Final Federal income tax amounts recorded. Reclass from uncollected premiums and premiums received in advance. Corrected balances on premium and enrollment exhibit. Included listing of structured bonds in investment footnote.

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ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2015

OF THE CONDITION AND AFFAIRS OF THE

CareSource

NAIC Group Code 3683 (Current Period), 3683 (Prior Period) NAIC Company Code 95201 Employer's ID Number 31-1143265

Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio

Country of Domicile United States

Licensed as business type: Life, Accident & Health [ ] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ ]
Dental Service Corporation [ ] Vision Service Corporation [ ] Health Maintenance Organization [X]
Other [ ] Is HMO, Federally Qualified? Yes [ ] No [X]

Incorporated/Organized 06/12/1985 Commenced Business 10/01/1988

Statutory Home Office 230 North Main Street (Street and Number), Dayton, OH, US 45402 (City or Town, State, Country and Zip Code)

Main Administrative Office 230 North Main Street (Street and Number)
Dayton, OH, US 45402 (City or Town, State, Country and Zip Code) 937-531-3300 (Area Code) (Telephone Number)

Mail Address PO Box 8738 (Street and Number or P.O. Box), Dayton, OH, US 45401-8738 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 230 North Main Street (Street and Number)
Dayton, OH, US 45402 (City or Town, State, Country and Zip Code), 937-531-2159 (Area Code) (Telephone Number) (Extension)

Internet Web Site Address www.caresource.com

Statutory Statement Contact Tarlton Thomas (Name), 937-531-2159 (Area Code) (Telephone Number) (Extension)
Tarlton.Thomas@caresource.com (E-Mail Address) 937-396-3438 (Fax Number)

OFFICERS

Name	Title	Name	Title
Pamela B. Morris	President & Chief Executive Officer	L. Tarlton Thomas III	Chief Financial Officer
Bobby L. Jones	Chief Operating Officer	Craig Thiele M.D.	Chief Medical Officer

OTHER OFFICERS

Stephen L. Ringel	President, Ohio Market		

DIRECTORS OR TRUSTEES

Pamela B. Morris	Michael E. Ervin M.D.	William F. Marsteller D.C.	Gary L. LeRoy M.D.
Craig Brown	Ellen S. Leffak	Douglas A. Fecher	David T. Miller
David Kaelber M.D.			

State of Ohio
County of Montgomery 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.

Craig Thiele Chief Medical Officer	L. Tarlton Thomas III Chief Financial Officer	Bobby L. Jones Chief Operating Officer

Subscribed and sworn to before me this
day of ,

a. Is this an original filing? Yes [ ] No [X]
b. If no:
1. State the amendment number 1
2. Date filed 05/13/2016
3. Number of pages attached 21

ASSETS

		Current Year 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1.	Bonds (Schedule D)	751,632,166		751,632,166	593,906,916
2.	Stocks (Schedule D):				
	2.1 Preferred stocks	0		0	0
	2.2 Common stocks	107,596,205		107,596,205	106,665,509
3.	Mortgage loans on real estate (Schedule B):				
	3.1 First liens			0	0
	3.2 Other than first liens			0	0
4.	Real estate (Schedule A):				
	4.1 Properties occupied by the company (less $ .... encumbrances)			0	0
	4.2 Properties held for the production of income (less $ .... encumbrances)			0	0
	4.3 Properties held for sale (less $ .... encumbrances)			0	0
5.	Cash ($ 445,391,784 , Schedule E-Part 1), cash equivalents ($ 73,973,715 , Schedule E-Part 2) and short-term investments ($ 90,510,403 , Schedule DA)	609,875,903		609,875,903	786,677,628
6.	Contract loans (including $ .... premium notes)			0	0
7.	Derivatives (Schedule DB)	0		0	0
8.	Other invested assets (Schedule BA)	0		0	0
9.	Receivables for securities			0	0
10.	Securities lending reinvested collateral assets (Schedule DL)			0	0
11.	Aggregate write-ins for invested assets	246,787	246,787	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11)	1,469,351,061	246,787	1,469,104,274	1,487,250,054
13.	Title plants less $ .... charged off (for Title insurers only)			0	0
14.	Investment income due and accrued	6,835,142		6,835,142	5,294,046
15.	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection	150,354,123	5,366,885	144,987,238	135,352,487
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ .... earned but unbilled premiums)			0	0
	15.3 Accrued retrospective premiums ($ ....) and contracts subject to redetermination ($ 4,110,823)	4,110,823		4,110,823	0
16.	Reinsurance:				
	16.1 Amounts recoverable from reinsurers	14,223,636		14,223,636	6,671,595
	16.2 Funds held by or deposited with reinsured companies			0	0
	16.3 Other amounts receivable under reinsurance contracts			0	0
17.	Amounts receivable relating to uninsured plans	25,644,759		25,644,759	14,361,359
18.1	Current federal and foreign income tax recoverable and interest thereon			0	0
18.2	Net deferred tax asset	410,205		410,205	0
19.	Guaranty funds receivable or on deposit			0	0
20.	Electronic data processing equipment and software			0	0
21.	Furniture and equipment, including health care delivery assets ($ ....)			0	0
22.	Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23.	Receivables from parent, subsidiaries and affiliates			0	0
24.	Health care ($ 96,696,645) and other amounts receivable	110,568,196	13,871,551	96,696,645	72,001,099
25.	Aggregate write-ins for other-than-invested assets	379,495	379,495	0	0
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,781,877,440	19,864,717	1,762,012,722	1,720,930,640
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28.	Total (Lines 26 and 27)	1,781,877,440	19,864,717	1,762,012,722	1,720,930,640
DETAILS OF WRITE-INS					
1101.	Investment in CareSource Foundation	246,787	246,787	0	0
1102.				0	0
1103.				0	0
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199.	Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	246,787	246,787	0	0
2501.	Prepaid Assets	379,495	379,495	0	0
2502.				0	0
2503.				0	0
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	379,495	379,495	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year 1 Covered	Current Year 2 Uncovered	Current Year 3 Total	Prior Year 4 Total
1. Claims unpaid (less $ 22,882,004 reinsurance ceded)	588,988,692		588,988,692	795,029,033
2. Accrued medical incentive pool and bonus amounts	638,500		638,500	615,600
3. Unpaid claims adjustment expenses	13,143,789		13,143,789	14,834,958
4. Aggregate health policy reserves, including the liability of $ .... for medical loss ratio rebate per the Public Health Service Act	22,331,630		22,331,630	2,800,000
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	37,397,711		37,397,711	22,606,577
9. General expenses due or accrued	140,922,091		140,922,091	111,714,587
10.1 Current federal and foreign income tax payable and interest thereon (including $ .... on realized capital gains (losses))	1,124,292		1,124,292	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	8,824		8,824	2,595
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including $ .... current) and interest thereon $ .... (including $ .... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	27,178,671		27,178,671	28,546,384
16. Derivatives		0	0	0
17. Payable for securities	0		0	535,717
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with $ .... authorized reinsurers, $ .... unauthorized reinsurers and $ .... certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified ($ ....) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	1,075,488		1,075,488	711,803
23. Aggregate write-ins for other liabilities (including $ .... current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	832,809,688	0	832,809,688	977,397,254
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		0
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	17,200,000	17,200,000
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other-than-special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	912,003,036	726,333,386
32. Less treasury stock, at cost:				
32.1 .... shares common (value included in Line 26 $ ....)	XXX	XXX		0
32.2 .... shares preferred (value included in Line 27 $ ....)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	929,203,036	743,533,386
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,762,012,724	1,720,930,640
DETAILS OF WRITE-INS				
2301.			0	0
2302.			0	0
2303.			0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0
2501.	XXX	XXX		0
2502.	XXX	XXX		0
2503.	XXX	XXX		0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001. Contributed Surplus (Land)	XXX	XXX		0
3002.	XXX	XXX		0
3003.	XXX	XXX		0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	XXX	15,557,976	13,475,134
2. Net premium income (including $ 0 non-health premium income)	XXX	6,707,503,283	5,597,141,999
3. Change in unearned premium reserves and reserve for rate credits	XXX	(4,631,630)	0
4. Fee-for-service (net of $ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	21,039,731	10,716,696
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	6,723,911,384	5,607,858,695
Hospital and Medical:			
9. Hospital/medical benefits		4,067,486,515	3,476,241,599
10. Other professional services		27,486,412	35,159,528
11. Outside referrals			0
12. Emergency room and out-of-area		306,771,450	250,243,606
13. Prescription drugs		1,318,211,803	980,682,526
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		4,416,889	3,981,067
16. Subtotal (Lines 9 to 15)	0	5,724,373,069	4,746,308,326
Less:			
17. Net reinsurance recoveries		42,834,673	16,425,044
18. Total hospital and medical (Lines 16 minus 17)	0	5,681,538,396	4,729,883,282
19. Non-health claims (net)			0
20. Claims adjustment expenses, including $ 92,023,748 cost containment expenses		105,978,482	98,118,439
21. General administrative expenses		767,831,741	643,130,419
22. Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	6,555,348,619	5,471,132,140
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	168,562,765	136,726,555
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		19,644,423	20,237,984
26. Net realized capital gains (losses) less capital gains tax of $		4,118,700	3,699,069
27. Net investment gains (losses) (Lines 25 plus 26)	0	23,763,123	23,937,053
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $)]		0	0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	192,325,888	160,663,608
31. Federal and foreign income taxes incurred	XXX	714,087	0
32. Net income (loss) (Lines 30 minus 31)	XXX	191,611,801	160,663,608
DETAILS OF WRITE-INS			
0601. Pay for Performance Revenue (P4P)	XXX	21,039,731	10,716,696
0602.	XXX		0
0603.	XXX		0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	21,039,731	10,716,696
0701.	XXX		0
0702.	XXX		0
0703.	XXX		0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			0
1402.			0
1403.			0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901.			0
2902.			0
2903.			0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	743,533,386	604,859,056
34. Net income or (loss) from Line 32	191,611,801	160,663,608
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of $	(5,409,042)	(2,519,880)
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	1,898,771	(17,018,724)
40. Change in unauthorized and certified reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital	(2,431,882)	(2,450,674)
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	185,669,649	138,674,330
49. Capital and surplus end of reporting year (Line 33 plus 48)	929,203,035	743,533,386
DETAILS OF WRITE-INS		
4701.		0
4702.		0
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

Cash from Operations	1 Current Year	2 Prior Year
1. Premiums collected net of reinsurance	6,734,311,866	5,573,378,365
2. Net investment income	25,397,157	30,484,865
3. Miscellaneous income	(6,344,403)	7,369,792
4. Total (Lines 1 through 3)	6,753,364,620	5,611,233,022
5. Benefit and loss related payments	5,916,232,984	4,366,116,888
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	844,797,316	720,159,916
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of $ .... tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	6,761,030,300	5,086,276,804
11. Net cash from operations (Line 4 minus Line 10)	(7,665,680)	524,956,218
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	260,413,494	217,845,458
12.2 Stocks	35,642,439	59,161,162
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(1,015)	0
12.7 Miscellaneous proceeds	0	535,717
12.8 Total investment proceeds (Lines 12.1 to 12.7)	296,054,918	277,542,337
13. Cost of investments acquired (long-term only):		
13.1 Bonds	426,410,598	261,816,649
13.2 Stocks	36,884,437	92,215,803
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	535,718	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	463,830,752	354,032,452
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(167,775,835)	(76,490,116)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	(2,000,000)	(2,000,000)
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	639,792	6,534,752
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,360,208)	4,534,752
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)	(176,801,722)	453,000,854
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	786,677,628	333,676,773
19.2 End of year (Line 18 plus Line 19.1)	609,875,905	786,677,628

NOTES TO FINANCIAL STATEMENTS

1A. Summary of Significant Accounting Policies

Basis of Presentation – CareSource (CS's) statutory-basis financial statements are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance (ODI). The ODI requires that insurance companies domiciled in the State of Ohio prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners *Accounting Practices and Procedures Manual* (NAIC AP&P) subject to any deviation prescribed or permitted by the ODI.

Accounting practices and procedures of the NAIC, as prescribed or permitted by the insurance department of the applicable states of domicile, comprise a comprehensive basis of accounting other than accounting principles generally accepted in the United States (GAAP). The more significant differences are as follows:

Non-admitted Assets: Certain assets designated as "non-admitted," principally prepaid assets, investments in CareSource Foundation, past due healthcare receivables, uncollectable member receivables, furniture and equipment, and other assets not specifically identified as an admitted asset within the NAIC AP&P are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. In accordance with GAAP, such assets are included in the balance sheet to the extent that those assets are not impaired.

Reinsurance: Unpaid claims liabilities and premiums received in advance ceded to reinsurers have been reported as reductions of the related balances rather than as assets as would be required in accordance with GAAP.

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

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements have not been quantified.

No significant differences exist between prescribed or permitted practices by the State of Ohio and NAIC SAP which materially affect the statutory basis net income or capital and surplus, as illustrated in the table below.

	December 31, 2015	December 31, 2014
NET INCOME		
1) State of Ohio Basis	$ 191,611,801	$ 160,663,608
2) State prescribed practices that increase/(decrease) SAP	$ -	$ -
3) State permitted practices that increase/(decrease) SAP	$ -	$ -
4) NAIC SAP	$ 191,611,801	$ 160,663,608
SURPLUS		
1) State of Ohio Basis	$ 929,203,036	$ 743,533,386
2) State prescribed practices that increase/(decrease) SAP	$ -	$ -
3) State permitted practices that increase/(decrease) SAP	$ -	$ -
4) NAIC SAP	$ 929,203,036	$ 743,533,386

1B. Use of Estimates

The preparation of financial statements in accordance with statutory accounting principles requires management to make estimates and assumptions that affect the reported amount of admitted 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 from those estimates.

1C. Accounting Policy

1. Short term investments include investments with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost.

2. Bonds not backed by other loans are principally stated at amortized cost using the interest method. Realized capital gains and losses are determined using the first in, first out method.

3. Common stocks are reported at fair value as determined by the SVO and the related net unrealized capital gains (losses) are reported in unassigned surplus. There are no restrictions on common stock.

4. CS does not hold any preferred stock.

5. CS does not hold any mortgage loans.

6. Single class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities.

NOTES TO FINANCIAL STATEMENTS

7. The Company invests in the CareSource Foundation, an affiliated entity of CareSource. The Company records this investment using the GAAP equity method of accounting, and records it as a non-admitted write-in invested asset on the Assets page of the statutory filing.

8. The Company does not invest in any joint ventures, partnerships, or limited liability companies.

9. CS does not hold any derivative instruments.

10. CS would utilize anticipated investment income in the computation of the premium deficiency calculation in accordance with NAIC guidelines, but no such reserve is necessary.

11. Claims unpaid and unpaid claims adjustment expense liabilities represent management's best estimate of the ultimate net cost of all reported and unreported claims incurred through December 31. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid claims are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

12. The admitted value of CS's electronic data processing equipment and operating software was limited to three percent of capital and surplus. The admitted portion was reported at cost less accumulated depreciation. Electronic data processing equipment and operating or non-operating software was depreciated using the straight line method over the lesser of its useful life or three years. Other furniture and equipment was depreciated using the straight line method over five years. The Company has not modified its capitalization policy from the prior period.

13. Pharmacy rebates are attained based on agreements between CS and a third party administrator for prescription drugs. Pharmacy rebates are admitted if accrued or invoiced within 90 days of the reporting period. Pharmacy rebates are non-admitted if invoiced and uncollected over 90 days prior to the reporting period.

Other than temporary impairments
Management regularly reviews the value of CS's investments. If the value of any investment falls below its cost basis, the decline in value is analyzed to determine whether it is other-than-temporary impairment. The decision to record an impairment loss incorporates both quantitative criteria and qualitative information. The Company considers a number of factors including, but not limited to: (a) the length of time and the extent to which the fair value has been less than book value, (b) the financial condition and near term prospects of the issuer, (c) the intent and ability of CS to retain its investment for a period of time sufficient to allow for any anticipated recovery in value, (d) whether the debtor is current on interest and principal payments and (e) general market conditions and industry or sector specific factors.

Premium Revenue

Premiums are due monthly. Amounts are recognized as revenue in the period in which CS is obligated to provide services to its members. Premiums received in advance are recorded as unearned premium revenue. In accordance with Statement of Statutory Accounting Principle (SSAP) No. 61, *Life, Deposit-Type and Accident Health Reinsurance*, payments to a reinsurance carrier for a stop-loss arrangement are deducted from premiums earned.

A substantial portion (approximately 85% during 2015) of CS's premiums earned relates to a provider contract with the Ohio Department of Medicaid (ODM). The contract is subject to cancellation by CS upon one hundred twenty days written notice provided that termination must be effective on the last day of a calendar month. ODM can terminate the agreement, in certain circumstances, effective the last day of a calendar month. Cancellations or nonrenewal of these contracts would affect operating results adversely.

Net premium income also includes the Medicare Advantage CMS premium, and the premium under the Medicare Part D program. These premiums are less than 1% of CS's total premiums. As a part of the Medicare Advantage program, periodic changes in member risk factor adjustment scores, for certain diagnoses result in changes to Medicare revenues. The Company recognizes such changes when the amounts become determinable and supportable, and collectability is reasonably assured. The amounts are recorded as accrued retrospective premiums, or as a provision for experience rating refunds with a corresponding adjustment to premium income. CS did not renew the Medicare Advantage contract for 2015. All activity reflected in the statements is runout activity from 2014 and prior.

Effective January 1, 2014 CareSource started providing individual health insurance coverage for individuals signing up for coverage on the Federally Facilitated Exchange. Total premium income earned related to these polices represents approximately 2% of CS's premiums during 2015. Premium amounts include both subscriber payments, and advanced premium tax credits received from CMS. All premiums are subject to the Affordable Care Act risk-sharing provisions. Premium income has been adjusted to account for certain of these provisions as summarized in Note 24.

Effective May 1, 2014 CareSource started providing coverage to Dual Eligible individuals under a three year demonstration program known as MyCare Ohio. The program is designed to implement and test a Medicare-Medicaid Integrated Care Delivery System. Total premium income earned under this program represents approximately 12% of CS's premiums during 2015 and includes amounts from ODM and CMS. The CMS premium payments include premiums under the Medicare Part D program. As a part of the Medicare portion of the program, periodic changes in member risk factor adjustment scores, for certain diagnoses result in changes to Medicare revenues. The Company recognizes such changes when the amounts become determinable and supportable, and collectability is reasonably assured. The amounts are recorded as accrued retrospective premiums, or as a provision for experience rating refunds with a corresponding adjustment to premium income. Activity related to this program is captured in "Category 9" within the NAIC filings "Analysis of Operations by Lines of Business". This category was selected as the demonstration program does not specifically meet the definitions of any of the coverage types described in Categories 1-8 and NAIC statutory accounting practices and procedures do not specifically address the classification for this type of insurance product.

NOTES TO FINANCIAL STATEMENTS

Pay for Performance Program
Under CS' contract with ODM, incremental revenue of up to 1.25% of total premium revenue (1% through June 30, 2015) is earned if certain performance measures are met. Additionally, failure to meet minimum performance standards for certain measures will result in the assessment of a noncompliance penalty. These performance measures are generally linked to various quality-of-care measures dictated by the State. CS estimates the value of potential revenues and penalties based on an ongoing review against performance metrics. CS recognizes the net activity as aggregate write-ins for other health care related revenues on the statutory basis statements of revenue and expenses. Amounts owed from the state are recognized as premiums and considerations receivable; penalties owed to the state are netted against premiums, and are included in other accrued liabilities. Recorded amounts represent balances confirmed from the 2015 state fiscal year (July-June) and estimates for 2016 fiscal year.

Hospital and Medical Cost
CS contracts with various health care providers for the provision of certain health care services to its members. Participating physicians and hospitals are paid contractually established rates for services to members. The cost of health care services provided or contracted for is accrued in the period in which it is provided to a member, based in part, on estimates. Estimated liabilities for health care services provided to members of CS include claims reported and estimates (based upon historical experience) of health care services incurred but not reported (IBNR). These estimates are periodically reviewed and are adjusted in accordance with the latest available information in that period in which the information becomes available.

Reinsurance
Certain premiums and benefits are ceded to another insurance company under a reinsurance agreement. The ceded reinsurance agreement provides CS with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. CS remains obligated for amounts ceded in the event that the reinsurer does not meet their obligations.

	December 31, 2015 Written & Earned Premiums	December 31, 2014 Written & Earned Premiums
Direct premiums	$ 6,745,568,266	$ 5,629,382,816
Ceded premiums		
Non-affiliates	$ (38,064,983)	$ (32,240,817)
Affiliates		
Net premiums	$ 6,707,503,283	$ 5,597,141,999

CS does not, directly or indirectly, control any reinsurer with whom CS conducts business. CS does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel the agreement.

Significant Provider
CS has an agreement with Children's Hospital and Physicians' Healthcare Networks dba Partners for Kids (PFK), for PFK to provide medical services to CS members. In connection with this contract, CS pays medical claims billed by non-PFK providers for CS members whom are less than 19 years old in the Central and Southeast Regions, and is later reimbursed by PFK. CS has recorded a liability for the incurred but not reported (IBNR) medical claims for these non-PFK provided services, and a related receivable which was secured by an irrevocable letter of credit from PFK's financial institution to CS in the amount of the IBNR accrual. Reinsurance for CS members for which PFK is providing the medical services are delegated to PFK with approval of the State of Ohio.

As of December 31, 2015 and 2014, PFK was paid $376,828,503 and $364,429,924, respectively, for services rendered, prior to chargebacks of $197,798,824 and $193,708,087 respectively. Chargebacks resulted from CS directly paying certain non-PFK providers under the contract. The CS membership capitated by the provider constituted approximately 14% of total CS membership in 2015 (15% in 2014).

At December 31, 2015 and December 31, 2014, CS recorded a capitation chargeback receivable from PFK for $14,892,390 and $17,569,123 respectively.

Income Taxes
CS has been recognized by the Internal Revenue Service as an organization described in Internal Revenue Code Section 501(c)(3), and as such, is treated as exempt from federal income taxes, but is subject to unrelated business income tax.

2. Accounting Changes and Correction of Errors – None

3. Business Combinations and Goodwill – None

4. Discontinued Operations - None

5. Investments
   - A. Mortgage Loans - None
   - B. Debt Restructuring - None
   - C. Reverse Mortgage - None
   - D. Loan-Backed Securities:
     - (1) Prepayment Assumptions - None
     - (2) Securities with a recognized OTTI – None
     - (3) Securities by CUSIP with a recognized OTTI - None
     - (4) Impaired Securities without recognized OTTI – None

NOTES TO FINANCIAL STATEMENTS

(5) Additional information –

Management regularly reviews the value of CS's investments. If the value of any investment falls below its cost basis, the decline in value is analyzed to determine whether it is other-than-temporary impairment. The decision to record an impairment loss incorporates both quantitative criteria and qualitative information. The Company considers a number of factors including, but not limited to: (a) the length of time and the extent to which the fair value has been less than book value, (b) the financial condition and near term prospects of the issuer, (c.i.) for non-interest-related declines in corporate and government bonds, the intent and ability of CS to retain its investment for a period of time sufficient to allow for any anticipated recovery in value, (c.ii.) for interest related declines in corporate and government bonds, the intent of CS to sell the investment at the reporting date, (c.iii.) for mortgage-backed securities, whether CS expects to recover the entire amortized cost basis of the security and whether CS has the intent to sell or intent and ability to hold the investments for a period of time sufficient to allow for any anticipated recovery in value, (d) whether the debtor is current on interest and principal payments, and (e) general market conditions and industry or sector specific factors. As of December 31, 2015, the Company holds $2.59 million of loan backed securities, none of which meet the criteria for impairment. As of December 31, 2014 the Company held $3.97 million of loan backed securities, none of which met the criteria for impairment.

CS does not hold any investments as of December 31, 2015 that are subject to redemption restrictions or penalties therefore all holdings can be liquidated immediately upon request, without penalty.

E. Repurchase Agreements – None

F. Real estate

(1) Impairment Losses – None

(2) Sale of Real Estate – None

(3) Change of Plans – None

(4) Retail Land Sales – None

(5) Real Estate with Mortgage Loans – None

G. Low income housing – None

H. Restricted assets (Including Pledged) – As of December 31, 2015, CS has $3,500,000 on deposit with the State of Ohio, in accordance with the State's minimum surplus and collateral requirements. The funds are held in the form of bonds and represent less than .2% of CS's total assets. The amount held at December 31, 2014 was $3,500,000. Items a–i and k–o are not applicable, as CS does not hold any other items pledged to others as collateral or otherwise restricted.

I. Working Capital Finance Investments – None

J. Offsetting and Netting of Assets and Liabilities – None

K. As of December 31, 2015, CS has $230.7 million in structured bonds.

NOTES TO FINANCIAL STATEMENTS

CUSIP Identification	Acutal Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Referenced Security (Y/N)
06048WQW3	$ 10,000,000.00	$ 9,982,500.00	$ 10,000,000.00	N
06366RLS2	5,000,000.00	4,464,400.00	5,000,000.00	N
064159CG9	10,000,000.00	9,854,700.00	10,000,000.00	N
313381FU4	2,850,000.00	2,778,237.00	2,850,000.00	N
3136G0MC2	4,992,500.00	4,981,300.00	4,993,823.41	N
3136G0PD7	5,000,000.00	4,958,550.00	5,000,000.00	N
3136G0PP0	8,500,000.00	8,238,455.00	8,500,000.00	N
3136G0ZR5	639,000.00	624,763.08	639,000.00	N
33834FAA7	7,500,000.00	7,401,750.00	7,500,000.00	N
33834JAA9	10,000,000.00	9,772,145.00	10,000,000.00	N
33834KAA6	5,000,000.00	4,543,060.00	5,000,000.00	N
33834PAB3	10,000,000.00	10,000,000.00	10,000,000.00	N
38141GHW7	7,500,000.00	7,361,250.00	7,500,000.00	N
38141GNR1	4,975,000.00	4,888,850.00	4,979,737.76	N
38147QSG2	5,000,000.00	4,802,550.00	5,000,000.00	N
38148T3H0	10,000,000.00	9,986,700.00	10,000,000.00	N
38148TJR1	15,000,000.00	15,017,700.00	15,000,000.00	N
40432X7F2	5,000,000.00	4,889,000.00	5,000,000.00	N
48126D5U9	5,000,000.00	5,013,800.00	5,000,000.00	N
48126D6L8	4,962,500.00	5,103,000.00	4,968,310.82	N
48126D6V6	4,925,000.00	5,075,500.00	4,933,572.90	N
48126DBT5	4,975,000.00	4,817,300.00	4,980,284.78	N
48126DLV9	5,000,000.00	4,780,000.00	5,000,000.00	N
48126NSY4	2,970,000.00	3,039,600.00	2,974,342.03	N
78008SLL8	5,000,000.00	4,690,950.00	5,000,000.00	N
78008SWB8	5,000,000.00	4,940,850.00	5,000,000.00	N
78010UCX3	5,000,000.00	4,887,100.00	5,000,000.00	N
78010UCZ8	4,975,000.00	4,805,450.00	4,977,710.47	N
78012KAH0	10,000,000.00	9,552,800.00	10,000,000.00	N
879868AK3	1,578,240.00	1,501,695.00	1,503,139.53	N
89233P6P6	2,985,000.00	2,880,540.00	2,988,283.13	N
89233P6R2	5,000,000.00	4,815,150.00	5,000,000.00	N
89233P7J9	4,417,500.00	4,698,100.00	4,488,160.71	N
89236TBD6	4,000,000.00	3,995,680.00	4,000,000.00	N
89236TBK0	4,950,000.00	4,961,500.00	4,954,888.11	N
94986RHC8	3,000,000.00	2,963,550.00	3,000,000.00	N
94986RKV2	5,000,000.00	4,904,600.00	5,000,000.00	N
94986RNK3	5,000,000.00	4,852,100.00	5,000,000.00	N
94986RNZ0	5,000,000.00	4,853,250.00	5,000,000.00	N
94986RYA3	5,000,000.00	4,900,000.00	5,000,000.00	N
Total	$ 230,694,740.00	$ 226,578,425.08	$ 230,731,253.65	

6. Joint Ventures, Partnerships and Limited Liability Companies – None

7. Investment Income – All within 90 days and admitted.

8. Derivative Instruments – None

9. Income Taxes – CS is an organization exempt from income tax under Section 501 (c)(3) of the Internal Revenue Code whose activities are substantially related to their tax exempt purpose. On October 1, 2013 the Company began offering commercial insurance policies to qualified individuals on Ohio's federally facilitated exchange. Coverage for this program began January 1, 2014. Activities conducted as part of the commercial line of business are subject to unrelated business income tax.

NOTES TO FINANCIAL STATEMENTS

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

1.

	12/31/2015			12/31/2014			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1+2)			(Col 4+5)	(Col 1-4)	(Col 2-5)	(Col 7+8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	$ 410,205	$ -	$ 410,205	$ 1,139,306	$ -	$ 1,139,306	$ (729,101)	$ -	$ (729,101)
(b) Statutory Valuation Allowance Adjustments	$ -	$ -	$ -	$ 1,139,306	$ -	$ 1,139,306	$ (1,139,306)	$ -	$ (1,139,306)
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	$ 410,205	$ -	$ 410,205	$ -	$ -	$ -	$ 410,205	$ -	$ 410,205
(d) Deferred Tax Assets Nonadmitted	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	$ 410,205	$ -	$ 410,205	$ -	$ -	$ -	$ 410,205	$ -	$ 410,205
(f) Deferred Tax Liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability)(1e-1f)	$ 410,205	$ -	$ 410,205	$ -	$ -	$ -	$ 410,205	$ -	$ 410,205

2.

	12/31/2015			12/31/2014			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1+2)			(Col 4+5)	(Col 1-4)	(Col 2-5)	(Col 7+8)
Admission Calculation Components SSAP No. 101	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	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)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

3.

	2015	2014
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	$ -	$ -
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	$ -	$ -

4.

	12/31/2015		12/31/2014		Change	
	(1)	(2)	(3)	(4)	(5)	(6)
					(Col 1-4)	(Col 2-5)
Impact of Tax-Planning Strategies	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax						
1. Adjusted Gross DTAs Amount From Note 9A1(c)	$ -	$ -	$ -	$ -	$ -	$ -
2. Percentage Of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies			$ -	$ -	$ -	$ -
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	$ -	$ -	$ -	$ -	$ -	$ -
4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies			$ -	$ -	$ -	$ -

(b) Does the Company's tax-planning strategies include the use of reinsurance? Yes ________ No____X_____

NOTES TO FINANCIAL STATEMENTS

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

	(1) 12/31/2015	(2) 12/31/2014	(3) (Col. 1 - 2) Change
1. Current Income Tax			
(a) Federal		$ -	$ -
(b) Foreign		$ -	$ -
(c) Subtotal	$ -	$ -	$ -
(d) Federal income tax on net capital gains		$ -	$ -
(e) Utilization of capital loss carry-forwards		$ -	$ -
(f) Other		$ -	$ -
(g) Federal and foreign income taxes incurred	$ -	$ -	$ -
2. Deferred Tax Assets:			
(a) Ordinary:			
(1) Discounting of unpaid losses	$ 183,114	$ 40,334	$ 142,780
(2) Unearned premium reserve	$ 225,986	$ 339,741	$ (113,755)
(3) Policyholder reserves	$ -	$ -	$ -
(4) Investments	$ -	$ -	$ -
(5) Deferred acquisition costs	$ -	$ 293,740	$ (293,740)
(6) Policyholder dividends accrual	$ -	$ -	$ -
(7) Fixed assets	$ -	$ -	$ -
(8) Compensation and benefits accrual	$ -	$ -	$ -
(9) Pension accrual	$ -	$ -	$ -
(10) Receivables - nonadmitted	$ -	$ -	$ -
(11) Net operating loss carry-forward	$ -	$ 331,450	$ (331,450)
(12) Tax credit carry-forward	$ -	$ -	$ -
(13) Other (including items <5% of total ordinary tax assets)	$ 1,105	$ 134,041	$ (132,936)
(99) Subtotal	$ 410,205	$ 1,139,306	$ (729,101)
(b) Statutory valuation allowance adjustment	$ -	$ 1,139,306	$ (1,139,306)
(c) Nonadmitted		$ -	$ -
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	$ 410,205	$ -	$ 410,205
(e) Capital:			
(1) Investments		$ -	$ -
(2) Net capital loss carry-forward		$ -	$ -
(3) Real estate		$ -	$ -
(4) Other (including items <5% of total capital tax assets)		$ -	$ -
(99) Subtotal	$ -	$ -	$ -
(f) Statutory valuation allowance adjustment		$ -	$ -
(g) Nonadmitted		$ -	$ -
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	$ -	$ -	$ -
(i) Admitted deferred tax assets (2d + 2h)	$ -	$ -	$ -
3 Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments		$ -	$ -
(2) Fixed assets		$ -	$ -
(3) Deferred and uncollected premium		$ -	$ -
(4) Policyholder reserves		$ -	$ -
(5) Other (including items <5% of total ordinary tax liabilities)		$ -	$ -
(99) Subtotal	$ -	$ -	$ -
(b) Capital:			
(1) Investments		$ -	$ -
(2) Real estate		$ -	$ -
(3) Other (including items <5% of total capital tax liabilities)		$ -	$ -
(99) Subtotal	$ -	$ -	$ -
(c) Deferred tax liabilities (3a99 + 3b99)	$ -	$ -	$ -
4. Net deferred tax assets/liabilities (2i - 3c)	$ -	$ -	$ -

D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes. The significant items causing differences for the year ended December 31, 2015 are as follows:

	December 31, 2015	Effective Tax Rate
Provision computed as statutory rate		
Tax exempt income deduction		
Dividends received deduction		
Change in statutory valuation allowance adjustment		
Nondeductible goodwill		
Other		
Total	$ -	0%
Federal income taxes incurred		
Change in net deferred income taxes		
Total statutory income taxes	$ -	0%

10. <u>Information Concerning Parent, Subsidiaries and Affiliates</u>

A. Effective July 1, 2011, CS and CareSource Management Group (CSMG) entered into a long-term management agreement, which requires CS and CSMG to provide services and resources to each other at actual cost. The initial term of the agreement is 15 years and shall be terminable only for cause, except that CS may terminate this agreement without cause at any time for any reason upon one year written notice. The agreement includes a cost-sharing agreement, which outlines the allocation of costs for shared resources and direct costs between CS and CSMG. Costs are allocated in accordance with SSAP No. 70, *Allocation of Expenses*. The amended and restated management agreement was approved by the ODI on July 13, 2011.

Effective March 1, 2012, CareSource entered into a reinsurance agreement with PartnerRe America Insurance Company whereby CareSource Insurance serves as a direct reinsurer to PartnerRe America Insurance Company, and no premiums

NOTES TO FINANCIAL STATEMENTS

are paid directly to CareSource Insurance. Total recoveries received from CareSource Insurance for the years ended December 31, 2015 and 2014 were $10,219,096 and $10,218, respectively.

B. & C. For the years ended December 31, 2015 and 2014, CS incurred management fees of $329,986,671 and $261,857,235 from CSMG, respectively.

D. As of December 31, 2015 and December 31, 2014, CS owed CSMG $27,178,671 and $28,546,384, respectively, for employee compensation and other administrative expenses incurred by the related party on behalf of CS. The terms of the settlement require that these amounts be settled within 30 days.

E. None
F. None
G. None
H. None
I. None
J. None
K. None
L. None

11. Debt – None

12. Retirement Plans, Deferred Compensation, Post-Employment Benefits and Other Post Retirement Benefit Plans – None

13. Capital and Surplus, Distribution Restrictions and Quasi-Reorganizations
1) The Company has no shares outstanding.
2) The Company has no preferred stock outstanding.
3) Distribution restrictions – N/A
4) Dividend or distributions paid – N/A
5) Portion of income payable as ordinary dividends – N/A
6) Restrictions on unassigned funds (surplus) – None
7) Mutual reciprocals – N/A
8) Stock held – N/A
9) Special surplus funds change – None
10) The portion of unassigned funds (surplus) reduced by cumulative unrealized gains is $5,094,112.
11) Surplus notes – N/A
12) Quasi-reorganization – N/A
13) Quasi-reorganization date – N/A

14. Contingencies
A. Contingent Commitments – None
B. Assessments – None
C. Gain Contingencies – None
D. Claims Related Extra Contractual Obligations – None
E. Joint and Several Liabilities – None
F. All Other Contingencies – None

Other Lawsuits and Claims

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Penalties associated with violations of these laws and regulations include significant fines and penalties, exclusion from participating in publicly-funded programs, and the repayment of previously billed and collected revenues.

From time to time we are involved in legal actions in the ordinary course of business, some of which seek monetary damages. Some lawsuits and claims are covered by insurance and others are not. The outcome of such legal actions is inherently uncertain. Nevertheless, we believe that these actions, when finally concluded and determined, are not likely to have a material adverse effect on our financial position, results of operations, or cash flows.

15. Leases
A. Lessee Operating Lease

1) CS leases certain office space under operating leases. CSMG pays the monthly rental payments for these leases per the management agreement and CS is responsible for an allocated portion of the future minimum lease payments, which is based on revenue at the beginning of each month. The rental payments for certain office space include annual inflationary adjustments.

On November 1, 2012, CS entered into a lease agreement with CSMG for the Headquarters Building. The lease expires on November 1, 2028. The monthly lease amount will vary based on the underlying components of the payment which include depreciation and interest payments on the underlying debt instruments.

Rental expenses for the years ended 2015 and 2014, were approximately $5,062,061 and $7,046,484, respectively.

Year Ending December 31	Operating Leases
2016	$ 2,757,537.57
2017	$ 2,146,790.18
2018	$ 1,566,846.20

NOTES TO FINANCIAL STATEMENTS

3) Sale-leaseback transactions – None

The Company is not involved in any sales-leaseback transactions.

B. Lessor Leases – None

16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk – No such instruments.

17. Sale, transfer and servicing of financial assets and extinguishments of liabilities – None

18. Gain or Loss to the reporting entity for uninsured A&H plans and the uninsured portion of partially insured plans
The Company has a contract with the Ohio Department of Medicaid to provide case management services for the Home and Community Based Waiver program. The structure of the program as an entity that solely performs administrative services qualifies it for classification as an uninsured, administrative services only (ASO) plan.

A. ASO plans - The gain from operations from Administrative Service Only (ASO) uninsured plans and the uninsured portion of partially insured plans was as follows during 2015:

	ASO Uninsured Plan	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ 546,123	$ -	$ 546,123
b. Total net other income or expenses	$ -	$ -	$ -
c. Net gain or (loss) from operations	$ 546,123	$ -	$ 546,123
d. Total claims payment volume	$ -	$ -	$ -

B. ASC plans – N/A

C. Medicare or similarly structured cost based reimbursed contracts –

(1) The Company has recorded no revenues explicitly attributable to cost share and reinsurance components of administered Medicare products

(2) As of December 31, 2015 the company had recorded a receivable from CMS of $23.4 million related to the cost share and reinsurance components of administered Medicare products.

(3) As no revenue is recorded in connection with the cost share and reinsurance components of the Company's Medicare contracts, the Company has recorded no allowances and reserves for adjustment of recorded revenues and receivables.

(4) The Company has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

19. Direct premium written/produced by managing general agents/third party administrator – Not applicable.

20. Fair Value Measurements –

A. The Company uses fair value measurements to record the fair value of certain assets and to estimate the fair value of financial instruments not recorded at fair value but required to be disclosed at fair value.

Fair value is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. The Company's Level 1 assets and liabilities primarily include exchange-traded equity securities.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following discussion described the valuation methodologies utilized by the Company for assets measured or disclosed at fair value. Fair value estimates are made at a specific point in time, based on available market information and judgments about

NOTES TO FINANCIAL STATEMENTS

the financial instrument, including discount rates, estimates of timing, amount of expected future cash flows, and the credit standing of the issuer.

Debt and Equity Securities

The fair values of actively traded debt and equity securities are determined through the use of third-party pricing services utilizing market observable inputs. Certain mortgage-backed securities for which the Company does not receive public quotations or for which the Company believes market activity to reflect distressed sales are valued using current market-consistent rates applicable to yield, credit quality and maturity of each security. When available, market observable inputs are used to estimate the fair values of these securities.

Cash, Cash Equivalents, and Short-Term Investments

The fair values of cash and cash equivalents are based on quoted market prices. Short term investments are stated at amortized cost, which approximates fair value.

(1) Fair Value Measurements at Reporting Date

Fair Value Measurements at December 31, 2015	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Bonds				
U.S Governments	$ -		$ -	$ -
Industrial and Misc	$ -		$ -	$ -
Hybrid Securities	$ -	$ -	$ -	$ -
Parent, Subsidiaries and Affiliates	$ -	$ -	$ -	$ -
Total Bonds	**$ -**	**$ -**	**$ -**	**$ -**
Common Stock				
Industrial and Misc	$ 107,596,205.00	$ -	$ -	$ 107,596,205.00
Parent, Subsidiaries and Affiliates	$ -	$ -	$ -	$ -
Total Common Stocks	**$ 107,596,205.00**	**$ -**	**$ -**	**$ 107,596,205.00**
Total assets at fair value	**$ 107,596,205.00**	**$ -**	**$ -**	**$ 107,596,205.00**

Fair Value Measurements at December 31, 2014	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Bonds				
U.S Governments	$ -	$ -	$ -	$ -
Industrial and Misc	$ -	$ -	$ -	$ -
Hybrid Securities	$ -	$ -	$ -	$ -
Parent, Subsidiaries and Affiliates	$ -	$ -	$ -	$ -
Total Bonds	**$ -**	**$ -**	**$ -**	**$ -**
Common Stock				
Industrial and Misc	$ 106,665,509.00	$ -	$ -	$ 106,665,509.00
Parent, Subsidiaries and Affiliates	$ -	$ -	$ -	$ -
Total Common Stocks	**$ 106,665,509.00**	**$ -**	**$ -**	**$ 106,665,509.00**
Total assets at fair value	**$ 106,665,509.00**	**$ -**	**$ -**	**$ 106,665,509.00**

The Company did not have any significant assets or liabilities measured at fair value on a nonrecurring basis as of December 31, 2015 or December 31, 2014. There were no transfers between Level 1 and Level 2 securities during the year ended December 31, 2015.

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy – The Company did not have any Level 3 investments as of December 31, 2015 or December 31, 2014.

(3) CareSource recognizes transfers between fair value levels at the end of the reporting period.

(4) CareSource does not have any assets with fair value measurements categorized within Level 2 and Level 3

(5) Derivative Assets/Liabilities – Not applicable

B. Other Fair Value Measurements – Not applicable

C. Aggregate Value for All Financial Instruments

NOTES TO FINANCIAL STATEMENTS

December 31, 2015	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	$ 750,349,144	$ 751,632,166		$ 750,349,144		
Common Stock	$ 107,596,205	$ 107,596,205	$ 107,596,205			
Cash, Cash Equivalents, and Short- Term Investments	$ 609,875,903	$ 609,875,903	$ 609,875,903			

December 31, 2014	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	$ 598,145,149.00	$ 593,906,916.00		$ 598,145,149.00		
Common Stock	$ 106,665,509.00	$ 106,665,509.00	$ 106,665,509.00			
Cash, Cash Equivalents, and Short- Term Investments	$ 786,660,186.00	$ 786,677,628.00	$ 754,452,471.00	$ 32,207,715.00		

D. Fair Value Not Estimable – Not applicable

21. Other Items
    A. Extraordinary items – None
    B. Troubled debt restructuring: Debtors – None
    C. Other Disclosures – None
    D. Business interruption insurance recoveries – None
    E. State transferable tax credits – None
    F. Subprime mortgage related risk – None
    G. Retained assets – None

22. Events subsequent - Subsequent events have been considered through February 29, 2016 for the statutory statements issued on that date.

    A. Type I – Recognized Subsequent Events – None
    B. Type II – Non-recognized Subsequent Events – None

    The Company is not subject to the annual fee under section 9010 of the Affordable Care Act. CS is incorporated as a nonprofit in the state of Ohio and receives greater than 80 percent of gross revenues from government programs that target low-income, elderly, or disabled populations.

23. Reinsurance
    A. Ceded Reinsurance Report
        Section 1 – General Interrogatories
            1. No
            2. No
        Section 2 – Ceded Reinsurance Report – Part A
            1. No
            2. No
        Section 3 – Ceded Reinsurance Report – Part B
            1. $14,223,636
            2. No

    B. Uncollectible Reinsurance – None
    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. CareSource estimates accrued retrospective premium adjustments for its individual health insurance and Medicare Business through a mathematical approach using an algorithm of the company's underwriting rules and experience rating practices.
    B. CareSource records accrued retrospective premiums as an adjustment to earned premiums.
    C. The amounts of net premiums written by CareSource at December 31, 2015 that are subject to retrospective rating features was $920 million that represented 14% of the total net premiums written. No other net premiums written by CareSource are subject to retrospective redetermination.
    D. Medical loss ratio rebates required pursuant to the Public Health Service Act.

NOTES TO FINANCIAL STATEMENTS

	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Other Categories with Rebates	5 Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred	$ -	$ -	$ -	$ -	$ -
(2) Medical loss ratio rebates paid	$ -	$ -	$ -	$ -	$ -
(3) Medical loss ratio rebates unpaid	$ -	$ -	$ -	$ -	$ -
(4) Plus reinsurance assumed amounts					$ -
(5) Less reinsurance ceded amounts					$ -
(6) Rebates unpaid net of reinsurance					$ -
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred	$ 2,137,017.00	$ -	$ -	$ -	$ 2,137,017.00
(8) Medical loss ratio rebates paid	$ 2,137,017.00				$ 2,137,017.00
(9) Medical loss ratio rebates unpaid					$ -
(10) Plus reinsurance assumed amounts					
(11) Less reinsurance ceded amounts					
(12) Rebates unpaid net of reinsurance					$ -

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

(1) Did the entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions? – Yes

(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

NOTES TO FINANCIAL STATEMENTS

		AMOUNT
a. Permanent ACA Risk Adjustment Program		
Assets		
1 Premium adjustments receivable due to ACA Risk Adjustment	$	-
Liabilities		
2 Risk adjustment user fees payable for ACA Risk Adjustment	$	66,302
3 Premium adjustments payable due to ACA Risk Adjustment	$	17,700,000
Operations (Revenue & Expense)		
4 Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	$	17,065,056
5 Reported in expenses as ACA risk adjustment user fees (incurred/paid)	$	42,714
b. Transitional ACA Reinsurance Program		
Assets		
1 Amounts recoverable for claims paid due to ACA Reinsurance	$	7,253,647
2 Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	$	2,246,353
3 Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	$	-
Liabilities		
4 Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	$	-
5 Ceded reinsurance premiums payable due to ACA Reinsurance	$	8,824
6 Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	$	-
Operations (Revenue & Expense)		
7 Ceded reinsurance premiums due to ACA Reinsurance	$	1,815,220
8 Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	$	-
9 ACA Reinsurance contributions - not reported as ceded premium	$	6,229
c. Temporary ACA Risk Corridors Program		
Assets		
1 Accrued retrospective premium due to ACA Risk Corridors	$	-
Liabilities		
2 Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	$	2,330,397
Operations (Revenue & Expense)		
3 Effect of ACA Risk Corridors on net premium income	$	-
4 Effect of ACA Risk Corridors on change in reserves for rate	$	2,330,397

NOTES TO FINANCIAL STATEMENTS

	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			Unsettled Balances as of the Reported 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)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustment receivable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	A	$ -	$ -
2. Premium adjustments (payable)	$ -	$(2,800,000)	$ -	$(2,165,056)	$ -	$ (634,944)	$ -	$ 634,944	B	$ -	$ -
3. Subtotal ACA Permanent Risk Adjustment Program	$ -	$(2,800,000)	$ -	$(2,165,056)	$ -	$ (634,944)	$ -	$ 634,944		$ -	$ -
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	$5,791,852	$ -	$6,919,052	$ -	$ (1,127,200)	$ -	$ 1,127,200	$ -	C	$ -	$ -
2. Amounts recoverable for claims unpaid (contra liability)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	D	$ -	$ -
3. Amounts receivable relating to uninsured plans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	E	$ -	$ -
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	F	$ -	$ -
5. Ceded reinsurance premiums payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	G	$ -	$ -
6. Liability for amounts hold under uninsured plans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	H	$ -	$ -
7. Subtotal ACA Transitional Reinsurance Program	$5,791,852	$ -	$6,919,052	$ -	$ (1,127,200)	$ -	$ 1,127,200	$ -		$ -	$ -
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	I	$ -	$ -
2. Reserve for rate credits or policy experience rating refunds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (2,330,397)	J	$ -	$ (2,330,397)
3. Subtotal ACA Risk Corridors Program	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (2,330,397)		$ -	$ (2,330,397)
d. Total for ACA Risk Sharing Provisions	$5,791,852	$(2,800,000)	$6,919,052	$(2,165,056)	$ (1,127,200)	$ (634,944)	$ 1,127,200	$ (1,695,453)		$ -	$ (2,330,397)

Explanation of Adjustments

A.
B. Prior year payable was decreased as a result of the final CMS risk adjustment payment due.
C. Prior year receivable was increased due to increased reinsurance program reimbursement by CMS.
D.
E.
F.
G.
H.
I.
J. Final risk corridor payable per MLR filing.

25. Change in Incurred Claims and Claims Adjustment Expenses Related to Prior Years

Reserves as of December 31, 2014 were $795 million. As of December 31, 2015, $768 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Therefore, there has been a $45 million favorable prior-year development since December 31, 2014 to December 31, 2015. The change 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. Included in this decrease, the Company experienced $31 million of favorable prior year claim development on retrospectively rated policies, combined with $14 million of favorable experience in recoveries.

26. Intercompany Pooling Arrangements – None

27. Structured Settlements – Not applicable

28. Health Care Receivables

A. Pharmacy rebates - As of December 31, 2015 and December 31, 2014, CS recorded a pharmacy rebate receivable of $51,162,262 and $32,861,742, of which $13,871,551 and $6,174,589 and was non-admitted, respectively. The receivable is estimated using invoiced prescriptions and rebate dollars sent to drug manufactures for reimbursement. The Company utilizes a third party to administer the program.

NOTES TO FINANCIAL STATEMENTS

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Rebates Collected Within 90 Days of Invoicing/ Confirmation	Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Collected More Than 180 Days After Invoicing/ Confirmation
12/31/2015	$ 27,480,515.77	$ 1,395,316.19	$ 1,395,316.19	$ -	$ -
9/30/2015	$ 27,208,356.08	$ 2,131,293.65	$ 2,131,293.65	$ -	$ -
6/30/2015	$ 26,509,109.51	$ 26,509,109.51	$ 16,969,315.78	$ -	$ -
3/31/2015	$ 22,745,280.91	$ 22,745,280.91	$ 14,772,897.26	$ 5,280,408.26	$ -
12/31/2014	$ 18,100,594.00	$ 17,631,538.16	$ 10,549,869.62	$ 1,698,496.90	$ 5,040,683.49
9/30/2014	$ 14,836,625.00	$ 15,960,788.00	$ 9,204,366.38	$ 4,254,107.82	$ 1,849,912.83
6/30/2014	$ 11,622,687.00	$ 12,445,971.27	$ 7,744,996.00	$ 4,277,334.10	$ 30,878.79
3/31/2014	$ 5,843,866.00	$ 9,510,837.31	$ 6,379,182.00	$ 2,800,773.00	$ 149,430.65
12/31/2013	$ 8,103,775.00	$ 8,604,608.37	$ 7,983,653.00	$ 567,631.00	$ 21,186.42
9/30/2013	$ 7,268,767.00	$ 7,590,246.42	$ 4,984,821.00	$ 1,894,279.00	$ 708,519.68
6/30/2013	$ 7,345,766.00	$ 6,765,274.33	$ 4,683,765.00	$ 1,473,812.00	$ 603,226.42
3/31/2013	$ 6,409,692.00	$ 6,686,964.36	$ 4,800,100.00	$ 694,858.00	$ 1,160,925.00

B. Risk sharing receivables – None

29. Participating Policies – Not applicable

30. Premium Deficiency Reserves – Not deemed necessary

31. Anticipated Salvage and Subrogation – Due to the type of business being written, the Company has no salvage. The Company took into account estimated recoveries (in the form of coordination of benefits) in its determination of the liability for unpaid claims/losses and reduced such liability by $36,182,324.

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)	1,762,012,722	1,720,930,640	1,129,129,398	935,939,711	859,413,199
2. Total liabilities (Page 3, Line 24)	832,809,688	977,397,254	524,270,342	401,446,635	444,698,374
3. Statutory minimum capital and surplus requirement	228,138,042	352,410,914	244,323,657	221,184,228	176,182,362
4. Total capital and surplus (Page 3, Line 33)	929,203,036	743,533,386	604,859,056	534,493,076	414,714,825
Income Statement (Page 4)					
5. Total revenues (Line 8)	6,723,911,384	5,607,858,695	4,161,932,481	3,703,470,573	2,965,644,060
6. Total medical and hospital expenses (Line 18)	5,681,538,396	4,729,883,282	3,489,072,099	3,125,497,226	2,424,468,742
7. Claims adjustment expenses (Line 20)	105,978,482	98,118,439	78,755,540	69,729,398	54,723,564
8. Total administrative expenses (Line 21)	767,831,741	643,130,419	479,807,383	401,506,678	367,974,345
9. Net underwriting gain (loss) (Line 24)	168,562,765	136,726,555	114,297,459	106,737,271	118,477,409
10. Net investment gain (loss) (Line 27)	23,763,123	23,937,053	20,645,018	13,072,040	12,730,683
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income or (loss) (Line 32)	191,611,801	160,663,608	134,942,477	119,809,311	131,208,092
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(7,665,680)	524,956,218	255,372,597	31,850,977	189,299,527
Risk-Based Capital Analysis					
14. Total adjusted capital	929,203,036	743,533,386	604,859,056	534,493,076	414,714,825
15. Authorized control level risk-based capital	228,177,115	176,205,457	122,161,829	110,592,114	88,091,181
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	1,306,521	1,275,520	977,010	891,565	875,545
17. Total members months (Column 6, Line 7)	15,557,976	13,475,134	11,200,810	10,851,256	10,266,935
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)	84.8	84.5	84.0	84.9	81.8
20. Cost containment expenses	1.4	1.4	1.5	1.5	1.2
21. Other claims adjustment expenses	0.2	0.4	0.4	0.4	0.6
22. Total underwriting deductions (Line 23)	97.8	97.7	97.4	97.7	96.0
23. Total underwriting gain (loss) (Line 24)	2.5	2.4	2.8	2.9	4.0
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	750,823,434	409,305,087	272,094,386	341,075,051	194,548,402
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	795,644,632	405,096,196	304,841,791	355,552,506	224,030,157
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate		0	0	0	0
31. All other affiliated		0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above					

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

If no, please explain