adjustments | Total Realized Capital Gain (Loss) (Columns 1 + 2) | Change in Unrealized Capital Gain (Loss) | Change in Unrealized Foreign Exchange Capital Gain (Loss) |
| 1. | U.S. Government bonds ..... | ..... | ..... | ..... | ..... | ..... |
| 1.1 | Bonds exempt from U.S. tax ..... | ..... | ..... | ..... | ..... | ..... |
| 1.2 | Other bonds (unaffiliated) ..... | ..... | ..... | ..... | ..... | ..... |
| 1.3 | Bonds of affiliates ..... | ..... | ..... | ..... | ..... | ..... |
| 2.1 | Preferred stocks (unaffiliated) ..... | ..... | ..... | ..... | ..... | ..... |
| 2.11 | Preferred stocks of affiliates ..... | ..... | ..... | ..... | ..... | ..... |
| 2.2 | Common stocks (unaffiliated) ..... | ..... | ..... | ..... | ..... | ..... |
| 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) ..... | ..... | ..... | ..... | ..... | ..... |
| 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 | 2 | 3 |
|----------------------|--|--|--|--|
| | | Current Year Total Nonadmitted Assets | Prior Year Total Nonadmitted Assets | 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) | | | |
| 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) | | | |
| 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 | 94,298 | 305,832 | 211,534 |
| 15.2 | Deferred premiums, agents' balances and installments booked but deferred and not yet due | | | |
| 15.3 | Accrued retrospective premiums and contracts subject to redetermination | | | |
| 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 | | | |
| 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 | | | |
| 21. | Furniture and equipment, including health care delivery assets | 8,669 | 52,405 | 43,736 |
| 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 | 278,933 | 568,904 | 289,971 |
| 25. | Aggregate write-ins for other than invested assets | 16,000 | 14,500 | (1,500) |
| 26. | TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 397,900 | 941,641 | 543,741 |
| 27. | From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | |
| 28. | TOTAL (Lines 26 and 27) | 397,900 | 941,641 | 543,741 |
| DETAILS OF WRITE-INS | | | | |
| 1101. | ..... |  |  |  |
| 1102. | ..... |  |  |  |
| 1103. | ..... |  |  |  |
| 1198. | Summary of remaining write-ins for Line 11 from overflow page | | | |
| 1199. | TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) | | | |
| 2501. | Prepaid Expenses | 16,000 | 14,500 | (1,500) |
| 2502. | Deferred gain on bonds sold to SummaCare | | | |
| 2503. | ..... |  |  |  |
| 2598. | Summary of remaining write-ins for Line 25 from overflow page | | | |
| 2599. | TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) | 16,000 | 14,500 | (1,500) |

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

| Source of Enrollment | | Total Members at End of | | | | | 6 |
|----------------------|--|-------------------------|-----------------------|------------------------|-----------------------|----------------------|----------------------------------|
| | | 1 Prior Year | 2 First Quarter | 3 Second Quarter | 4 Third Quarter | 5 Current Year | Current Year Member Months |
| 1. | Health Maintenance Organizations ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2. | Provider Service Organizations ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3. | Preferred Provider Organizations | 51,835 | 47,753 | 46,036 | 44,961 | 43,383 | 548,129 |
| 4. | Point of Service ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 5. | Indemnity Only ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 6. | Aggregate write-ins for other lines of business ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 7. | TOTAL | 51,835 | 47,753 | 46,036 | 44,961 | 43,383 | 548,129 |
| 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 and Going Concern

A. Accounting Practices

Summa Insurance Company’s (the Company or SIC) statutory financial statements are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance (ODI).

The ODI recognizes only statutory accounting practices prescribed or permitted by the State of Ohio (the State) for determining its solvency under Ohio Insurance Law. NAIC SAP has been adopted as a component of the prescribed or permitted practices by the State with some modifications. These modifications include a five-year life on Electronic Data Processing (EDP) equipment and a 90-day limitation on collection of affiliate balances. Accordingly, the admitted assets, liabilities, capital and surplus of the Company as of December 31, 2015 and December 31, 2014 and the results of its operations and its cash flow for the years then ended have been determined in accordance with accounting principles prescribed or permitted by the ODI. Management believes the difference in capital and surplus between NAIC SAP and accounting principles prescribed or permitted by the ODI is not material.

| | State of Domicile | 12/31/2015 | 12/31/2014 |
|---|----------------------|-------------|--------------|
| <u>Net Income</u> | | | |
| 1) SIC state basis (Page 4, Line 32, Columns 2 & 3) | OH | (7,620,469) | (13,508,684) |
| 2) State Prescribed Practices that increase / (decrease) NAIC SAP | OH | - | - |
| 3) State Permitted Practices that increase / (decrease) NAIC SAP: | OH | - | - |
| 4) NAIC SAP | OH | (7,620,469) | (13,508,684) |
| <u>Surplus</u> | | | |
| 5) SIC state basis (Page 3, Line 33, Columns 3 & 4) | OH | 24,382,361 | 31,459,090 |
| 6) State Prescribed Practices that increase / (decrease) NAIC SAP | OH | - | - |
| 7) State Permitted Practices that increase / (decrease) NAIC SAP: | OH | - | - |
| 8) NAIC SAP | OH | 24,382,361 | 31,459,090 |

B. Use of Estimates

The preparation of financial statements in conformity with NAIC SAP, the NAIC Annual Statement Instructions and other accounting practices prescribed or permitted by the ODI requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

C. Accounting Policy

The Company uses the following accounting policies:

- 1) Cash and Short-Term Investments
- Cash and short-term investments include cash on hand, cash held in bank accounts (including overdrafts), interest bearing deposits, and money market instruments purchased with an original maturity of one year or less. Short-term investments are stated at amortized cost.
- 2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- 3) Common stocks – None.
- 4) Preferred stocks – None.
- 5) Mortgage loans on real estate – None.
- 6) Loan backed securities – None.
- 7) Investments in subsidiaries, controlled and affiliated entities - None.
- 8) Investments in joint ventures, partnerships and limited liability companies – None.
- 9) Accounting policy for derivatives – The Company does not invest in derivative instruments.
- 10) The Company anticipates investment income as a factor in premium deficiency calculation, in accordance with SSAP No. 54, Individual Group Accident and Health Contracts.
- 11) The cost of healthcare services is recognized in the period in which services are provided. Healthcare expenses also include an estimate of the cost of services provided to SIC members by third party providers, which have been incurred but not reported to SIC. The estimate for incurred but not reported claims is based on actuarial projections of costs using historical paid claims data. Estimates are continually monitored and reviewed and, as settlements are made or estimates are adjusted, differences are reflected in current operations. Such estimates are subject to the impact of changes in the regulatory environment and economic conditions. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. While the ultimate amount of claims paid are dependent on future

Notes to Financial Statements

developments, management is of the opinion that the reserves for claims and the cost to process claims make a reasonable and appropriate provision to cover such claims.

12) The Company’s capitalization policy and predefined thresholds have not changed from the prior period.

13) Pharmaceutical rebates are reported as a reduction of prescription drug expense. Receivables related to pharmaceutical rebates are recorded in accordance with SSAP No. 84, Certain Health Care Receivables and Receivables Under Government Insured Plans. Pharmacy rebates receivable are estimated by multiplying the most recent rebate received by two (two quarters).

D. Going Concern – Not applicable.

2. Accounting Changes and Corrections of Errors

A. Material Changes in accounting principles and / or corrections of errors include – None.

3. Business Combinations and Goodwill

A. Statutory Purchase Method – None.

B. Statutory Merger – None.

C. Assumption Reinsurance – None.

D. Impairment Loss – None.

4. Discontinued Operations – None.

5. Investments

A. Mortgage Loans – None.

B. Debt Restructuring – None.

C. Reverse Mortgages – None.

D. Loan Backed Securities – None.

E. Repurchase Agreements – None.

F. Real Estate - None.

G. Investments in Low-Income Housing Tax Credits – None.

H. Restricted Assets – None.

I. Working Capital Finance Investments – None.

J. Offsetting and Netting of Assets and Liabilities – None.

K. Structured Notes – None.

6. Joint Ventures, Partnerships and Limited Liability Companies

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

B. Impaired investments in joint ventures, partnerships and limited liability companies – None.

7. Investment Income

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

All accrued investment income was admitted for the period.

B. The total amount excluded was \$0.

Notes to Financial Statements

8. Derivative Instruments – None.

9. Income Taxes

A. The components of deferred tax asset / liability at December 31, 2015 and December 31, 2014 are as follows:

| | 12/31/15 | | | 12/31/2014 | | | Change | | |
|--|--------------|--------------|-------------|-------------|---------|-------------|------------|---------|---------------|
| | Ordinary | Capital | Total | Ordinary | Capital | Total | Ordinary | Capital | Total |
| 1. | | | | | | | | | |
| (a) Gross Deferred Tax Assets | \$4,211,787 | \$0 | \$4,211,787 | \$3,542,412 | \$0 | \$3,542,412 | \$669,375 | \$0 | \$669,375 |
| (b) Statutory Valuation Allowance Adjustments | \$4,198,197 | \$0 | \$4,198,197 | \$3,464,433 | \$0 | \$3,464,433 | \$733,764 | \$0 | \$733,764 |
| (c) Adjusted Gross DTA's (1a-1b) | \$13,590 | \$0 | \$13,590 | \$77,979 | \$0 | \$77,979 | (\$64,389) | \$0 | (\$64,389) |
| (d) DTA's Nonadmitted | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| (e) Subtotal Net DTA's (1c-1d) | \$13,590 | \$0 | \$13,590 | \$77,979 | \$0 | \$77,979 | (\$64,389) | \$0 | (\$64,389) |
| (f) Deferred Tax Liabilities | (\$13,590) | \$0 | (\$13,590) | \$77,979 | \$0 | \$77,979 | (\$91,569) | \$0 | (\$91,569) |
| (g) Net Admitted DTA / Net DTL (1e-1f) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1 | \$0 | \$1 |
| 2. | | | | | | | | | |
| Admission Calculation Components SSAP No. 101 | | | | | | | | | |
| (a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| (b) Adjusted Gross DTA's Expected to be Realized (Excluding The Amount of DTA's From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2 (b) 1 and 2 (b) 2 Below) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1. Adjusted Gross DTA's Expected to be Realized Following the Balance Sheet Date. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2. Adjusted Gross DTA's Allowed Per Limitation Threshold. | XXX | XXX | \$3,657,354 | XXX | XXX | \$4,718,863 | XXX | XXX | (\$1,061,509) |
| (c) Adjusted Gross DTA's (Excluding The Amount of DTA's from 2 (a) and 2 (b) above) Offset by Gross DTL's. | \$13,590 | \$0 | \$13,590 | \$77,979 | \$0 | \$77,979 | (\$64,389) | \$0 | (\$64,389) |
| (d) DTA's Admitted as the result of application of SSAP No. 101. Total (2(a)+2(b)+2(c)) | \$13,590 | \$0 | \$13,590 | \$77,979 | \$0 | \$77,979 | (\$64,389) | \$0 | (\$64,389) |
| 3. | | | | | | | | | |
| (a) Ratio Percentage used To Determine Recovery Period And Threshold Limitation Amount. | 2015 307% | 2014 362% | | | | | | | |
| (b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2 (b) 2 Above. | \$24,382,361 | \$31,459,090 | | | | | | | |
| 4. | | | | | | | | | |
| Impact of Tax-Planning Strategies | | | | | | | | | |
| (a) Determination of Adjusted Gross DTA's and Net Admitted DTA's By Tax Character as a percentage. | | | | | | | | | |
| 1. Adjusted Gross DTA's from 9A1c | \$13,590 | \$0 | \$13,590 | \$77,979 | \$0 | \$77,979 | | | |
| 2. Percentage of Adjusted Gross DTA's | 0% | 0% | 0% | 0% | 0% | 0% | | | |
| 3. Net Admitted Gross DTA's 9A1e | \$13,590 | \$0 | \$13,590 | \$77,979 | \$0 | \$77,979 | | | |
| 4. Percentage of Net Admitted Adjusted Gross DTA's because of tax planning. | 0% | 0% | 0% | 0% | 0% | 0% | | | |
| (b) Does the Company's tax planning strategies include reinsurance? | Yes _____ | No _____ | X _____ | | | | | | |

B. Regarding deferred tax liabilities not recognized – None.

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

Notes to Financial Statements

| | 12/31/2015 | 12/31/2014 | Change |
|--|-------------|---------------|------------|
| 1. Current Income Tax | | | |
| (a) Federal | (\$732,449) | (\$1,676,494) | \$944,045 |
| (b) Foreign | \$0 | \$0 | \$0 |
| (c) Subtotal | (\$732,449) | (\$1,676,494) | \$944,045 |
| (d) Federal Income Tax on Net Capital Gains | \$0 | \$0 | \$0 |
| (e) Utilization of Capital Loss Carry Forwards | \$0 | \$0 | \$0 |
| (f) Other | \$0 | \$0 | \$0 |
| (g) Federal and Foreign Income Taxes Incurred | (\$732,449) | (\$1,676,494) | \$944,045 |
| 2. Deferred Tax Assets: | | | |
| (a) Ordinary | | | |
| (1) Unpaid Losses | \$57,513 | \$79,117 | (\$21,604) |
| (2) Unearned Premium Reserve | \$427,816 | \$431,556 | (\$3,740) |
| (3) Policyholder Reserves | 0 | \$0 | \$0 |
| (4) Investments | \$0 | \$0 | \$0 |
| (5) Deferred Acquisition Costs | \$0 | \$0 | \$0 |
| (6) Policyholder Dividends Accrual | \$0 | \$0 | \$0 |
| (7) Fixed Assets | \$45,141 | \$17,818 | \$27,323 |
| (8) Compensation and Benefits Accrual | \$431,408 | \$479,505 | (\$48,097) |
| (9) Pension Accrual | \$0 | \$0 | \$0 |
| (10) Receivables - Nonadmitted | \$225,081 | \$302,340 | (\$77,260) |
| (11) Net Operating Loss Carry-Forward | \$2,313,715 | \$2,195,673 | \$118,042 |
| (12) Tax credit carryforward | \$0 | \$0 | \$0 |
| (13) Other (Including items < 5% of total ordinary a | \$711,113 | \$36,403 | \$674,710 |
| Subtotal | \$4,211,787 | \$3,542,412 | \$669,375 |
| (b) Statutory Valuation Allowance | \$4,198,197 | \$3,464,433 | \$733,764 |
| (c) Nonadmitted | \$0 | \$0 | \$0 |
| (d) Admitted Ordinary Deferred Tax Assets | \$13,590 | \$77,979 | (\$64,389) |
| (e) Capital | | | |
| (1) Investments | \$0 | \$0 | \$0 |
| (2) Net Capital Loss Carry-Forward | \$0 | \$0 | \$0 |
| (3) Real Estate | \$0 | \$0 | \$0 |
| (4) Other | \$0 | \$0 | \$0 |
| Subtotal | \$0 | \$0 | \$0 |
| (f) Statutory Valuation Allowance Adjustment | \$0 | \$0 | \$0 |
| (g) Nonadmitted | \$0 | \$0 | \$0 |
| (h) Admitted Capital Deferred Tax Assets | \$0 | \$0 | \$0 |
| (i) Admitted Deferred Tax Assets | \$13,590 | \$77,979 | (\$64,389) |
| 3. Deferred Tax Liabilities: | | | |
| (a) Ordinary | | | |
| (1) Investments | \$10,878 | \$58,411 | (\$47,533) |
| (2) Fixed Assets | \$0 | \$19,245 | (\$19,245) |
| (3) Deferred and Uncollected Premium | \$0 | \$0 | \$0 |
| (4) Policyholder Reserves | \$0 | \$0 | \$0 |
| (5) Other | \$2,713 | \$323 | \$2,390 |
| Subtotal | \$13,590 | \$77,979 | (\$64,389) |
| (b) Capital | | | |
| (1) Investments | \$0 | \$0 | \$0 |
| (2) Real Estate | \$0 | \$0 | \$0 |
| (3) Unrealized Gains/ Losses | \$0 | \$0 | \$0 |
| (4) Other | \$0 | \$0 | \$0 |
| Subtotal | \$0 | \$0 | \$0 |
| (c) Deferred Tax Liabilities | \$13,590 | \$77,979 | (\$64,389) |
| 4. Net Deferred Tax Assets / Liabilities | \$0 | \$0 | (\$0) |

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

| | December 31, 2015 | Effective Tax Rate |
|--------------------------------------|-------------------|--------------------|
| Provision computed at statutory rate | (\$2,839,993) | 34.0% |
| Change in valuation allowance | \$733,763 | -8.8% |
| Change in nonadmitted assets | \$75,892 | -0.9% |
| Items permanent in nature | \$1,297,889 | -15.5% |
| Total statutory income taxes | (\$732,449) | 8.8% |
| Federal income taxes incurred | (\$732,449) | 8.8% |
| Change in net deferred income taxes | \$0 | 0.0% |
| Total statutory income taxes | (\$732,449) | 8.8% |

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

1. The company has \$6,805,044 in net operating loss or tax credit carry-forwards as of December 31, 2015.
2. The following are income taxes incurred in the current and prior year that will be available for recoupment in the event of future net losses - None.

Notes to Financial Statements

3. The Company has no protective tax deposits reported as admitted assets under Section 6603 of the internal Revenue Service Code as of December 31, 2015 and December 31, 2014.

F. Consolidation of Federal Income Tax Return

Summa Health System Corporation files a consolidated federal income tax which includes the following entities: SummaCare, Inc., Summa Insurance Company, Summa Integrated Services Organization, Apex Benefits Services, LLC, Summa Insurance Agency, LLC, Wadsworth-Rittman Professional Services Corporation, Ohio Health Choice, Summa Management Services Organization, Health Care Center Physicians, Patient Centered Collaborative and Cornerstone Medical Services. Allocation of federal income taxes is based upon separate income tax return calculations with credit for net losses that can be used on a consolidated basis.

10. Information Concerning Parent, Subsidiaries, and Affiliates

A. Nature of the Relationships

Summa Insurance Company, Inc. (SIC or Company) is incorporated as a domestic stock property and casualty company. As such, SIC offers groups preferred provider products through which enrolled members elect to receive care from a Summa Preferred Provider (“network provider”) or a non-network provider at the member’s option. Subsidiaries and affiliated organizations of SIC include Summa Health System Community, HealthSpan Partners, Summa Health System (SHS), Summa Health System Corporation (SHSC), SummaCare, Inc. (SummaCare or SC), Summa Akron City & St. Thomas Hospitals (SACH/STH), Summa Health Network LLC (SHN), Apex Benefits Services, LLC (Apex), Summa Insurance Agency, LLC (SIA), Summa Barberton Hospital (BCH), Summa Wadsworth-Rittman Hospital (WRH), Wadsworth-Rittman Professional Services Corporation, Crystal Clinic Orthopedic Center, LLC, Summa Physicians, Inc. (SPI), Summa Foundation, Health Care Center Physicians Inc. (HCCP), Middlebury Assurance Corp. (MAC), Summa Enterprise Group (SEG), Summa Enterprise Group Properties (SEG Properties), Summa Rehabilitation Hospital, LLC, Ohio Health Choice, Inc. (OHC), Cornerstone Medical Services (Cornerstone), ARIS Teleradiology LLC (ARIS), Summa Western Reserve Hospital (SWRH), Ohio Sleep Disorders, Summa Accountable Care Organization (ACO), Akron Endoscopy Associates (Akron Endoscopy) Summa Integrated Services Organization (SISO), Summa Management Services Organization (SMSO), Patient Centered Collaborative, Health Innovations Ohio, LLC, and Medina-Summit ASC, LLC, Summa Robinson Health Ventures.

B. & C. Transactions with Affiliated Organizations

The operating activities with affiliated entities as of December 31, 2015 and December 31, 2014 are as follows:

| | 2015 | 2014 |
|--|------------|------------|
| Claims expense related to affiliated entities: | | |
| SACH/STH | 27,604,851 | 24,857,226 |
| SPI | 2,488,417 | 2,415,198 |
| BCH | 1,332,957 | 3,102,720 |
| WRH | — | 387,796 |
| Management fees charged to SIC from Apex | 752,222 | 633,207 |
| Management fees charged to SIC from SMSO | 8,665,730 | 11,009,072 |
| Corporate expense allocation paid to SHS | 2,188,143 | 2,100,000 |

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

D. Balance outstanding with affiliated entities as of December 31, 2015 and December 31, 2014:

| | Due from | | Due to | |
|-----------|-----------|---------|-----------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| SummaCare | 1,403,870 | 910,756 | — | — |
| Apex | — | — | 422,540 | 380,986 |
| ACO | — | — | 871,369 | — |
| SIA | 14,595 | 16,506 | — | — |
| SMSO | — | — | 1,301,790 | 1,031,596 |
| \$ | 1,418,465 | 927,262 | 2,595,699 | 1,412,582 |

E. Guarantees or undertakings – None.

F. In 2015 and 2014, the Company contracted with SMSO for general administrative services, which include but are not limited to claims processing, customer service, eligibility, human resources, computer support, programming,

Notes to Financial Statements

finance, and other general administrative services. Fees are based on actual expenses allocated from SMSO to the Company.

In 2015 and 2014, the Company was party to a Claims System Cost Allocation Services Agreement with Apex in which Apex agreed to make use of the claims system available to SIC. SIC agreed to pay a user fee based on direct and indirect costs incurred by Apex with respect to the system.

In 2015 and 2014, the Company was party to a Cost Allocation Services Agreement with SHS in which SHS agreed to be responsible for certain common services required by SIC in order to optimize cost savings and achieve higher levels of efficiencies. SIC agreed to pay a fee representing the expenses allocated from SHS.

- G.** All outstanding shares of common stock are owned by the parent, SummaCare, Inc.
- H.** Investments in upstream intermediate entities or ultimate parent – None.
- I.** Investments in SCA entities - None.
- J.** Investments in impaired SCA entities – None.
- K.** Investments in foreign insurance subsidiaries – None.
- L.** Investment in downstream noninsurance holding company – None.

11. Debt

SIC has no debt as of December 31, 2015.

12. Retirement Plans – None.

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

- 1) As of December 31, 2015, SC owned all of the 100 authorized and outstanding shares of SIC Class A common stock. SC also owns all of the 606,463 outstanding shares of SIC Class C common stock with a par value of \$.0001 per share.
- 2) Dividend rate, liquidation value and redemption schedule of preferred stock issues - None
- 3) Dividend restrictions – In accordance with the Ohio Revised Code, the Company must receive approval from ODI to pay a dividend or distribution during 2016, which when combined with the dividends or distributions paid within the preceding 12 months exceeds the greater of either (a) 10% of the Company’s capital and surplus as of December 31, 2015, or (b) the Company’s net gain from operations for the year ended December 31, 2015. Accordingly, during 2016, prior approval from the ODI is required for any dividend or distribution payment which exceeds \$2,438,236.
- 4) Dates and amounts of dividends paid – None.
- 5) Portion of reporting entities profits that may be paid as ordinary dividends - Reference number 3 above.
- 6) Restrictions on unassigned funds – None.
- 7) Mutual Reciprocals - None.
- 8) Stock held by the Company for special purposes – None.
- 9) Changes in the balances of special surplus funds – As of December 31, 2015, the SC reclassified \$3.4 million from unassigned funds to special surplus, representing the Company’s estimated Section 9010 ACA annual assessment that will be payable in September 2016.
- 10) The portion of unassigned funds represented or reduced by :
 - Nonadmitted Asset Values – \$397,900
 - Unrealized Gains (Losses) – (\$7,266)
- 11) Surplus notes - None.
- 12) Restatement in a quasi-reorganization – Not applicable
- 13) Quasi-reorganization – Not applicable.

14. Liabilities, Contingencies and Assessments

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

Notes to Financial Statements

- C. Gain contingencies – None.
- D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits – None.
- E. Joint and several liabilities – None.

15. Leases – None.

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk – Not applicable.

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

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

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

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

21. Other Items

- A. Extraordinary Items** – None.
- B. Troubled Debt Restructuring** – None.
- C. Other Disclosures and Unusual Items** – None.
- D. Business Interruption Insurance Recoveries** – None.
- E. State Transferable and Non-transferable Tax Credits** – None.
- F. Subprime Mortgage Related Exposure** – None.
- G. Retained Assets** – None.

22. Events Subsequent

Type I – Recognized Subsequent Events – None.

Type II – Nonrecognized Subsequent Events

On January 1, 2016, the Company will be subject to an annual fee under section 9010 of the Federal Affordable Care Act (ACA). This fee will be allocated to individual health insurers based on the ratio of the amount of the entity’s net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity’s portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2015, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2016, and has estimated their portion of the annual health insurance industry fee to be payable on September 30, 2016 to be \$3,400,000. This assessment is expected to impact risk based capital by 43%. Reporting the ACA assessment as of December 31, 2015, would not have triggered an RBC action level.

Notes to Financial Statements

| | Current Year | Prior Year |
|---|---------------|---------------|
| A. ACA fee assessment payable for the upcoming year | \$3,400,000 | \$3,773,097 |
| B. ACA fee assessment paid | \$3,773,097 | \$2,731,482 |
| C. Premium written subject to ACA 9010 assessment | \$214,854,062 | \$234,605,565 |
| D. Total Adjusted Capital before surplus adjustment | \$24,382,361 | |
| E. Authorized control level before surplus adjustment | \$7,942,274 | |
| F. Total Adjusted Capital after surplus adjustment | \$20,982,361 | |
| G. Authorized Control Level after surplus adjustment | \$7,942,274 | |
| H. Would reporting the ACA assessment as of year-end have triggered an RBC action level (YES/No)? | No | |

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes () No (X)

If yes, give full details.

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?

Yes () No (X)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes () No (X)

- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. \$_____
- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement? \$_____

- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under reinsurance policies?

Yes () No (X)

Section 3 – Ceded Reinsurance Report – Part B

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

Yes () No (X)

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

B. Uncollectible Reinsurance – None.

Notes to Financial Statements

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

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

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

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

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

| | |
|--|-------------|
| a. Permanent ACA Risk Adjustment Program | |
| Assets | |
| 1. Premium adjustments receivable due to ACA Risk Adjustment (2) | \$1,607,714 |
| Liabilities | |
| 2. Risk adjustment user fee payable for ACA Risk Adjustment | \$8,032 |
| 3. Premium adjustments payable due to ACA Risk Adjustment (2) | \$0 |
| Operations (Revenue & Expense) | |
| 4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment (2) | \$1,607,714 |
| 5. Reported in expense as ACA risk adjustment user fees (incurred/paid) | \$8,032 |
| b. Transitional ACA Reinsurance Program | |
| Assets | |
| 1. Amounts recoverable for claims paid due to ACA Reinsurance | \$1,781,385 |
| 2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability) (1) | \$0 |
| 3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance (1) | \$0 |
| Liabilities | |
| 4. Liabilities for contributions payable due to ACA Reinsurance (Not reported as ceded resinruance premium) | \$1,827,925 |
| 5. Ceded reinsurance premiums payable due to ACA Reinsurance | \$150,446 |
| 6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance (1) | \$0 |
| Operations (Revenue & Expense) | |
| 7. Ceded reinsurance premiums due to ACA Reinsurance | \$150,446 |
| 8. Reinsurance recoveries due to ACA Reinsurance payments or expected payments | \$1,781,385 |
| 9. ACA reinsurance contributions - not reported as ceded premium | \$1,827,925 |
| c. Temporary ACA Risk Corridors Program | |
| Assets | |
| 1. Accrued retrospective premium due to ACA Risk Corridors (2) | \$0 |
| Liabilities | |
| 2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors (1) | \$0 |
| Operations (Revenue & Expense) | |
| 3. Effect of ACA Risk Corridors on net premium income (paid/received) (2) | \$0 |
| 4. Effect of ACA Risk Corridors on change in reserves for rate credits (1) | \$0 |
| (1) Estimated balance is zero. | |
| (2) Insufficient data to make an estimate. | |

Notes to Financial Statements

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

Summa Insurance Company
ACA Risk Sharing Provisions
As of December 31, 2015

| 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 | | Differences | | Adjustments | | Ref | Unsettled Balances - Report 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 | | Cumulative Balance from Prior Years (Col 1 - 3 + 7) | Prior Year Accrued Less Payments (Col 2 - 4 + 8) |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | | 9 | 10 |
| Receivable | (Payable) | Receivable | (Payable) | Receivable | (Payable) | Receivable | (Payable) | | Receivable | (Payable) |
| a. Permanent ACA Risk Adjustment Program | | | | | | | | | | |
| 1. Premium adjustments receivables | \$741,296 | \$0 | \$1182,290 | \$0 | (\$440,994) | \$0 | \$440,994 | A | \$0 | \$0 |
| 2. Premium adjustments (payable) | \$0 | \$361,621 | \$0 | \$360,679 | \$0 | \$942 | \$0 | B | \$0 | \$0 |
| 3. Subtotal ACA Permanent Risk Adjustment Program | \$741,296 | \$361,621 | \$1182,290 | \$360,679 | (\$440,994) | \$942 | \$440,994 | | \$0 | \$0 |
| b. Transitional ACA Reinsurance Program | | | | | | | | | | |
| 1. Amounts recoverable for claims paid | \$2,993,290 | \$0 | \$4,527,309 | \$0 | (\$1,534,019) | \$0 | \$1,534,019 | C | \$0 | \$0 |
| 2. Amounts recoverable for claims unpaid | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | D | \$0 | \$0 |
| 3. Amounts receivable relating to uninsured plans | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | E | \$0 | \$0 |
| 4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premiums | \$0 | \$3,042,396 | \$0 | \$3,042,396 | \$0 | \$0 | \$0 | F | \$0 | \$0 |
| 5. Ceded reinsurance premiums payable | \$0 | \$400,995 | \$0 | \$400,995 | \$0 | \$0 | \$0 | G | \$0 | \$0 |
| 6. Liability for amounts held under uninsured plans | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | H | \$0 | \$0 |
| 7. Subtotal ACA Transitional Reinsurance Program | \$2,993,290 | \$3,443,391 | \$4,527,309 | \$3,443,391 | (\$1,534,019) | \$0 | \$1,534,019 | | \$0 | \$0 |
| c. Temporary ACA Risk Corridors Program | | | | | | | | | | |
| 1. Accrued retrospective premium | \$0 | \$0 | \$233,528 | \$0 | (\$233,528) | \$0 | \$233,528 | I | \$0 | \$0 |
| 2. Reserve for rate credits or policy experience rating refunds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | J | \$0 | \$0 |
| 3. Subtotal ACA Risk Corridors Program | \$0 | \$0 | \$233,528 | \$0 | (\$233,528) | \$0 | \$233,528 | | \$0 | \$0 |
| d. Total for ACA Risk Sharing Provisions | \$3,734,586 | \$3,805,012 | \$5,943,127 | \$3,804,070 | (\$2,208,541) | \$942 | \$2,208,541 | | \$0 | \$0 |
| Explanations of Adjustments | | | | | | | | | | |
| A The receivable was re-estimated based on paid claims data with runoff. | | | | | | | | | | |
| B The payable was re-estimated based on paid claims data with runoff. | | | | | | | | | | |
| C This increase is attributable to the change in the coinsurance rate from 80% to 100% in addition to reinsurance for large claims that were paid in 2015 with a date of service of 2014. | | | | | | | | | | |
| D | | | | | | | | | | |
| E | | | | | | | | | | |
| F | | | | | | | | | | |
| G | | | | | | | | | | |
| H | | | | | | | | | | |
| I In 2014, the Company did not record a receivable related to risk corridors because collectability was uncertain. | | | | | | | | | | |
| J | | | | | | | | | | |

25. Changes in Incurred Claims and Claims Adjustment Expenses

Activity in claims unpaid is summarized as follows:

| | | | |
|--------------------------|----|-------------|-------------|
| Balance at January 1 | \$ | 25,620,497 | 23,144,138 |
| Incurred related to: | | | |
| Current year | | 192,182,296 | 213,600,515 |
| Prior years | | (114,185) | (1,866,138) |
| Total | | 192,068,111 | 211,734,377 |
| Paid related to: | | | |
| Current year | | 170,395,593 | 187,992,018 |
| Prior years | | 25,475,312 | 21,266,000 |
| Total | | 195,870,905 | 209,258,018 |
| Balance at End of Period | \$ | 21,817,703 | 25,620,497 |

Reserves as of December 31, 2014 were \$25,620,497. As of December 31, 2015, \$25,475,312 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years are \$31,000 as a result of re-estimation of unpaid claims principally on the PPO lines of insurance. Therefore, there has been \$114,185 in favorable experience from December 31, 2014 to December 31, 2015. This favorable experience is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements – None.

27. Structured Settlements – None.

28. Healthcare Receivables

Notes to Financial Statements

The company receives pharmacy rebates on a quarterly basis. As of December 31, 2015, a receivable was recorded equal to two quarters of rebates. Pharmacy rebates receivable are estimated by multiplying the most recent rebate received by two (two quarters). The admission of pharmacy rebates receivable are subject to the terms stated within SSAP No. 84 (Certain Healthcare Receivables).

| <u>Quarter</u> | <u>Estimated Pharmacy Rebates as Reported on Financial Statements</u> | <u>Pharmacy Rebates as Billed or Otherwise Confirmed</u> | <u>Actual Rebates Received Within 90 Days of Billing</u> | <u>Actual Rebates Received Within 91 to 180 Days of Billing</u> | <u>Actual Rebates Received More Than 180 Days After Billing</u> |
|----------------|---|--|--|---|---|
| 12/31/2015 | \$551,704 | \$0 | \$0 | \$0 | \$0 |
| 9/30/2015 | \$743,423 | \$584,776 | \$0 | \$0 | \$584,776 |
| 6/30/2015 | \$681,240 | \$917,461 | \$0 | \$0 | \$917,461 |
| 3/31/2015 | \$599,635 | \$898,025 | \$0 | \$0 | \$689,296 |
| 12/31/2014 | \$719,868 | \$871,705 | \$0 | \$0 | \$871,705 |
| 9/30/2014 | \$510,966 | \$758,815 | \$0 | \$0 | \$758,815 |
| 6/30/2014 | \$551,514 | \$675,302 | \$0 | \$0 | \$675,302 |
| 3/31/2014 | \$540,018 | \$590,002 | \$0 | \$0 | \$590,002 |
| 12/31/2013 | \$528,500 | \$520,656 | \$0 | \$0 | \$520,656 |
| 9/30/2013 | \$608,000 | \$472,392 | \$0 | \$0 | \$472,392 |
| 6/30/2013 | \$590,599 | \$458,310 | \$0 | \$0 | \$458,310 |
| 3/31/2013 | \$488,000 | \$470,155 | \$0 | \$0 | \$470,155 |

29. Participating Policies – None.

30. Premium Deficiency Reserves

Premium deficiency losses are recognized when it is probable that expected claim expenses will exceed future premiums on existing health contracts. For purposes of premium deficiency losses, contracts are grouped in a manner consistent with the Company’s method of acquiring, servicing and measuring the profitability of such contracts.

1. Liability carried for premium deficiency reserve:

\$0
2. Date of the most recent evaluation of this liability:

December 31, 2015
3. Was anticipated investment income utilized in the calculation?

YES

31. Anticipated Salvage Value and Subrogation – Not applicable.

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[] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2012
- 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.

12/31/2012
- 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).

07/02/2013
- 3.4 By what department or departments?
Ohio Department of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[] No[] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[] No[] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business?
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
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)

0.000%

| 1 Nationality | 2 Type of Entity |
|------------------|---------------------|
| | |

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

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and 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] | Yes[] No[X] | Yes[] No[X] | 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?
RSM US LLP, 801 Nicollett Mall, West Tower, Suite 1100, Minneapolis, MN 55402-2526
- 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 18A of the Model Regulation, or substantially similar state law or regulation?

Yes[] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 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?
Dave Reimer, Risk & Regulatory Consulting (associated with RSM US LLP), 20 Batterson Park Rd, Suite 380, Farmington CT 06032

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]

12.11 Name of real estate holding company

12.12 Number of parcels involved

0

12.13 Total book/adjusted carrying value

\$ 0

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?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

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

13.3 Have there been any changes made to any of the trust indentures during the year?

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

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[] 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]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[] No[X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

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]

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.

| | 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[X] No[]

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[]

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[]

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]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

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):

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]

21.2 If yes, state the amount thereof at December 31 of the current year:

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[]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment

\$ 0

22.22 Amount paid as expenses

\$ 3,773,097

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[]

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ 1,403,870

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[] No[X]

24.02 If no, give full and complete information, relating thereto

All securities are in the possession of FirstMerit Bank, N.A.

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)

24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

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

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$ 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?

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

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

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

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.
24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.
24.103 Total payable for securities lending reported on the liability page.

\$ 0
\$ 0
\$ 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[] No[X]

25.2 If yes, state the amount thereof at December 31 of the current year:
25.21 Subject to repurchase agreements
25.22 Subject to reverse repurchase agreements
25.23 Subject to dollar repurchase agreements
25.24 Subject to reverse dollar repurchase agreements
25.25 Placed under option agreements
25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock
25.27 FHLB Capital Stock
25.28 On deposit with states
25.29 On deposit with other regulatory bodies
25.30 Pledged as collateral - excluding collateral pledged to an FHLB
25.31 Pledged as collateral to FHLB - including assets backing funding agreements
25.32 Other

\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0

25.3 For category (25.26) provide the following:

| 1 | 2 | 3 |
|-----------------------|-------------|--------|
| Nature of Restriction | Description | Amount |
| | | |

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

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

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]

27.2 If yes, state the amount thereof at December 31 of the current year.

\$ 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 | 2 |
|----------------------------|--|
| Name of Custodian(s) | Custodian's Address |
| FirstMerit Bank, N.A. | 106 South Main St, Akron, OH 44308 |

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 | 2 | 3 |
|---------|-------------|-------------------------|
| Name(s) | Location(s) | 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 | 2 | 3 | 4 |
|---------------|---------------|----------------|--------|
| Old Custodian | New Custodian | Date of Change | 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 | 2 | 3 |
|---|---------------------|-------------------------------------|
| Central Registration Depository Number(s) | Name | Address |
| FirstMerit Bank | Chris Creahan | 106 S Main St. Akron OH 44308 |

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[] No[X]

29.2 If yes, complete the following schedule:

| 1 | 2 | 3 |
|---------------------|---------------------|------------------------------|
| CUSIP # | Name of Mutual Fund | Book/Adjusted Carrying Value |
| 29.2999 Total | | |

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

GENERAL INTERROGATORIES (Continued)

| 1 | 2 | 3 | 4 |
|---|---|---|----------------------|
| Name of Mutual Fund (from above table) | Name of Significant Holding of the Mutual Fund | Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding | Date of Valuation |
| | | | |

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

| | 1 | 2 | 3 |
|-----------------------------|-------------------------------|---------------|---|
| | Statement (Admitted) Value | Fair Value | Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
| 30.1 Bonds | | | |
| 30.2 Preferred stocks | | | |
| 30.3 Totals | | | |

30.4 Describe the sources or methods utilized in determining the fair values
The values are based on the prices of assets at the close of the stock market on 12/31/2015 as determined by Interactive Data Corp.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?
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?
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:

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

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?
32.2 If no, list exceptions:

Yes[X] No[]

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?
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.

\$..... 0

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

34.1 Amount of payments for legal expenses, if any?
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.

\$..... 19,394

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

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

\$..... 0

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

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

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

Yes[X] No[]

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

\$ 147,893

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

\$ 0

1.31 Reason for excluding:

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

\$ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ 114,716

1.6 Individual policies - Most current three years:

1.61 TOTAL Premium earned

\$ 147,893

1.62 TOTAL Incurred claims

\$ 114,716

1.63 Number of covered lives

..... 57

All years prior to most current three years:

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:

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:

1.74 TOTAL Premium earned

\$ 0

1.75 TOTAL Incurred claims

\$ 0

1.76 Number of covered lives

..... 0

2. Health Test

| | | 1 | 2 |
|-----|---------------------------------|-------------------|-------------------|
| | | Current Year | Prior Year |
| 2.1 | Premium Numerator | 214,854,062 | 234,605,565 |
| 2.2 | Premium Denominator | 214,854,062 | 234,605,565 |
| 2.3 | Premium Ratio (2.1 / 2.2) | 1.000 | 1.000 |
| 2.4 | Reserve Numerator | 21,947,831 | 25,890,498 |
| 2.5 | Reserve Denominator | 21,947,831 | 25,890,498 |
| 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

\$ 500,000

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 Company's provider contracts include insolvency provisions, continuity of care provisions and hold harmless language.

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

..... 7,000

8.2 Number of providers at end of reporting year

..... 7,000

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[X] No[]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ 130,128

10.22 Amount actually paid for year bonuses

\$ 110,268

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 Statutory Minimum Capital and Surplus Requirements?

Yes[X] No[]

11.3 If yes, show the name of the state requiring such minimum capital and surplus.

Ohio

11.4 If yes, show the amount required.

\$ 2,500,000

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

Yes[] No[X]

11.6 If the amount is calculated, show the calculation.

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

| 1 |
|----------------------|
| Name of Service Area |
| Summit |
| Portage |
| Cuyahoga |
| Geauga |
| Stark |
| Medina |
| Wayne |
| Ashtabula |
| Carroll |

GENERAL INTERROGATORIES (Continued)

| 1 |
|----------------------|
| Name of Service Area |
| Lorain |
| Mahoning |
| Trumbull |
| Ottawa |
| Sandusky |
| Erie |
| Huron |
| Lake |
| Ashland |
| Holmes |
| Tuscarawas |

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

Yes[] No[X]

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

\$ 0

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

Yes[] No[X]

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

\$ 0

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

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

15.1 Direct Premium Written

\$ 0

15.2 Total incurred claims

\$ 0

15.2 Number of covered lives

..... 0

| *Ordinary Life Insurance Includes |
|---|
| Term (whether full underwriting, limited underwriting, jet issue, "short form app") |
| Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app") |
| Variable Life (with or without Secondary Guarantee) |
| Universal Life (with or without Secondary Guarantee) |
| Variable Universal Life (with or without Secondary Guarantee) |

FIVE-YEAR HISTORICAL DATA

| | 1 2015 | 2 2014 | 3 2013 | 4 2012 | 5 2011 |
|--|--------------|--------------|--------------|-------------|-------------|
| BALANCE SHEET (Pages 2 and 3) | | | | | |
| 1. TOTAL Admitted Assets (Page 2, Line 28) | 59,694,266 | 71,513,629 | 61,730,054 | 95,298,386 | 85,786,645 |
| 2. TOTAL Liabilities (Page 3, Line 24) | 35,311,905 | 40,054,539 | 31,962,979 | 37,343,411 | 31,873,422 |
| 3. Statutory minimum capital and surplus requirement | 2,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| 4. TOTAL Capital and Surplus (Page 3, Line 33) | 24,382,361 | 31,459,090 | 29,767,075 | 57,954,975 | 53,913,223 |
| INCOME STATEMENT (Page 4) | | | | | |
| 5. TOTAL Revenues (Line 8) | 214,854,062 | 234,605,565 | 219,611,297 | 205,246,012 | 175,692,634 |
| 6. TOTAL Medical and Hospital Expenses (Line 18) | 192,038,506 | 211,943,421 | 203,630,813 | 181,568,296 | 153,404,242 |
| 7. Claims adjustment expenses (Line 20) | 2,785,953 | 3,223,020 | 3,266,492 | 1,547,276 | 1,375,852 |
| 8. TOTAL Administrative Expenses (Line 21) | 28,857,955 | 34,892,476 | 28,931,670 | 25,435,496 | 22,517,199 |
| 9. Net underwriting gain (loss) (Line 24) | (8,828,352) | (15,453,352) | (16,217,678) | (3,305,056) | (1,604,659) |
| 10. Net investment gain (loss) (Line 27) | 474,461 | 264,025 | 318,872 | 326,288 | 320,984 |
| 11. TOTAL Other Income (Lines 28 plus 29) | 973 | 4,149 | 4,325 | (27,936) | 4,519 |
| 12. Net income or (loss) (Line 32) | (7,620,469) | (13,508,684) | (10,566,667) | (2,054,229) | (180,344) |
| Cash Flow (Page 6) | | | | | |
| 13. Net cash from operations (Line 11) | (12,554,299) | (8,162,952) | (12,734,585) | 2,198,785 | 1,807,994 |
| RISK-BASED CAPITAL ANALYSIS | | | | | |
| 14. TOTAL Adjusted Capital | 24,382,361 | 31,459,090 | 29,767,075 | 57,954,975 | 53,913,223 |
| 15. Authorized control level risk-based capital | 7,942,274 | 8,695,175 | 8,483,697 | 12,014,407 | 11,319,295 |
| ENROLLMENT (Exhibit 1) | | | | | |
| 16. TOTAL Members at End of Period (Column 5, Line 7) | 43,383 | 51,835 | 59,289 | 56,247 | 51,093 |
| 17. TOTAL Members Months (Column 6, Line 7) | 548,129 | 668,877 | 680,957 | 663,646 | 576,335 |
| 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) | 89.4 | 90.3 | 92.7 | 88.5 | 87.3 |
| 20. Cost containment expenses | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 |
| 21. Other claims adjustment expenses | 1.0 | 1.2 | 1.3 | 0.6 | 0.6 |
| 22. TOTAL Underwriting Deductions (Line 23) | 104.1 | 106.6 | 107.4 | 101.6 | 100.9 |
| 23. TOTAL Underwriting Gain (Loss) (Line 24) | (4.1) | (6.6) | (7.4) | (1.6) | (0.9) |
| UNPAID CLAIMS ANALYSIS | | | | | |
| (U&I Exhibit, Part 2B) | | | | | |
| 24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) | 25,746,708 | 21,523,043 | 18,490,564 | 15,608,369 | 13,338,962 |
| 25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] | 25,890,498 | 23,360,138 | 21,285,500 | 17,202,215 | 17,175,286 |
| INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES | | | | | |
| 26. Affiliated bonds (Sch. D Summary, Line 12, Column 1) | | | | | |
| 27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1) | | | | | |
| 28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1) | | | | 52,161,524 | 48,490,049 |
| 29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) | | | | | |
| 30. Affiliated mortgage loans on real estate | | | | | |
| 31. All other affiliated | | | | | 5,942,464 |
| 32. TOTAL of Above Lines 26 to 31 | | | | 52,161,524 | 54,432,513 |
| 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::

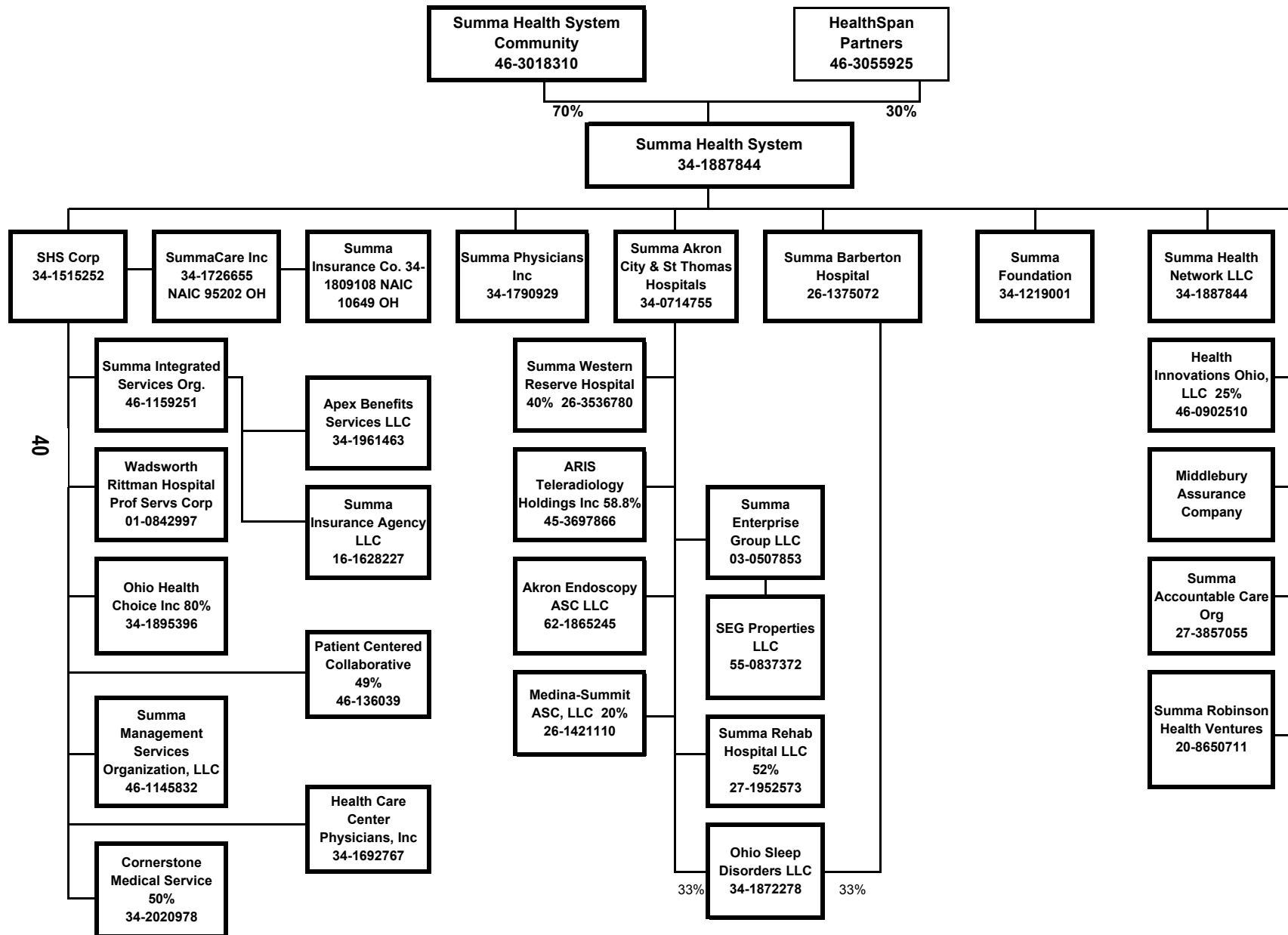
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

| | | 1 | Direct Business Only | | | | | | | |
|-------------|---|---------------|----------------------------|----------------------|--------------------|---|--|-----------------------------|---------------------------|--------------------------|
| | | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| State, Etc. | | Active Status | Accident & Health Premiums | Medicare Title XVIII | Medicaid Title XIX | Federal Employees Health Benefits Plan Premiums | Life & Annuity Premiums & Other Considerations | Property/ Casualty Premiums | Total Columns 2 Through 7 | Deposit - Type Contracts |
| 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 | 216,616,052 | | | | | | 216,616,052 | |
| 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) | X X X | | | | | | | | |
| 59. | Subtotal | X X X | 216,616,052 | | | | | | 216,616,052 | |
| 60. | Reporting entity contributions for Employee Benefit Plans | X X X | | | | | | | | |
| 61. | TOTAL (Direct Business) | (a)... 1 | 216,616,052 | | | | | | 216,616,052 | |

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

(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.: The Company only has business in the State of Ohio.

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

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