

Per NAIC Financial Reporting & Analysis Data Verification Notification, dated July 21, 2016, from Jill Youtsey, corrected the following consistency and textual failure:

Rule Name LZASN000039: corrected Note 22 – Events Subsequent, Column 1, Line 22G to match the Annual Statement with no change to Annual Statement, Five-Year Historical Data, Column 1, Line 21.



LIFE AND ACCIDENT AND HEALTH COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015
OF THE CONDITION AND AFFAIRS OF THE

Medical Benefits Mutual Life Insurance Co.

NAIC Group Code	0000 (Current)	0000 (Prior)	NAIC Company Code	74322	Employer's ID Number	31-4210910
Organized under the Laws of	OHIO			State of Domicile or Port of Entry		OH
Country of Domicile	United States of America					
Incorporated/Organized	05/06/1938			Commenced Business		04/04/1938
Statutory Home Office	1975 Tamarack Road (Street and Number)			Newark , OH, US 43055 (City or Town, State, Country and Zip Code)		
Main Administrative Office	1975 Tamarack Road (Street and Number)			Newark , OH, US 43055 (City or Town, State, Country and Zip Code)		
	Newark , OH, US 43055 (City or Town, State, Country and Zip Code)			740-522-8425 (Area Code) (Telephone Number)		
Mail Address	1975 Tamarack Road (Street and Number or P.O. Box)			Newark , OH, US 43055 (City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	1975 Tamarack Road (Street and Number)			Newark , OH, US 43055 (City or Town, State, Country and Zip Code)		
	Newark , OH, US 43055 (City or Town, State, Country and Zip Code)			740-522-8425 (Area Code) (Telephone Number)		
Internet Website Address	www.medben.com					
Statutory Statement Contact	John Edward Nydegger, Jr. (Name)			740-522-7317 (Area Code) (Telephone Number)		
	enydegger@medben.com (E-mail Address)			740-522-7526 (FAX Number)		

OFFICERS

CEO	Douglas James Freeman	Vice President of Finance & Controller	John Edward Nydegger Jr.
President/Treasurer	Kurt Jeffrey Harden		

OTHER

Caroline Fischer Rouse Fraker, VP, Compliance & Chief Privacy Officer	Lori Kane, Vice President	Rose McEntire, Vice President & Chief Security Officer

DIRECTORS OR TRUSTEES

J. Scott Cantley	Charles Daniel Delawder	Nancy Shrider Dix
Douglas James Freeman	Kurt Jeffrey Harden	Richard Merrill Main
Clark Arthur Morrow		

State of Ohio
County of Licking SS:

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

Douglas James Freeman CEO	Kurt Jeffrey Harden President/Treasurer	John Edward Nydegger, Jr. Vice President of Finance & Controller
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Subscribed and sworn to before me this 2 day of August 2016

a. Is this an original filing? Yes [] No [X]
b. If no,
1. State the amendment number.....3
2. Date filed08/02/2016
3. Number of pages attached..... 1

Beth Painter
Notary Public
8/10/2020

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN

Medical Benefits Mutual Life Insurance Co. is owned by its policyholders and provides health, life, dental, vision, and other insurance products for its policyholders and customers throughout Ohio, Indiana, Kentucky, Michigan, Pennsylvania, West Virginia, and several other states.

Medical Benefits Mutual Life Insurance Co., the parent organization, provides health, life, and other insurance products to its policyholders. Medical Benefits Administrators, Inc. (MBA), a wholly owned subsidiary of the Company, is a third party administrator for health and health related employee benefit plans. VisionPlus of America, Inc. (VPA), a wholly owned subsidiary of the Company, is a third party administrator for vision benefit claims. MedBen Marketing Services, Inc. (MMS), a wholly owned subsidiary of the Company, is an insurance agency that markets various life, medical, and other insurance products. MedBen Analytics, Inc., a wholly owned subsidiary of Medical Benefits Administrators, Inc., is an administrator of bundled payments for existing health systems participating in the Centers for Medicare and Medicaid Services Bundled Payments for Care Improvement Initiative.

A summary of the major accounting policies followed by the Company in the preparation of the statutory financial statement is set forth below:

A. Accounting Practices

The financial statements of Medical Benefits Mutual Life Insurance Co. are presented on the basis Statutory Accounting Principles method as prescribed by the National Association of Insurance Commissioners (NAIC).

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under the Ohio Insurance Law. The NAIC Accounting Practices and Procedures Manual (“NAIC SAP”) has been adopted as a component of prescribed or permitted practices by the state of Ohio. The State has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. However, the Company has elected not to adopt any of these permitted practices.

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

	State of Domicile	2015	2014
Net Income - Ohio Basis	OH	\$ 50,036	\$ 99,699
State Prescribed Practices - None	OH		
State Permitted Practices - None	OH		
Net Income - NAIC SAP	OH	\$ 50,036	\$ 99,699
Statutory Surplus - Ohio Basis	OH	\$ 11,004,957	\$ 11,203,610
State Prescribed Practices - None	OH		
State Permitted Practices - None	OH		
Statutory Surplus - NAIC SAP	OH	\$ 11,004,957	\$ 11,203,610

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. Such estimates and assumptions could change in the near future as more information becomes known and could have a material impact on the amounts reported.

C. Accounting Policy

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Life premiums are recognized as income over the premium paying period of the related policies. Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

The amount of dividends to be paid to policyholders is determined annually by the Company's Board of Directors. The aggregate amount of policyholders' dividends is related to actual interest, mortality, morbidity, and expense experience for the period and judgment as to the appropriate level of statutory surplus to be retained by the Company. There were no policyholder dividends for 2015 or 2014.

Real estate investments are classified in the balance sheet as properties occupied by the company, properties held for the production of income, and properties held for sale. Properties occupied by the company are carried at depreciated cost less encumbrances. The Company currently does not hold any properties for the production of income or for sale. Fair values of the properties occupied by the company will be measured only if circumstances indicate that the financial condition of the Company is in question.

In addition, the company uses the following accounting policies:

1. 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 are stated at market value. Common stock of three wholly owned non-insurance subsidiaries are valued under Statutory Accounting Principles, with adjustments for statutory valuation rules as prescribed by these principles.
4. Preferred stocks are stated at cost.
5. The Company does not have any mortgage loans on real estate to report in 2015 or 2014.
6. Mortgage-backed securities are stated at amortized cost.
7. The Company reports its three wholly owned subsidiaries, MBA, VPA, and MMS at statutory surplus. One of these companies, VPA, a non-insurance company, is reported at audited GAAP (Generally Accepted Accounting Principles) equity and is adjusted, where applicable, in accordance with statutory invested asset valuation rules. The two other companies, MMS and MBA, are reported at GAAP equity, with no adjustments for statutory investment valuation rules.
8. The Company has no interest in joint ventures.
9. The Company does not have any derivatives in 2015 or 2014.
10. The Company does not calculate for premium deficiency reserves.
11. Liabilities for losses and loss claim adjustment expenses for life, accident and health contracts are estimated by the Company's valuation actuary using statistical claim development models to develop best estimates for liabilities for medical expense businesses and using tabular reserves employing mortality/morbidity tables and discount rates specified by regulatory authorities for life and disability income business.
12. The Company has not modified its capitalization policy from the prior period.
13. Pharmaceutical Rebates Receivable – Not applicable.

D. Going Concern - None

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

Not applicable

NOTE 3 – BUSINESS COMBINATIONS AND GOODWILL

Not applicable

NOTE 4 – DISCONTINUED OPERATIONS

Not applicable

NOTE 5 – INVESTMENTS

A. Mortgage Loans

The Company does not have any mortgage loans.

B. Debt Restructuring

The Company has no invested assets that are restructured debt.

C. Reverse Mortgages

The Company has no investment in reverse mortgages.

D. Loan Backed Securities

1. Prepayment assumptions for single class and multi-class mortgages-backed/asset-backed securities were obtained from broker dealer statement values.

2. Recognized OTTI, intent to sell or inability to hold.

None

3. Recognized OTTI securities, present value of cash flows less than amortized cost.

None

4. Impaired securities for which an OTTI has not been recognized.

None

5. Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Based on the Company's evaluation and the intent and ability to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2015 and December 31, 2014.

E. Repurchase Agreements and/or Securities Lending Transactions

1. Repurchase agreements are included in cash and short-term investments. The open period-end balances are \$1,038,193 and \$2,129,379 as of December 31, 2015 and December 31, 2014, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – INVESTMENTS (continued)

- 2. The Company’s repurchase agreements are fully collateralized by their underlying securities.
- 3. There was no collateral received at quarter end.
- 4. The Company has no securities lending agreements at period end; therefore, it has not reported any assets on Page 2, Line 10 – Securities Lending Reinvested Collateral Assets.
- 5. The underlying securities of the repurchase agreements are \$1,038,193 and \$2,129,379 as of December 31, 2015 and December 31, 2014, respectively. The Company does not have any Securities Lending Agreements.

F. Real Estate

- 1. There were no impairment losses recorded on real estate investments during the period presented.
- 2. No real estate was held for sale or sold in the years 2015 and 2014.
- 3. There were no changes during the period in the Company’s plans to sell investment real estate.
- 4. The Company does not engage in retail land sales operations.
- 5. The Company holds no real estate investments with participating loan features.

G. Low-Income Housing

The Company has no investment in Low-Income Housing.

H. Restricted Assets

		General Account	Total Separate Account	Total	Total Prior Year	Inc/(Dec)	Total Current Year Admitted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a	Subject to contractual obligation			-		-	-	0.00%	0.00%
b	Collateral held under security lending			-		-	-	0.00%	0.00%
c	Subject to repurchase agreements			-		-	-	0.00%	0.00%
d	Subject to reverse repurchase agreements			-		-	-	0.00%	0.00%
e	Subject to dollar repurchase agreements			-		-	-	0.00%	0.00%
f	Subject to dollar reverse repurchase agreements			-		-	-	0.00%	0.00%
g	Placed under option contracts			-		-	-	0.00%	0.00%
h	Securities restricted as to sale - excluding FHLB			-		-	-	0.00%	0.00%
i	FHLB capital stock			-		-	-	0.00%	0.00%
j	On deposit with states	14,107,591	2,359,692	16,467,283	19,380,645	(2,913,362)	2,359,692	90.70%	14.33%
k	On deposit with other regulatory bodies			-		-	-	0.00%	0.00%
l	Pledged collateral to FHLB			-		-	-	0.00%	0.00%
m	Pledged as collateral not captured in other			-		-	-	0.00%	0.00%
n	Other restricted assets			-		-	-	0.00%	0.00%
	Total Restricted Assets	14,107,591	2,359,692	16,467,283	19,380,645	(2,913,362)	2,359,692		

I. Working Capital Finance Investments

The Company has no investment in Working Capital Finance Investments.

J. Offsetting and Netting of Assets and Liabilities

The Company has no offsetting and netting of assets and liabilities.

K. Structured Notes

The Company has no investment in structured notes.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

The Company has no investments in joint ventures, partnerships, or limited liability companies.

NOTE 7 - INVESTMENT INCOME

A. Due and accrued income was excluded from surplus on the following bases:

Investment income is recognized on an as earned basis. Amounts earned but not yet received are recorded as a receivable on the balance sheet. Investment income earned and uncollected that is more than 90 days old is classified as non-admitted. As of December 31, 2015 and December 31, 2014, investment income earned and not yet collected was \$16,217 and \$15,024, respectively. There were no amounts older than 90 days for both periods.

B. The total amount excluded was \$0.

NOTE 8 – DERIVATIVE INSTRUMENTS

Not applicable

NOTE 9 – INCOME TAXES

A. The components of the net deferred tax asset/ (liability) at December 31, 2015 are as follows:

1.

	12/31/2015			12/31/2014			Change		
	1	2	3	1	2	3	7	8	9
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 1+2) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Gross Deferred Tax Assets	2,327,000	-	2,327,000	2,551,000	-	2,551,000	(224,000)	-	(224,000)
b. Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
c. Adjusted Gross Deferred Tax Assets (1a-1b)	2,327,000	-	2,327,000	2,551,000	-	2,551,000	(224,000)	-	(224,000)
d. Deferred Tax Assets Nonadmitted	1,095,000	-	1,095,000	1,040,000	-	1,040,000	55,000	-	55,000
e. Subtotal net Admitted Deferred Tax Assets (1c-1d)	1,232,000	-	1,232,000	1,511,000	-	1,511,000	(279,000)	-	(279,000)
f. Deferred Tax Liabilities	785,000	-	785,000	920,000	-	920,000	(135,000)	-	(135,000)
g. Net Admitted Deferred Tax Assets/(Net Deferred Liability) (1e-1f)	447,000	-	447,000	591,000	-	591,000	(144,000)	-	(144,000)

2.

	12/31/2015			12/31/2014			Change		
	1	2	3	1	2	3	7	8	9
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 1+2) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks		-	-	-	-	-	-	-	-
b. Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Assets from 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b) 1 and 2(b) 2 Below)	447,000	-	447,000	591,000	-	591,000	(144,000)	-	(144,000)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	447,000	-	447,000	591,000	-	591,000	(144,000)	-	(144,000)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-
c. Adjusted Gross Deferred Tax Assets (Excluding the Amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	785,000	-	785,000	920,000	-	920,000	(135,000)	-	(135,000)
d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101 Total (2a+2b+2c)	1,232,000	-	1,232,000	1,511,000	-	1,511,000	(279,000)	-	(279,000)

3.

	2015	2014
a. Ratio Percentage used to determine Recovery Period and Threshold Limitation Amount	2063%	1211%
b. Amount of Adjusted Capital and Surplus used to determine Recovery period and Threshold Limitation in 2(b) 2 above	12,013,520	12,097,897

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – INCOME TAXES (continued)

4.

	12/31/2015			12/31/2014			Change		
	1 Ordinary percent	2 Capital Percent	3 (Col 1+2) Total Percent	1 Ordinary percent	2 Capital Percent	3 (Col 1+2) Total Percent	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
Impact of Tax Planning Strategies									
a. Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%	0%	0%	0%	0%	0%	0%
b. Net Admitted Adjusted Gross DTAs (% of Total net Admitted Adjusted Gross DTAs)	0%	0%	0%	0%	0%	0%	0%	0%	0%

B. Regarding deferred tax liabilities that are not recognized - NONE

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

1. Current Income Tax:

	1 12/31/2015	2 12/31/2014	3 (Col 1-2) Change
a. Federal	65,998	40,000	25,998
b. Foreign	-	-	-
c. Subtotal	65,998	40,000	25,998
d. Federal income tax on net capital gains	(23,534)	(33,934)	10,400
e. Utilization of capital loss carry-forwards	-	-	-
f. Other	-	-	-
g. Federal and foreign income taxes incurred	42,464	6,066	36,398

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – INCOME TAXES (continued)

2. Deferred Tax Assets:

	1	1	3
	12/31/2015	12/31/2014	(Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	2,000	4,000	(2,000)
2. Unearned premium reserve	22,000	122,000	(100,000)
3. Policyholder reserves	-	54,000	(54,000)
4. Investments	154,000	124,000	30,000
5. Deferred acquisition costs	4,000	5,000	(1,000)
6. Policyholder dividends accrual			-
7. Fixed assets	-	1,000	(1,000)
8. Compensation and benefits accrual	827,000	804,000	23,000
9. Pension accrual			-
10. Receivables - non admitted	6,000	27,000	(21,000)
11. Net operating loss carry-forward	1,219,000	1,267,000	(48,000)
12. Tax credit carry-forward			-
13. Other (including items <5% of total ordinary tax assets)	203,000	143,000	60,000
14. Other assets - nonadmitted			-
99. Subtotal	2,437,000	2,551,000	(114,000)
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	1,205,000	1,040,000	165,000
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	1,232,000	1,511,000	(279,000)
e. Capital:			
1. Investments	-	-	-
2. Net capital loss carry-forward	-	-	-
3. Real estate	-	-	-
4. Other (including items <5% of total cpaital tax assets)	-	-	-
99. Subtotal	-	-	-
f. Statutory valuation allowance adjustment	-	-	-
g. Non admitted	-	-	-
h. Admitted capital deferred tax assets (2e99-2f-2g)	-	-	-
i. Admitted deferred tax assets (2d+2h)	1,232,000	1,511,000	(279,000)

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – INCOME TAXES (continued)

3. Deferred Tax Liabilities:			
	1	2	3
	12/31/2015	12/31/2014	(Col 1-2) Change
a. Ordinary:			
1. Investments	812,000	812,000	-
2. Fixed assets	108,000	108,000	-
3. Deferred and uncollected premium			-
4. Policyholder reserves	-	-	-
5. Other (including items <5% of total ordinary tax assets)	-	-	-
99. Subtotal	920,000	920,000	-
b. Capital			
1. Investments	-	-	-
2. Real estate	-	-	-
3. Other (including items <5% of total capital tax assets)	-	-	-
99. Subtotal	-	-	-
c. Deferred tax liabilities (3a99+3b99)	920,000	920,000	-

4. Net Deferred Tax Assets/Liabilities (2i-3c) \$312,000 \$591,000 \$0

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate
Among the more significant book to tax adjustments were the following:

	12/31/2015	
	Amounts	Effective Tax Rate (%)
Provisions computed at statutory rate	25,330	34.0
Tax exempt interest deduction	(15,891)	(10.9)
Dividends received deduction	(22,404)	(15.7)
Disallowed travel and entertainment	6,925	1.1
Change in nonadmitted assets	82,155	(10.6)
Other tax differences	(47,237)	28.9
Realized capital gains (losses) tax	15,533	7.2
Officer Life Insurance-net	(13,827)	(8.0)
Change in net deferred income taxes	(6,120)	11.5
Total statutory income taxes	24,464	37.5

	2015	2014
Standard Federal income tax rate	34.0%	34.0%
Various Differences	-1.2%	3.5%
	32.8%	37.5%

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – INCOME TAXES (continued)

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

- 1. Net operating loss carryovers that are available for offsetting future net taxable income, amount to:

Year	Amount
2015	3,586,000
2014	3,728,000
2013	3,661,000
2012	-
2011	402,000

- 2. The Company does not have any tax credit carryforwards available for use.
- 3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

F. Consolidated Federal Income Tax Return

- 1. The Company’s federal income tax return is consolidated with the following entities:

Medical Benefits Administrators, Inc.
Vision Plus of America, Inc.
MedBen Marketing Services, Inc.
MedBen Analytics LLC
- 2. A written tax sharing consolidation agreement is approved by management. Allocation is based upon separate return calculations and the consolidated tax return calculation.

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A. B. and C. The Company is the parent corporation of three wholly owned non-insurance subsidiaries which shares the same management. MBA and VPA are third party administrators (TPA’s) that administer claims in the medical and vision fields. MMS is an insurance agency that markets various life, medical, and other insurance products. No dividend income was reported in 2015 or 2014. MedBen Analytics, Inc., a wholly owned subsidiary of Medical Benefits Administrators, Inc., is an administrator of bundled payments for existing health systems participating in the Centers for Medicare and Medicaid Services Bundled Payments for Care Improvement Initiative.
- D. At December 31, 2015, the Company reported \$390,804 as accounts and notes receivable from affiliates. The Company reported \$315,810 as accounts and notes payable to affiliates.
- E. Not applicable.
- F. There are no material management or service contracts and cost-sharing arrangements involving the Company and any related party.
- G. The Company is privately held and has no issued or outstanding shares. MBA, VPA, and MMS issued and outstanding shares are owned by the company. The valuation of these affiliates was

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES (continued)

determined under GAAP, with adjustments for statutory valuation rules, as prescribed by Statutory Accounting Principles.

- H. Not applicable.
- I. The Company's investment in its three subsidiaries is less than 10% of its admitted assets.
- J. The Company did not recognize any impairment write-down for its investments in subsidiary companies during this statement period.
- K. The Company has no investments in foreign insurance subsidiaries.
- L. The Company has no investments in downstream noninsurance holding companies.

NOTE 11 – DEBT

- A. The Company has no debentures outstanding.

The Company has a line-of-credit with a maximum amount of \$1,000,000 and an interest rate equal to prime (currently 4%). This line-of-credit is collateralized by a first mortgage on real estate owned by the Company. There was an outstanding balance of \$300,000 and \$425,000 at December 31, 2015 and December 31, 2014, respectively.

The Company has a \$1,000,000 unsecured revolving credit line with a bank that was unused at December 31, 2015 and December 31, 2014. The agreement provides for interest at a rate equal to prime (currently 4.0%).

The Company, through one of its subsidiaries (VPA), also has a line of credit with a maximum amount of \$200,000 with an interest rate equal to prime (currently 4.0%). This line is unsecured, but is guaranteed by the parent. There was no outstanding balance at December 31, 2015 and December 31, 2014.

The Company does not have any reverse repurchase agreements.

- B. The Company does not have any FHLB agreements.

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

- A. Defined Benefit Plan - NONE

- B. Defined Contribution Plans

The Company currently has deferred compensation plans for specified key employees and for Board members. Effective January 1, 2013, the Board of Directors made a determination to indefinitely suspend the grant of further units and appreciation in the equity of the Company.

The Equity Participation Plan for key employees is a discretionary plan that rewards key employees with long term service to the Company. The plan shares the appreciation of equity of the Company, through December 31, 2012, with certain employees. The employee's share of the compensation vests over a ten year period, and is payable upon normal retirement, which is usually age 65. In the event that an employee terminates employment, either voluntarily or non-voluntarily, before age 65, the employee shall not be entitled to any payments at the time of termination, and forfeits his/her right to any future benefits under the plan.

The Company has estimated the present value of this liability to be \$1,739,625 at December 31, 2015, and December 31, 2014, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT PLANS (continued)

The Equity Participation Plan for the Directors is similar to the one for key employees, in terms of vesting, normal retirement age, and termination of directorship. The Company has estimated the present value of this liability to be \$623,330 at December 31, 2015 and December 31, 2014, respectively.

The liabilities for the deferred compensation plans have been included in accrued liabilities, “salaries and wages,” on the consolidated balance sheets.

The Company has a profit-sharing plan with a 401(k) feature. The plan covers all employees meeting minimum eligibility requirements. Profit-sharing contributions are determined by the Board of Directors and were 2.5% of eligible compensation for 2014. No contribution was made for 2013. The Company may match up to 50% of the first 6% salary deferral elected by each employee. The Company’s discretionary and matching contributions charged to operations for the periods ended December 31, 2015, and December 31, 2014, \$75,687 and \$107,419, respectively.

C. The Company does not participate in a multi employee plan.

D. Consolidated/Holding Company Plans

The Company has no legal obligation for benefits under these plans. Employees of subsidiary companies participate in the plans sponsored by the Company.

E. The Company has an arrangement whereby it provides deferred compensation and post-retirement health coverage to retired board members. Benefits are payable over a period not to exceed five years. The Company estimates the present value of the liability to be \$393,391 and \$22,904 at December 31, 2015 and December 31, 2014, respectively.

F. The Medicare Modernization Act has no impact on the Company’s post-retirement benefits.

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

1. The Company does not have any common stock issued or outstanding.
2. The Company does not have any preferred stock issued or outstanding.
3. The amount of dividends to be paid to policyholders is determined annually by the Company’s Board of Directors. The aggregate amount of policyholders’ dividends is related to actual interest, mortality, morbidity, and expense experience for the year and judgment as to the appropriate level of statutory surplus to be retained by the Company.
4. No dividends were paid in 2015.
5. Within the limitations of dividends as stated above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
6. Total unassigned surplus as of December 31, 2015, is \$11,004,957. This amount is held for the benefit of participating policyholders.
7. There were no advances to surplus in 2015 or 2014.
8. There was no stock held by the company, including stock of affiliated companies, held for special purposes.
9. There was no change in the balance of special surplus funds from the prior year.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 – CAPITAL AND SURPLUS, SHAREHOLDERS’ DIVIDEND RESTRICTIONS
AND QUASI-REORGANIZATIONS (continued)

10. The portion of unassigned funds surplus represented or (reduced) by each item below is as follows:
- Unrealized gains and losses \$108,443
11. The Company has not issued any surplus notes or debentures or similar obligations.
12. and 13. There has been no restatement of surplus due to quasi-reorganizations.

NOTE 14 – LIABILITIES, CONTINGENCIES AND ASSESSMENTS

A. Contingent Commitments

Not applicable

B. Assessments

1. The Company has estimated that it will be assessed by various state assessment funds for their share of insurance company insolvencies in states in which the Company conducts business.
2. The reserve is \$50,000 for both periods ending December 31, 2015, and December 31, 2014, respectfully.

C. Gain Contingencies

Not applicable

- D. The Company is partially self-insured with regards to employee health insurance. The Company is liable for a maximum of \$100,000 per covered employee per year. The Company’s aggregate annual loss limitation is based on a formula that considers, among other things, the total number of employees and their family status. For the periods ended December 31, 2015 and December 31, 2014, the Company paid \$1,400,916 and \$1,559,604, respectively under this arrangement.

E. Joint and Several Liabilities.

As of December 31, 2015, the Company had the following outstanding accounts receivable and accounts payable balances with its wholly-owned subsidiaries:

Accounts Receivable:		
Medical Benefits Administrators, Inc.	\$386,980	100% wholly-owned Subsidiary
VisionPlus of America, Inc	\$ 0	100% wholly-owned Subsidiary
Accounts Payable:		
MedBen Marketing Services, Inc.	\$306,286	100% wholly-owned Subsidiary
VisionPlus of America, Inc	\$ 5,701	100% wholly-owned Subsidiary

- F. The Company is involved in various lawsuits and subject to certain contingencies in the normal course of business. Management believes that the outcome of these matters will not have a material impact on the Company’s financial position.

NOTES TO FINANCIAL STATEMENTS

NOTE 15 – LEASES

A. Lessee Leasing Arrangements

The Company leases computer equipment and vehicles under operating lease agreements expiring by 2019. Future minimum lease rentals are as follows at December 31, 2015:

	<u>Amount</u>
2016	9,935
2017	9,456
2018	8,020
2019	<u>2,005</u>
	<u>\$29,416</u>

The Company has no sublease or sale-leaseback transactions.

There are no lease agreements that have been terminated early or for which the Company is no longer using the leased property.

Rental expense was \$66,199 and \$9,548 for the periods ended December 31, 2015 and December 31, 2014, respectively.

B. Lessor Leases – NONE

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

Not applicable

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

Not applicable

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

A. ASO Plans

Not applicable

B. ASC Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract – Not applicable

No amounts related to these plans have been written-off as of December 31, 2015.

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

Not applicable

NOTES TO FINANCIAL STATEMENTS

NOTE 20 – FAIR VALUE MEASUREMENTS

A.

1. Fair Value Measurements at Reporting Date

1	2	3	4	5
Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Bonds				
Industrial and Misc	-	-	-	-
Total Bonds	-	-	-	-
Common stock				
Industrial and Misc	2,850,076	-	-	2,850,076
Mutual Funds	722,411	-	-	722,411
Total Common Stocks	3,572,487			3,572,487
Total assets at fair value	3,572,487	-	-	3,572,487
b. Liabilities at fair value				
None	-	-	-	-
Total liabilities at fair value	3,572,487	-	-	3,572,487

The Company has categorized its assets and liabilities into the three-level fair value hierarchy based upon the priority of the inputs to the respective valuation technique. The following summarizes the type of assets and liabilities included within the three-level fair value hierarchy presented in the table above.

Level 1 – This category currently only includes common stock and mutual funds that can be readily sold. As of December 31, 2015, no bonds were moved into the classification of short-term so they were not classified in this hierarchy. The Company does not have any Call or Put Options placed on their securities.

Level 2 – The Company has no Level 2 assets or liabilities.

Level 3 – The Company has no Level 3 assets or liabilities.

The asset or liability’s fair value measurement level within fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

3. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy – NONE

1	2	3	4	5	6	7	8	9	10	11
	Balance at 12/31/2014	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31/2015
RMBS										
CMBS										
.....										
.....										
.....										
Total										

NOTES TO FINANCIAL STATEMENTS

NOTE 20 – FAIR VALUE MEASUREMENTS (continued)

3. Policy on Transfers into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into our out of Level 3. During the current year, no transfers into or out of Level 3 were required.

4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

The Company has no assets or liabilities measured at fair value in the Level 2 or the Level 3 category.

5. Derivative Fair Values – NONE

B. Other Fair Value Disclosures

Not applicable

C. Fair Values for All Financial Instruments by Levels 1, 2, and 3

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method (subsidiaries). The fair values are also categorized into the three-level fair value hierarchy as described in Note 20A.

1	2	3	4	5	6	7
Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practical (Carrying Value)
Financial instruments - assets						
Bonds	5,647,196	5,648,527	5,648,527	-	-	-
Preferred stocks	500	500	500	-	-	-
Common stocks	5,892,021	5,892,087	5,892,087	-	-	-
Short-term investments	1,330,642	1,330,642	1,330,642	-	-	-
Total assets	12,870,359	12,871,757	12,871,757	-	-	-
Financial instruments - liabilities						
None	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-

D. Reasons Not Practical to Estimate Fair Value – NONE

NOTE 21 – OTHER ITEMS

A. Extraordinary Items – Not applicable.

B. Troubled Debt Restructuring – Not applicable.

C. Other Disclosures and Unusual Items

Assets in the amount of \$2,605,898 and \$2,613,737 on December 31, 2015 and December 31, 2014, respectively were on deposit with government authorities or trustees as required by law.

At December 31, 2015 and December 31, 2014, the Company had admitted assets of \$79,059 and \$116,009, respectively, in accounts receivable for uninsured plans. The Company does not have any amounts due from agents. The Company routinely assesses the collectability of these receivables. Based upon Company experience, less than 1% of the balance may become

NOTES TO FINANCIAL STATEMENTS

NOTE 21 – OTHER ITEMS (continued)

uncollectible, and the potential loss is not material to the Company’s financial condition. No amounts have been written off in 2015 or 2014.

- D. The Company had no business interruption insurance recoveries.
- E. The Company has no investments in State Transferable Tax Credits.
- F. The Company has no exposure to subprime mortgage risk.
- G. The Company has no Retained Asset accounts.

NOTE 22 – EVENTS SUBSEQUENT

Type I – Recognized Subsequent Events – As of December 31, 2015, the Company has no subsequent events.

Type II – Non-recognized Subsequent Events – As of December 31, 2015, the Company has no subsequent events.

On January 1, 2016, the Company will not be subject to an annual fee under Section 9010 of the federal Affordable Care Act (ACA). 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 estimates their portion of the annual health insurance industry fee to be payable on September 30, 2016 to be \$0.

		Current Year	Prior Year
A	Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act (YES/NO)?	Yes	
B	ACA fee assessment payable for the upcoming year	\$0	\$0
C	ACA fee assessment paid	\$0	\$29,368
D	Premium written subject to ACA 9010 assessment	\$5,464,144	\$6,111,882
E	Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 30)	\$12,014,744	
F	Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 30 minus 22B above)	\$12,014,744	
G	Authorized Control Level (Five-Year Historical Line 31)	\$1,011,700	
H	Would reporting the ACA assessment as of December 31, 2015, have triggered an RBC action level (YES/NO)?	No	

NOTE 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, but the company or by any representative, officer, trustee, or director of the company? Yes () No (X)

NOTES TO FINANCIAL STATEMENTS

NOTE 23 – REINSURANCE (continued)

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) which is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? Yes () No (X)

Section 2 – Ceded Reinsurance Report – Part A

1. Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? Yes () No (X)
2. Does the company 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 which, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? Yes () No (X)

B. Uncollectible Reinsurance

The Company has not written off any uncollectible reinsurance during the period.

C. Commutation of Reinsurance Reflected in Income and Expenses

The Company has not commuted any ceded reinsurance during the period.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

The reinsurer used by the Company has not been downgraded or subject to revocation.

NOTE 24 – RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

- A. The Company does not have any retrospective premium adjustments.
- B. Not applicable.
- C. The amount of premium written by the Company subject to the medical loss ratio rebate was \$3,881,201.
- D. The Company has no paid or payable medical loss ratio rebates.
- E. Risk Sharing Provisions of the Affordable Care Act
 - 1) The company wrote accident and health insurance premium subject to the ACA risk sharing provisions.
 - 2) Impact of Risk Sharing Provisions
 - Permanent ACA Risk Adjustment Program – As of December 31, 2015, the company has booked \$0 in liabilities for contributions payable due to ACA Risk Adjustment Program, for the Company is unable to define the liability due to ACA Risk Adjustment. The company has not booked a receivable or expects to receive any recovery for federal funding to offset this risk sharing program.
 - Transitional ACA Reinsurance Program – As of December 31, 2015, the company has booked \$3,799 in liabilities for contributions payable due to ACA Reinsurance. The company has not booked a receivable or expects to receive any recovery for federal funding to offset this risk sharing program.

NOTES TO FINANCIAL STATEMENTS

NOTE 24 – RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO

- REDETERMINATION (continued)
- Temporary ACA Risk Corridors Program – the company has no obligations under this program as the company does not write any individual policies and thus will not be eligible for reimbursements.

NOTE 25 – CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves on accident and health contracts for incurred losses and loss adjustment expenses attributable to insured events of prior years has developed as anticipated during 2014. See Schedule H – Part 3 and the Five Year Historical Data.

Original estimates are increased or decreased as additional information becomes known regarding individual claims. However, the change in incurred losses from December 31, 2014, to December 31, 2015, coincided with the change in the Company's block of business. No other significant trends or unanticipated events have been noted in 2015. None of the Company's accident and health contracts are subject to retrospective rating or experience refunds.

NOTE 26 – INTERCOMPANY POOLING ARRANGEMENTS

Not applicable

NOTE 27 – STRUCTURED SETTLEMENTS

The Company has not purchased any structured settlements to fulfill obligations of claimants.

NOTE 28 – HEALTH CARE RECEIVABLES

A. Pharmaceutical Rebate Receivables – NONE

B. Risk Sharing Receivables - NONE

NOTE 29 – PARTICIPATING POLICIES

Not applicable

NOTE 30 – PREMIUM DEFICIENCY RESERVES

- | | |
|---|---------------|
| 1. Liability carried for premium deficiency reserves | \$0 |
| 2. Date of the most recent evaluation of this liability | March 1, 2015 |

NOTE 30 – PREMIUM DEFICIENCY RESERVES (continued)

3. Was anticipated investment income utilized in the calculation? No

NOTE 31 – RESERVES FOR LIFE CONTRACTS AND ANNUITY CONTRACTS

1. The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.
2. The Company had no substandard policies; therefore no methods for valuation were employed.
3. As of December 31, 2015, the Company had \$0 of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of Ohio. No reserves to cover the above insurance were necessary.

NOTES TO FINANCIAL STATEMENTS

NOTE 31 – RESERVES FOR LIFE CONTRACTS AND ANNUITY CONTRACTS (continued)

- 4. The Company does not compute The Tabular Interest, the Tabular Less Actual Reserve Released, and the Tabular Cost.
- 5. The Company does not compute Tabular Interest on funds not involving life contingencies.
- 6. The Company does not have any products that would qualify as “deposit type” contracts, therefore there are no reserve changes for life or annuity contracts under a Deposit Type Contract.

NOTE 32 – ANALYSIS OF ANNUITY ACTUARIAL RESERVES AND DEPOSIT TYPE LIABILITIES BY WITHDRAWAL CHARACTERISTICS

Not applicable

NOTE 33 – PREMIUM AND ANNUITY CONSIDERATIONS DEFERRED AND UNCOLLECTED

The Company has no deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2015.

NOTE 34 – SEPARATE ACCOUNTS

Not applicable

NOTE 35 – LOSS/CLAIM ADJUSTMENT EXPENSES

	Period Ended		
	December 31, 2015		December 31, 2014
Balance at beginning of period	\$ 30,000		\$ 70,000
Amount incurred:			
Current year	-		(40,000)
Prior years	-		-
	-		(40,000)
Less amount paid:			
Current year	-		-
Prior years	-		-
	-		-
Balance at end of period	\$ 30,000		\$ 30,000