



95202201520100100

2015

Document Code: 201

**ANNUAL STATEMENT**  
**For the Year Ending DECEMBER 31, 2015**  
**OF THE CONDITION AND AFFAIRS OF THE**  
**SummaCare, Inc.**

NAIC Group Code	3259 (Current Period)	3259 (Prior Period)	NAIC Company Code	95202	Employer's ID Number	34-1726655
Organized under the Laws of	Ohio		State of Domicile or Port of Entry		Ohio	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]	Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[ ] No[ ] N/A[X]	Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]			
Incorporated/Organized	10/23/1992		Commenced Business	03/01/1993		
Statutory Home Office	10 North Main Street (Street and Number)		Akron, OH, 44308 (City or Town, State, Country and Zip Code)			
Main Administrative Office	10 North Main Street (Street and Number)		Akron, OH, 44308 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	10 North Main Street (Street and Number)		Akron, OH, 44308 (City or Town, State, Country and Zip Code)			
Internet Website Address	SummaCare.com		(Area Code) (Telephone Number)			
Statutory Statement Contact	Roy Douglas Hall (Name) hallroy@summacare.com (E-Mail Address)		(330)996-8410-62057 (Area Code)(Telephone Number)(Extension) (330)996-8553 (Fax Number)			

**OFFICERS**

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

**OTHERS**

Anne Armao, VP - Marketing and Product Development  
 James Loveless, VP - Individual Product Line  
 Mumtaz Ibrahim M.D., Chief Medical Officer

Kevin Cavalier, VP - Sales  
 Donald Novosel, VP - Contracting & Network Development  
 Claude Vincenti, President

Keith Johnson, VP - Third Party Administrator  
 Annette Ruby, VP - Health Services Management  
 Dennis Pijor, VP - Finance, CFO #

**DIRECTORS OR TRUSTEES**

Claude Maurius Vincenti #  
 Vincent Hadar Johnson Jr. M.D.  
 Richard Allen Merolla  
 Kathleen Tirbovich Geier  
 James Ross McIlvaine  
 Benjamin Paul Sutton #

Thomas Anthony Malone M.D. #  
 Erik Newman Steele D.O.  
 Bradley Hall Crombie M.D.  
 Rajiv Vishnu Taliwal M.D.  
 Brian Keith Derrick #  
 Lydia Alexander Cook M.D. #

State of Ohio  
 County of Summit ss

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

(Signature)  
 Brian Keith Derrick  
 (Printed Name)  
 1.  
 Treasurer  
 (Title)

(Signature)  
 Robert Andrew Gerberry  
 (Printed Name)  
 2.  
 Secretary  
 (Title)

(Signature)  
 Dennis Dale Pijor  
 (Printed Name)  
 3.  
 Vice President - Finance, CFO  
 (Title)

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

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

Yes[X] No[ ]

(Notary Public Signature)

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols.1-2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	35,850,864		35,850,864	39,356,279
2. Stocks (Schedule D)				
2.1 Preferred stocks .....				
2.2 Common Stocks .....	24,382,361		24,382,361	31,459,090
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$.....7,538,020, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....2,450,348, Schedule DA) .....	9,988,368		9,988,368	5,356,363
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....				
9. Receivables for securities .....				
10. Securities Lending Reinvested Collateral Assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	70,221,593		70,221,593	76,171,732
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	131,295		131,295	147,640
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	3,722,492	118,140	3,604,352	28,469
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0) .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	182,734		182,734	
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....				
18.2 Net deferred tax asset .....				1,353,212
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....				
21. Furniture and equipment, including health care delivery assets (\$.....0) .....	205,797	205,797		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	10,803,770		10,803,770	924,988
24. Health care (\$.....5,640,833) and other amounts receivable .....	7,230,138	1,589,305	5,640,833	6,540,592
25. Aggregate write-ins for other than invested assets .....	1,187,963	1,187,963		
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	93,685,782	3,101,205	90,584,577	85,166,633
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. TOTAL (Lines 26 and 27) .....	93,685,782	3,101,205	90,584,577	85,166,633
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. Prepaid assets .....	1,187,963	1,187,963		
2502. Deposits .....				
2503. Pharmacy Rebates .....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	1,187,963	1,187,963		

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded) .....	27,746,154		27,746,154	30,744,997
2. Accrued medical incentive pool and bonus amounts .....	58,703		58,703	105,000
3. Unpaid claims adjustment expenses .....	601,387		601,387	563,174
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act .....				
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserves .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....	653,480		653,480	875,708
9. General expenses due or accrued .....	4,573,732		4,573,732	5,815,882
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....	925,896		925,896	
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....				
13. Remittances and items not allocated .....	866,670		866,670	263,639
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15. Amounts due to parent, subsidiaries and affiliates .....	3,585,127		3,585,127	4,037,599
16. Derivatives .....				
17. Payable for securities .....				
18. Payable for securities lending .....				
19. Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers) .....				
20. Reinsurance in unauthorized and certified (\$.....0) companies .....				
21. Net adjustments in assets and liabilities due to foreign exchange rates .....				
22. Liability for amounts held under uninsured plans .....				
23. Aggregate write-ins for other liabilities (including \$.....0 current) .....				
24. TOTAL Liabilities (Lines 1 to 23) .....	39,011,149		39,011,149	42,405,999
25. Aggregate write-ins for special surplus funds .....	XXX	XXX		
26. Common capital stock .....	XXX	XXX		
27. Preferred capital stock .....	XXX	XXX		
28. Gross paid in and contributed surplus .....	XXX	XXX	50,084,767	30,084,767
29. Surplus notes .....	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds .....	XXX	XXX		
31. Unassigned funds (surplus) .....	XXX	XXX	1,488,661	12,675,867
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$.....0) .....	XXX	XXX		
32.2 .....0 shares preferred (value included in Line 27 \$.....0) .....	XXX	XXX		
33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) .....	XXX	XXX	51,573,428	42,760,634
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) .....	XXX	XXX	90,584,577	85,166,633
<b>DETAILS OF WRITE-INS</b>				
2301. Payroll liability .....				
2302. Other accrued liabilities .....				
2303. Medicaid Pharmacy Reserve .....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				
2501. .....	XXX	XXX		
2502. .....	XXX	XXX		
2503. .....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	XXX	XXX		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	XXX	XXX		
3001. .....	XXX	XXX		
3002. .....	XXX	XXX		
3003. .....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page .....	XXX	XXX		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	XXX	XXX		

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
	XXX	321,810	395,053
1. Member Months .....	XXX	321,810	395,053
2. Net premium income (including \$.....0 non-health premium income) .....	XXX	271,370,208	315,607,309
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		
4. Fee-for-service (net of \$.....0 medical expenses) .....	XXX		
5. Risk revenue .....	XXX		
6. Aggregate write-ins for other health care related revenues .....	XXX	78,341	79,538
7. Aggregate write-ins for other non-health revenues .....	XXX		
8. TOTAL Revenues (Lines 2 to 7) .....	XXX	271,448,549	315,686,847
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		221,697,120	253,167,278
10. Other professional services .....			
11. Outside referrals .....			
12. Emergency room and out-of-area .....			
13. Prescription drugs .....		24,570,537	30,776,674
14. Aggregate write-ins for other hospital and medical .....			
15. Incentive pool, withhold adjustments and bonus amounts .....		(6,671)	80,812
16. Subtotal (Lines 9 to 15) .....		246,260,986	284,024,764
<b>Less:</b>			
17. Net reinsurance recoveries .....		367,625	109,447
18. TOTAL Hospital and Medical (Lines 16 minus 17) .....		245,893,361	283,915,317
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$.....951,713 cost containment expenses .....		4,245,082	3,971,607
21. General administrative expenses .....		25,979,889	26,842,932
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....			
23. TOTAL Underwriting Deductions (Lines 18 through 22) .....		276,118,332	314,729,856
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	(4,669,783)	956,991
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		538,127	991,924
26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....			899,878
27. Net investment gains (losses) (Lines 25 plus 26) .....		538,127	1,891,802
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....			
29. Aggregate write-ins for other income or expenses .....		23,944	11,426
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	(4,107,712)	2,860,219
31. Federal and foreign income taxes incurred .....	XXX	1,046,089	878,831
32. Net income (loss) (Lines 30 minus 31) .....	XXX	(5,153,801)	1,981,388
<b>DETAILS OF WRITE-INS</b>			
0601. Administrative Services Revenue .....	XXX	78,341	79,538
0602. Misc income received from prior year taxes .....	XXX		
0603. Gain/loss on disposal of asset .....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX	78,341	79,538
0701. Proceeds from the Sale of the Medicaid Product Line .....	XXX		
0702. Miscellaneous Income .....	XXX		
0703. Miscellaneous Revenue .....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	XXX		
1401. .....			
1402. .....			
1403. .....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....		23,944	11,426
2901. Rental Revenue .....			
2902. Miscellaneous Income .....		23,944	11,426
2903. City Income Taxes .....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....		23,944	11,426

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

	1 Current Year	2 Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year .....	42,760,634	30,582,313
34. Net income or (loss) from Line 32 .....	(5,153,801)	1,981,388
35. Change in valuation basis of aggregate policy and claim reserves .....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(7,076,729)	(18,540,910)
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....	(1,426,202)	(10,365,062)
39. Change in nonadmitted assets .....	401,991	40,601,392
40. Change in unauthorized and certified reinsurance .....		
41. Change in treasury stock .....		
42. Change in surplus notes .....		
43. Cumulative effect of changes in accounting principles .....		
44. Capital Changes:		
44.1 Paid in .....		
44.2 Transferred from surplus (Stock Dividend) .....		
44.3 Transferred to surplus .....		
45. Surplus adjustments:		
45.1 Paid in .....	20,000,000	
45.2 Transferred to capital (Stock Dividend) .....		
45.3 Transferred from capital .....		
46. Dividends to stockholders .....		
47. Aggregate write-ins for gains or (losses) in surplus .....	2,067,535	(1,498,487)
48. Net change in capital and surplus (Lines 34 to 47) .....	8,812,794	12,178,321
49. Capital and surplus end of reporting year (Line 33 plus 48) .....	51,573,428	42,760,634
<b>DETAILS OF WRITE-INS</b>		
4701. Change in Minimum Pension Liability - Unrestricted Funds .....	255,228	(1,058,010)
4702. Gain on sale of bonds .....		(117,730)
4703. Federal income tax adjustment .....		(322,746)
4798. Summary of remaining write-ins for Line 47 from overflow page .....	1,812,307	(1)
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	2,067,535	(1,498,487)

**CASH FLOW**

		1 Current Year	2 Prior Year
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	267,572,097	316,164,338
2.	Net investment income .....	518,712	999,126
3.	Miscellaneous income .....	78,341	79,538
4.	TOTAL (Lines 1 through 3) .....	268,169,150	317,243,002
5.	Benefit and loss related payments .....	249,121,235	283,330,854
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	31,404,964	28,652,477
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	193,183	11,270,164
10.	TOTAL (Lines 5 through 9) .....	280,719,382	323,253,495
11.	Net cash from operations (Line 4 minus Line 10) .....	(12,550,232)	(6,010,493)
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	6,600,000	36,682,148
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7) .....	6,600,000	36,682,148
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	3,058,825	8,347,069
13.2	Stocks .....		50,000,000
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6) .....	3,058,825	58,347,069
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	3,541,175	(21,664,921)
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....	20,000,000	
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	(6,358,938)	3,676,607
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	13,641,062	3,676,607
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	4,632,005	(23,998,807)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	5,356,363	29,355,170
19.2	End of year (Line 18 plus Line 19.1) .....	9,988,368	5,356,363

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

20.0001	.....	.....	.....
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## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2. Medicare Supplement .....	.....	.....	.....	.....
3. Dental only .....	.....	.....	.....	.....
4. Vision only .....	.....	.....	.....	.....
5. Federal Employees Health Benefits Plan .....	.....	.....	.....	.....
6. Title XVIII - Medicare .....	271,554,622	.....	184,414	271,370,208
7. Title XIX - Medicaid .....	.....	.....	.....	.....
8. Other health .....	.....	.....	.....	.....
9. Health subtotal (Lines 1 through 8) .....	271,554,622	.....	184,414	271,370,208
10. Life .....	.....	.....	.....	.....
11. Property/casualty .....	.....	.....	.....	.....
12. TOTALS (Lines 9 to 11) .....	271,554,622	.....	184,414	271,370,208

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	249,266,500						249,266,500			
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	184,891						184,891			
1.4 Net	249,081,609						249,081,609			
2. Paid medical incentive pools and bonuses	39,626						39,626			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	27,746,154						27,746,154			
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	27,746,154						27,746,154			
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	58,703						58,703			
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year	182,734						182,734			
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	30,744,997						30,744,997			
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	30,744,997						30,744,997			
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	105,000						105,000			
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	246,267,657						246,267,657			
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	367,625						367,625			
12.4 Net	245,900,032						245,900,032			
13. Incurred medical incentive pools and bonuses	(6,671)						(6,671)			

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Compre- hensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	27,746,154	.....	.....	.....	.....	.....	27,746,154	.....	.....	.....
1.2 Reinsurance assumed .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1.3 Reinsurance ceded .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1.4 Net .....	27,746,154	.....	.....	.....	.....	.....	27,746,154	.....	.....	.....
2. Incurred but Unreported:										
2.1 Direct .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.2 Reinsurance assumed .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.3 Reinsurance ceded .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.4 Net .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.2 Reinsurance assumed .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.3 Reinsurance ceded .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.4 Net .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4. TOTALS										
4.1 Direct .....	27,746,154	.....	.....	.....	.....	.....	27,746,154	.....	.....	.....
4.2 Reinsurance assumed .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.3 Reinsurance ceded .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.4 Net .....	27,746,154	.....	.....	.....	.....	.....	27,746,154	.....	.....	.....

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	.....	.....	.....	.....	.....	.....
2. Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3. Dental only .....	.....	.....	.....	.....	.....	.....
4. Vision only .....	.....	.....	.....	.....	.....	.....
5. Federal Employees Health Benefits Plan .....	.....	.....	.....	.....	.....	.....
6. Title XVIII - Medicare .....	30,470,002	218,428,873	31,000	27,715,154	30,501,002	30,744,997
7. Title XIX - Medicaid .....	.....	.....	.....	.....	.....	.....
8. Other health .....	.....	.....	.....	.....	.....	.....
9. Health subtotal (Lines 1 to 8) .....	30,470,002	218,428,873	31,000	27,715,154	30,501,002	30,744,997
10. Healthcare receivables (a) .....	.....	.....	.....	.....	.....	.....
11. Other non-health .....	.....	.....	.....	.....	.....	.....
12. Medical incentive pool and bonus amounts .....	39,626	.....	58,703	.....	98,329	105,000
13. TOTALS (Lines 9 - 10 + 11 + 12) .....	30,509,628	218,428,873	89,703	27,715,154	30,599,331	30,849,997

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

# UNDERWRITING AND INVESTMENT EXHIBIT

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

Grand Total

## Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	18,669	18,673	18,673	18,673	18,673
2. 2011 .....	191,823	214,963	214,982	214,982	214,982
3. 2012 .....	XXX	196,230	213,043	213,043	213,043
4. 2013 .....	XXX	XXX	214,819	244,399	244,399
5. 2014 .....	XXX	XXX	XXX	253,767	284,277
6. 2015 .....	XXX	XXX	XXX	XXX	218,429

## Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	18,673	18,673	18,673	18,673	18,673
2. 2011 .....	218,399	214,982	214,982	214,982	214,982
3. 2012 .....	XXX	221,904	213,088	213,043	213,043
4. 2013 .....	XXX	XXX	245,046	244,434	244,399
5. 2014 .....	XXX	XXX	XXX	284,582	284,367
6. 2015 .....	XXX	XXX	XXX	XXX	246,144

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2011 .....	254,416	214,982	4,083	1.899	219,065	86.105			219,065	86.105
2. 2012 .....	255,417	213,043	4,682	2.198	217,725	85.243			217,725	85.243
3. 2013 .....	277,513	244,399	3,550	1.453	247,949	89.347			247,949	89.347
4. 2014 .....	315,607	284,277	3,987	1.402	288,264	91.336	90		288,354	91.365
5. 2015 .....	271,370	218,429	3,580	1.639	222,009	81.810	27,715	601	250,325	92.245

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . . . . NONE

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

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

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

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

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

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

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

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

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

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP . . . . . NONE

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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	18,669	18,673	18,673	18,673	18,673
2. 2011 .....	191,823	214,963	214,982	214,982	214,982
3. 2012 .....	XXX	196,230	213,043	213,043	213,043
4. 2013 .....	XXX	XXX	214,819	244,399	244,399
5. 2014 .....	XXX	XXX	XXX	253,767	284,277
6. 2015 .....	XXX	XXX	XXX	XXX	218,429

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	18,673	18,673	18,673	18,673	18,673
2. 2011 .....	218,399	214,982	214,982	214,982	214,982
3. 2012 .....	XXX	221,904	213,088	213,043	213,043
4. 2013 .....	XXX	XXX	245,046	244,434	244,399
5. 2014 .....	XXX	XXX	XXX	284,582	284,367
6. 2015 .....	XXX	XXX	XXX	XXX	246,144

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2011 .....	254,416	214,982	4,083	1.899	219,065	86.105			219,065	86.105
2. 2012 .....	255,417	213,043	4,682	2.198	217,725	85.243			217,725	85.243
3. 2013 .....	277,513	244,399	3,550	1.453	247,949	89.347			247,949	89.347
4. 2014 .....	315,607	284,277	3,987	1.402	288,264	91.336	90		288,354	91.365
5. 2015 .....	271,370	218,429	3,580	1.639	222,009	81.810	27,715	601	250,325	92.245

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

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

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

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

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

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

**13 Underwriting Invest Exh Pt 2D - A & H Reserve . . . . . NONE**

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building) .....	71,338	71,338	971,985		1,114,661
2. Salaries, wages and other benefits .....	396,224	467,862	11,233,965		12,098,051
3. Commissions (less \$.....0 ceded plus \$.....0 assumed) .....			201,317		201,317
4. Legal fees and expenses .....			275,953		275,953
5. Certifications and accreditation fees .....					
6. Auditing, actuarial and other consulting services .....	8,365		2,236,104		2,244,469
7. Traveling expenses .....	400		47,800		48,200
8. Marketing and advertising .....	2,518		2,049,349		2,051,867
9. Postage, express and telephone .....	36,009	300,252	606,188		942,449
10. Printing and office supplies .....	14,552	6	976,381		990,939
11. Occupancy, depreciation and amortization .....	11,533	11,516	435,084		458,133
12. Equipment .....	3,785		24,113		27,898
13. Cost or depreciation of EDP equipment and software .....	22,090		2,389,714		2,411,804
14. Outsourced services including EDP, claims, and other services .....	316,185	1,170,751	3,183,319		4,670,255
15. Boards, bureaus and association fees .....			33,533		33,533
16. Insurance, except on real estate .....			150,066		150,066
17. Collection and bank service charges .....				196,041	196,041
18. Group service and administration fees .....	38,388	1,236,274	441,697		1,716,359
19. Reimbursements by uninsured plans .....					
20. Reimbursements from fiscal intermediaries .....					
21. Real estate expenses .....					
22. Real estate taxes .....					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....					
23.2 State premium taxes .....					
23.3 Regulatory authority licenses and fees .....					
23.4 Payroll taxes .....	30,326	35,370	678,902		744,598
23.5 Other (excluding federal income and real estate taxes) .....					
24. Investment expenses not included elsewhere .....					
25. Aggregate write-ins for expenses .....			44,419		44,419
26. TOTAL Expenses Incurred (Lines 1 to 25) .....	951,713	3,293,369	25,979,889	196,041	(a) 30,421,012
27. Less expenses unpaid December 31, current year .....		601,387	4,573,732		5,175,119
28. Add expenses unpaid December 31, prior year .....		563,174	5,815,882		6,379,056
29. Amounts receivable relating to uninsured plans, prior year .....					
30. Amounts receivable relating to uninsured plans, current year .....					
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	951,713	3,255,156	27,222,039	196,041	31,624,949

**DETAILS OF WRITE-INS**

2501. Donations .....			4,500		4,500
2502. Miscellaneous Expense .....			39,919		39,919
2503. .....					
2598. Summary of remaining write-ins for Line 25 from overflow page .....					
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....			44,419		44,419

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

**EXHIBIT OF NET INVESTMENT INCOME**

		1 Collected During Year	2 Earned During Year
1. U.S. Government bonds .....	(a) .....	729,704	729,704
1.1 Bonds exempt from U.S. tax .....	(a) .....	.....	.....
1.2 Other bonds (unaffiliated) .....	(a) .....	.....	.....
1.3 Bonds of affiliates .....	(a) .....	.....	.....
2.1 Preferred stocks (unaffiliated) .....	(b) .....	.....	.....
2.11 Preferred stocks of affiliates .....	(b) .....	.....	.....
2.2 Common stocks (unaffiliated) .....	.....	.....	.....
2.21 Common stocks of affiliates .....	.....	.....	.....
3. Mortgage loans .....	(c) .....	.....	.....
4. Real estate .....	(d) .....	.....	.....
5. Contract loans .....	.....	.....	.....
6. Cash, cash equivalents and short-term investments .....	(e) .....	4,464	4,464
7. Derivative instruments .....	(f) .....	.....	.....
8. Other invested assets .....	.....	.....	.....
9. Aggregate write-ins for investment income .....	.....	.....	.....
10. TOTAL Gross investment income .....	734,168	734,168	734,168
11. Investment expenses .....	(g) .....	196,041	196,041
12. Investment taxes, licenses and fees, excluding federal income taxes .....	(g) .....	.....	.....
13. Interest expense .....	(h) .....	.....	.....
14. Depreciation on real estate and other invested assets .....	(i) .....	.....	.....
15. Aggregate write-ins for deductions from investment income .....	.....	.....	.....
16. TOTAL Deductions (Lines 11 through 15) .....	.....	196,041	196,041
17. Net Investment income (Line 10 minus Line 16) .....	.....	.....	538,127

**DETAILS OF WRITE-INS**

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

(a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.  
 (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.  
 (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.  
 (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.  
 (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.  
 (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.  
 (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
 (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.  
 (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds .....	.....	.....	.....	.....	.....
1.1 Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2 Other bonds (unaffiliated) .....	.....	.....	.....	.....	.....
1.3 Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1 Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11 Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2 Common stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.21 Common stocks of affiliates .....	.....	.....	.....	(7,076,729)	.....
3. Mortgage loans .....	.....	.....	.....	.....	.....
4. Real estate .....	.....	.....	.....	.....	.....
5. Contract loans .....	.....	.....	.....	.....	.....
6. Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....	.....
7. Derivative instruments .....	.....	.....	.....	.....	.....
8. Other invested assets .....	.....	.....	.....	.....	.....
9. Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10. TOTAL Capital gains (losses) .....	.....	.....	.....	(7,076,729)	.....

**DETAILS OF WRITE-INS**

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

**EXHIBIT OF NONADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....	.....	.....	.....
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	.....	.....	.....
2.2 Common stocks .....	.....	.....	.....
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	.....	.....	.....
3.2 Other than first liens .....	.....	.....	.....
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	.....	.....	.....
4.2 Properties held for the production of income .....	.....	.....	.....
4.3 Properties held for sale .....	.....	.....	.....
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....	.....	.....	.....
6. Contract loans .....	.....	.....	.....
7. Derivatives (Schedule DB) .....	.....	.....	.....
8. Other invested assets (Schedule BA) .....	.....	.....	.....
9. Receivables for securities .....	.....	.....	.....
10. Securities lending reinvested collateral assets (Schedule DL) .....	.....	.....	.....
11. Aggregate write-ins for invested assets .....	.....	.....	.....
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	.....	.....	.....
13. Title plants (for Title insurers only) .....	.....	.....	.....
14. Invested income due and accrued .....	.....	.....	.....
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	.....	118,140	.....
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....	.....	.....	.....
15.3 Accrued retrospective premiums and contracts subject to redetermination .....	.....	.....	.....
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	.....	.....	.....
16.2 Funds held by or deposited with reinsured companies .....	.....	.....	.....
16.3 Other amounts receivable under reinsurance contracts .....	.....	.....	.....
17. Amounts receivable relating to uninsured plans .....	.....	.....	.....
18.1 Current federal and foreign income tax recoverable and interest thereon .....	.....	.....	.....
18.2 Net deferred tax asset .....	.....	72,990	.....
19. Guaranty funds receivable or on deposit .....	.....	.....	.....
20. Electronic data processing equipment and software .....	.....	.....	.....
21. Furniture and equipment, including health care delivery assets .....	.....	205,797	.....
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	.....	.....	.....
23. Receivables from parent, subsidiaries and affiliates .....	.....	.....	.....
24. Health care and other amounts receivable .....	.....	1,589,305	.....
25. Aggregate write-ins for other than invested assets .....	.....	1,187,963	.....
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	.....	3,101,205	.....
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	.....	.....	.....
28. TOTAL (Lines 26 and 27) .....	.....	3,101,205	.....
<b>DETAILS OF WRITE-INS</b>			
1101. .....	.....	.....	.....
1102. .....	.....	.....	.....
1103. .....	.....	.....	.....
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.....	.....	.....
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	.....	.....	.....
2501. Prepaid Assets .....	.....	1,187,963	.....
2502. .....	.....	.....	.....
2503. .....	.....	.....	.....
2598. Summary of remaining write-ins for Line 25 from overflow page .....	.....	.....	.....
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	.....	1,187,963	.....
		1,462,436	.....
		.....	274,473

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations .....	32,654	27,156	26,654	26,548	26,419	321,810
2. Provider Service Organizations .....	.....	.....	.....	.....	.....	.....
3. Preferred Provider Organizations .....	.....	.....	.....	.....	.....	.....
4. Point of Service .....	.....	.....	.....	.....	.....	.....
5. Indemnity Only .....	.....	.....	.....	.....	.....	.....
6. Aggregate write-ins for other lines of business .....	.....	.....	.....	.....	.....	.....
7. TOTAL .....	32,654	27,156	26,654	26,548	26,419	321,810
<b>DETAILS OF WRITE-INS</b>						
0601. .....	.....	.....	.....	.....	.....	.....
0602. .....	.....	.....	.....	.....	.....	.....
0603. .....	.....	.....	.....	.....	.....	.....
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.....	.....	.....	.....	.....	.....
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	.....	.....	.....	.....	.....	.....

# Notes to Financial Statements

## 1. Summary of Significant Accounting Policies and Going Concern

### A. Accounting Practices

SummaCare, Inc.'s (the Company or SC) statutory financial statements are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance (ODI) and in accordance with the Accounting Practices and Procedures Manual.

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

	State of Domicile	<u>Dec-15</u>	<u>Dec-14</u>
<b><u>Net Income</u></b>			
1) SummaCare state basis (Page 4, Line 32, Columns 2 & 3)	OH	(5,153,801)	1,981,388
2) State Prescribed Practices that increase / (decrease) NAIC SAP:	OH	-	-
3) State Permitted Practices that increase / (decrease) NAIC SAP:	OH	-	-
4) NAIC SAP	OH	<u>(5,153,801)</u>	<u>1,981,388</u>
<b><u>Surplus</u></b>			
5) SummaCare state basis (Page 3, Line 33, Columns 3 & 4)	OH	51,573,428	42,760,634
6) State Prescribed Practices that increase / (decrease) NAIC SAP:	OH	-	-
7) State Permitted Practices that increase / (decrease) NAIC SAP:	OH	-	-
8) NAIC SAP	OH	<u>51,573,428</u>	<u>42,760,634</u>

### B. Use of Estimates

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

### C. Accounting Policy

The Company uses the following accounting policies:

#### 1) Cash and Short-Term Investments

Cash and short-term investments include cash on hand, cash held in bank accounts (including overdrafts), interest bearing deposits, and money market instruments purchased with an original maturity of one year or less. Short-term investments are stated at amortized cost.

#### 2) Bonds not backed by other loans are stated at amortized cost using the interest method.

#### 3) Common stocks – See number seven, investments in subsidiaries, controlled and affiliated entities.

#### 4) Preferred stocks – None.

#### 5) Mortgage loans on real estate – None.

#### 6) Loan backed securities – None.

#### 7) SC carries its investment in its subsidiary, Summa Insurance Company (SIC), at audited statutory equity in accordance with SSAP No. 97, Investments in Subsidiary, Controlled and Affiliated Entities. The Company's investment in SIC is classified as common stock on the Assets page.

#### 8) Investments in joint ventures, partnerships and limited liability companies – None.

#### 9) Accounting policy for derivatives – The Company does not invest in derivative instruments.

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

## Notes to Financial Statements

- 11) The cost of healthcare services is recognized in the period in which services are provided. Healthcare expenses also include an estimate of the cost of services provided to the Company's members by third party providers, which have been incurred but not reported to the Company. The estimate for incurred but not reported claims is based on actuarial projections of costs using historical paid claims data. Estimates are continually monitored and reviewed and, as settlements are made or estimates are adjusted, differences are reflected in current operations. Such estimates are subject to the impact of changes in the regulatory environment and economic conditions. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. While the ultimate amount of claims paid are dependent on future developments, management is of the opinion that the reserves for claims and the cost to process claims make a reasonable and appropriate provision to cover such claims.
- 12) The Company's capitalization policy and predefined thresholds have not changed from the prior period.
- 13) Pharmaceutical rebates are reported as a reduction of prescription drug expense. Receivables related to pharmaceutical rebates are recorded in accordance with SSAP No. 84, Certain Health Care Receivables and Receivables Under Government Insured Plans. Pharmacy rebates receivable are estimated by multiplying the most recent rebate received by three (three quarters).

### **D. Going Concern** – Not applicable.

## **2. Accounting Changes and Corrections of Errors**

### **A. Accounting Changes** – None.

### **B. Corrections of Errors**

In 2015, it was determined that the amount of Medicare Advantage risk-share receivable was incorrect in 2014. In 2014, premium revenue (Statement of Revenue and Expenses, line 2) was understated by \$1,812,307 and uncollected premiums (Assets page, line 15.1) were understated by \$1,812,307. This correction caused an increase to unassigned funds of \$1,812,307 in 2015.

## **3. Business Combinations and Goodwill**

### **A. Statutory Purchase Method** – None.

### **B. Statutory Merger** – None.

### **C. Assumption Reinsurance** – None.

### **D. Impairment Loss** – None.

## **4. Discontinued Operations** – None.

## **5. Investments**

### **A. Mortgage Loans** – None.

### **B. Debt Restructuring** – None.

### **C. Reverse Mortgages** – None.

### **D. Loan backed securities** – None.

### **E. Repurchase agreements** – None.

### **F. Real Estate** – None.

### **G. Investments in low-income housing tax credits** – None.

### **H. Restricted Assets**

## Notes to Financial Statements

	1 Total Gross Restricted from Current Year	2 Total Gross Restricted from Prior Year	3 Increase / (Decrease) (1 minus 2)	4 Total Current Year Admitted Restricted	5 Percentage Gross Restricted to Total Assets	6 Percentage Admitted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$0	\$0	\$0	\$0	\$0	\$0
b. Collateral held under security lending agreement:	\$0	\$0	\$0	\$0	\$0	\$0
c. Subject to repurchase agreements	\$0	\$0	\$0	\$0	0.000	0.000
d. Subject to reverse repurchase agreements	\$0	\$0	\$0	\$0	0.000	0.000
e. Subject to dollar repurchase agreements	\$0	\$0	\$0	\$0	0.000	0.000
f. Subject to dollar reverse repurchase agreements	\$0	\$0	\$0	\$0	0.000	0.000
g. Placed under option contracts	\$0	\$0	\$0	\$0	0.000	0.000
h. Letter stock or securities restricted as to sale	\$0	\$0	\$0	\$0	0.000	0.000
i. FHLB capital stock	\$0	\$0	\$0	\$0	0.000	0.000
j. On deposit with states	\$418,987	\$411,863	\$7,124	\$418,987	0.490	0.511
k. On deposit with other regulatory bodies	\$0	\$0	\$0	\$0	0.000	0.000
l. Pledged as collateral to FHLB	\$0	\$0	\$0	\$0	0.000	0.000
m. Pleaded as collateral not captured in other categories	\$0	\$0	\$0	\$0	0.000	0.000
n. Other restricted assets						
o. Total restricted assets	\$418,987	\$411,863	\$7,124	\$418,987	0.490	0.511

**I. Working Capital Finance Investments – None.**

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

**K. Structured Notes – None**

**6. Joint Ventures, Partnerships and Limited Liability Companies**

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

**7. Investment Income**

- A.** The basis, by category of investment income, for excluding (nonadmitting) any investment income due and accrued - All accrued investment income was admitted for the period.
- B.** Total amount excluded - None

**8. Derivative Instruments – None.**

**9. Income Taxes**

- A.** The components of deferred tax asset as of December 31, 2015 and December 31, 2014 are:

**Notes to Financial Statements**

	12/31/2015			12/31/2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
1.									
(a) Gross Deferred Tax Assets	\$4,637,323	\$0	\$4,637,323	\$1,760,161	\$0	\$1,760,161	\$2,877,162	\$0	\$2,877,162
(b) Statutory Valuation Allowance Adjustments	\$3,127,395	\$0	\$3,127,395	\$0	\$0	\$0	\$3,127,395	\$0	\$3,127,395
(c) Adjusted Gross DTA's (1a-1b)	\$1,509,928	\$0	\$1,509,928	\$1,760,161	\$0	\$1,760,161	(\$250,233)	\$0	(\$250,233)
(d) DTA's Nonadmitted	\$0	\$0	\$0	\$72,990	\$0	\$72,990	(\$72,990)	\$0	(\$72,990)
(e) Subtotal Net DTA's (1c-1d)	\$1,509,928	\$0	\$1,509,928	\$1,687,171	\$0	\$1,687,171	(\$177,243)	\$0	(\$177,243)
(f) Deferred Tax Liabilities	\$1,509,928	\$0	\$1,509,928	\$333,959	\$0	\$333,959	\$1,175,969	\$0	\$1,175,969
(g) Net Admitted DTA / Net DTL (1e-1f)	\$0	\$0	\$0	\$1,353,212	\$0	\$1,353,212	(\$1,353,212)	\$0	(\$1,353,212)
2.									
Admission Calculation Components SSAP No. 101									
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(b) Adjusted Gross DTA's Expected to be Realized (Excluding The Amount of DTA's From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2 (b) 1 and 2 (b) 2 Below)	\$0	\$0	\$0	\$1,464,338	\$0	\$1,464,338	(\$1,464,338)	\$0	(\$1,464,338)
1. Adjusted Gross DTA's Expected to be Realized Following the Balance Sheet Date.	\$0	\$0	\$0	\$1,464,338	\$0	\$1,464,338	(\$1,464,338)	\$0	(\$1,464,338)
2. Adjusted Gross DTA's Allowed Per Limitation Threshold.	XXX	XXX	\$7,736,014	XXX	XXX	\$4,276,063	XXX	XXX	\$3,459,951
(c) Adjusted Gross DTA's (Excluding The Amount of DTA's from 2 (a) and 2 (b) above) Offset by Gross DTL's.	\$1,509,928	\$0	\$1,509,928	\$295,823	\$0	\$295,823	\$1,214,105	\$0	\$1,214,105
(d) DTA's Admitted as the result of application of SSAP No. 101. Total (2(a)+2(b)+2(c))	\$1,509,928	\$0	\$1,509,928	\$1,760,161	\$0	\$1,760,161	(\$250,233)	\$0	(\$250,233)
3.									
(a) Ratio Percentage used To Determine Recovery Period And Threshold Limitation Amount.	2015	2014							
	375%	271%							
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2 (b) 2 Above.	\$51,573,428	\$42,760,634							
4.									
Impact of Tax-Planning Strategies									
(a) Determination of Adjusted Gross DTA's and Net Admitted DTA's By Tax Character as a percentage.									
1. Adjusted Gross DTA's	\$1,509,928	\$0	\$0	\$1,509,928	\$1,760,161	\$0	\$0	\$0	\$1,760,161
2. Percentage of Adjusted Gross DTA's	0%	0%	0%	0%	0%	0%	0%	0%	0%
3. Net Admitted Gross DTA's	\$1,509,928	\$0	\$0	\$1,509,928	\$1,687,171	\$0	\$0	\$0	\$1,687,171
4. Percentage of Net Admitted Gross DTA's because of tax planning.	0%	0%	0%	0%	0%	0%	0%	0%	0%
(b) Does the Company's tax planning strategies include reinsurance?	Yes	No	X						

**B. Regarding deferred tax liabilities not recognized – None.**

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

# Notes to Financial Statements

	12/31/2015	12/31/2014	Change
1. Current Income Tax			
(a) Federal	\$1,046,089	\$878,831	\$167,257
(b) Foreign	\$0	\$0	\$0
(c) Subtotal	<u>\$1,046,089</u>	<u>\$878,831</u>	<u>\$167,257</u>
(d) Federal Income Tax on Net Capital Gains	\$0	\$0	\$0
(e) Utilization of Capital Loss Carry Forwards	\$0	\$0	\$0
(f) Other	\$0	\$0	\$0
(g) Federal and Foreign Income Taxes Incurred	<u>\$1,046,089</u>	<u>\$878,831</u>	<u>\$167,257</u>
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Unpaid Losses	\$71,581	\$94,330	(\$22,749)
(2) Unearned Premium Reserve	\$44,437	\$59,548	(\$15,112)
(3) Policyholder Reserves	\$125,865	\$118,317	\$7,548
(4) Investments	\$80,136	\$72,990	\$7,146
(5) Deferred Acquisition Costs	\$0	\$0	\$0
(6) Policyholder Dividends Accrual	\$0	\$0	\$0
(7) Fixed Assets	\$303,693	\$334,251	(\$30,558)
(8) Compensation and Benefits Accrual	\$0	\$0	\$0
(9) Pension Accrual	\$0	\$0	\$0
(10) Receivables - Nonadmitted	\$984,439	\$1,078,856	(\$94,417)
(11) Net Operating Loss Carry-Forward	\$1,994,036	\$0	\$1,994,036
(12) Tax Credits	\$0	\$0	\$0
(13) Other	<u>\$1,033,137</u>	<u>\$1,870</u>	<u>\$1,031,267</u>
Subtotal	<u>\$4,637,323</u>	<u>\$1,760,161</u>	<u>\$2,877,162</u>
(b) Statutory Valuation Allowance (Ordinary)	\$3,127,395	\$0	\$3,127,395
(c) Nonadmitted	\$0	\$72,990	(\$72,990)
(d) Admitted Ordinary Deferred Tax Assets	\$1,509,928	\$1,687,171	(\$177,243)
(e) Capital			
(1) Investments	\$0	\$0	\$0
(2) Net Capital Loss Carry-Forward	\$0	\$0	\$0
(3) Unrealized Gains/Losses	\$0	\$0	\$0
(4) Other	\$0	\$0	\$0
Subtotal	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
(f) Statutory Valuation Allowance Adjustment (Capital)	\$0	\$0	\$0
(g) Nonadmitted	\$0	\$0	\$0
(h) Admitted Capital Deferred Tax Assets	\$0	\$0	\$0
(i) Admitted Deferred Tax Assets	\$1,509,928	\$1,687,171	(\$177,243)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$0	\$0	\$0
(2) Fixed Assets	\$0	\$0	\$0
(3) Deferred and Uncollected Premium	\$1,181,538	\$0	\$1,181,538
(4) Policyholder Reserves	0	\$0	\$0
(5) Other	<u>\$328,390</u>	<u>\$333,959</u>	<u>(\$5,569)</u>
Subtotal	<u>\$1,509,928</u>	<u>\$333,959</u>	<u>\$1,175,969</u>
(b) Capital			
(1) Investments	\$0	\$0	\$0
(2) Real Estate	\$0	\$0	\$0
(3) Other	\$0	\$0	\$0
Subtotal	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
(c) Deferred Tax Liabilities	\$1,509,928	\$333,959	\$1,175,969
4. Net Deferred Tax Assets / Liabilities	(\$0)	\$1,353,212	(\$1,353,212)

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

	<u>December 31, 2015</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	(\$1,396,622)	34.0%
Permanent Adjustments	\$629,658	-15.3%
Change in valuation allowance	\$3,127,395	-76.1%
Change in nonadmitted assets	<u>\$111,860</u>	<u>-2.7%</u>
Total statutory income taxes incurred	<u><u>\$2,472,291</u></u>	<u><u>-60.2%</u></u>
 Federal income taxes incurred	 \$1,046,089	 -25.5%
Change in net deferred income taxes	<u>\$1,426,202</u>	<u>-34.7%</u>
Total statutory income taxes	<u><u>\$2,472,291</u></u>	<u><u>-60.2%</u></u>

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

1. The company has \$5,864,812 in net operating loss carry-forwards as of December 31, 2015.

## Notes to Financial Statements

2. There are no income taxes available for recoupment in the event of future net losses.
3. The Company has no protective tax deposits reported as admitted assets under Section 6603 of the internal Revenue Service Code as of December 31, 2015 and December 31, 2014.

### **F. Consolidation of Federal Income Tax Return**

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

### **10. Information Concerning Parent, Subsidiaries, and Affiliates**

#### **A. Nature of the Relationships**

SummaCare, Inc. is a wholly owned subsidiary of Summa Health System Corporation (SHSC). Summa Insurance Company (SIC) is a wholly-owned subsidiary of SummaCare, Inc.

Other affiliated organizations of SummaCare include Summa Health System Community, HealthSpan Partners, Summa Health System (SHS), Summa Akron City & St. Thomas Hospitals (SACH/STH), Summa Health Network LLC (SHN), Apex Benefits Services, LLC (Apex), Summa Insurance Agency, LLC (SIA), Summa Barberton Hospital (BCH), Wadsworth-Rittman Professional Services Corporation, Summa Physicians, Inc. (SPI), Summa Foundation, Health Care Center Physicians Inc. (HCCP), Middlebury Assurance Corp. (MAC), Summa Enterprise Group (SEG), Summa Enterprise Group Properties (SEG Properties), Summa Rehabilitation Hospital, LLC, Ohio Health Choice, Inc. (OHC), Cornerstone Medical Services (Cornerstone), ARIS Teleradiology LLC (ARIS), Summa Western Reserve Hospital (SWRH), Ohio Sleep Disorders, Summa Accountable Care Organization (ACO), Akron Endoscopy Associates (Akron Endoscopy) Summa Integrated Services Organization (SISO), Summa Management Services Organization (SMSO), Patient Centered Collaborative, Health Innovations Ohio, LLC, and Medina-Summit ASC, LLC, Summa Robinson Health Ventures.

The Company is licensed in Ohio as a health-insuring corporation (HIC) under Chapter 1751 of the Ohio Revised Code. SC contracts with providers to provide comprehensive health care services to a defined enrolled population (members) for a predetermined monthly fee. The population from which the Company draws its membership is predominately located in Northeast Ohio. The Company is subject to competition from other health insuring companies as well as to the regulations of certain state and federal agencies. The Company is also subject to periodic financial examinations by those regulatory authorities.

#### **B. & C. Transactions with Affiliated Organizations**

SC members receive various medical services from SACH/STH, and other SHS subsidiaries. Certain members of the Board of Directors of the Company are members of the Board of Trustees of SACH/STH's and SHS's subsidiary and affiliated organizations.

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

	<b>2015</b>	<b>2014</b>
Claims expense related to affiliated entities:		
SACH/STH	\$ 55,863,642	54,939,335
SPI	9,219,326	9,971,047
BCH	5,005,839	10,908,634
WRH	—	1,437,614
ACO	1,519,788	1,722,972
Management fees charged to OHC	1,163	1,360
Management fees charged to SHN	77,178	78,178
Management fees charged from SMSO	12,831,028	15,245,202
Management fees charged from SHN	—	268,394
Management fees charged from Apex	1,167,496	966,049
Corporate expense allocation paid to SHS	585,666	1,030,500

In 2015, SC received a \$10 million capital contribution from its parent, SHSC. The Company received an additional \$10,000,000 capital contribution from SHSC in February 2016. This contribution was recorded as a Type 1 subsequent event on the December 31, 2015 annual statement in accordance with SSAP 72 Surplus and Quasi-Reorganizations (see footnote 22).

## Notes to Financial Statements

**E.** The balances outstanding with affiliated entities as of December 31, 2015 and December 31, 2014 are as follows:

	Due from		Due to	
	2015	2014	2015	2014
SHN	\$ —	—	2,792	30,740
SIC	—	—	1,403,870	910,756
SACH / STH	—	—	446,204	405,065
OHC	20	98	—	—
Apex	803,750	924,890	—	—
SMSO	—	—	1,537,860	1,504,453
SHSC	10,000,000	—	—	—
ACO	—	—	194,401	1,186,585
	<hr/> \$ 10,803,770	<hr/> 924,988	<hr/> 3,585,127	<hr/> 4,037,599

**F.** Guarantees or undertakings – None.

**G.** In 2014, the Company had a contract with SHN in which network contracting services and financial modeling services were provided by SHN. The Company recognized expense of \$268,394 in 2014 related to this arrangement, which is recorded within management and other fees paid to affiliates in the consolidated statements of income.

In 2015 and 2014, the Company contracted with SMSO for general administrative services, which include but are not limited to claims processing, customer service, eligibility, human resources, computer support, programming, finance, and other general administrative services. Fees are based on actual expenses allocated from SMSO to the Company. The Company recognized expense of \$12,831,028 and \$15,245,202 in 2015 and 2014, respectively

**H.** The Company's common membership is held by its parent, Summa Health System Corporation.

**I.** Investments in upstream intermediate entities or ultimate parent – None.

**J.** Investments in SCA Entities

In 2014, the Company entered into an internal restructuring transaction in which SHSC contributed its stock ownership in SIC to SC. As part of this transaction, SHSC's Class A nonvoting preferred membership interest in SC was cancelled. In addition, SC and SIC cancelled the \$35 million surplus note issued by SIC to SC, and the funds were reclassified as a capital contribution from SC to SIC. SC also made an additional capital contribution to SIC in the amount of \$15 million. As of December 31, 2014, the Company owned 100% of the common stock of SIC, whose carrying value is exceeds 10% of the admitted assets of SC. The Company carries SIC at audited statutory equity. Assets, liabilities and net losses of SIC as of December 31, 2015 were:

Assets - \$59,694,266  
 Liabilities - \$35,311,905  
 Net Loss - \$7,620,469

**K.** Investments in impaired SCA entities – None.

**L.** Investments in foreign insurance subsidiaries – None.

**M.** Investment in downstream noninsurance holding company – None.

### 11. Debt

SC has no debt as of December 31, 2015.

### 12. Retirement Plans

- A.** Defined Benefit Plan - None.
- B.** A narrative description of investment policy and strategies – Not applicable.
- C.** The fair value of each class of plan asset – Not applicable.
- D.** A narrative description of the basis used to determine the long-term rate of return – Not applicable.

## **Notes to Financial Statements**

- E.** Defined Contribution Plan – None.
- A.** Multiemployer Plan – None.
- B.** Consolidated / Holding Company Plan – None.
- C.** Postemployment Benefits and Compensated Absences – None.
- D.** Impact of Medicare Modernization Act on Postretirement Benefits – None.

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

- 1.) SC is a nonprofit corporation under Ohio law. As such, ownership of the Company is designated as common membership. The sole common member of the Company as of December 31, 2015 and December 31, 2014 is SHSC.
- 2.) Dividends rate, liquidation value – Not applicable.
- 3.) Dividend Restrictions – Not applicable.
- 4.) Date and amounts of dividends paid – Not applicable.
- 5.) Portion of reporting entity's profits that can be paid as ordinary dividends – Not applicable.
- 6.) Restrictions on unassigned funds – None.
- 7.) Mutual Reciprocals - None.
- 8.) Stock held by the Company for special purposes – None.
- 9.) Special surplus funds – None.
- 10.) The portion of unassigned funds represented or reduced by :
  - Nonadmitted Asset Values – \$3,101,205
  - Unrealized Gains (Losses) – \$223,921
- 11.) Surplus notes – None.
- 12.) Restatement in a quasi-reorganization – Not applicable
- 13.) Quasi-reorganization – Not applicable.

### **14. Contingencies**

- A.** Contingent commitments – None.
- B.** Assessments – None
- C.** Gain contingencies – None.
- D.** Claims related extra contractual obligation and bad faith losses stemming from lawsuits – None.
- E.** All other contingencies – None.

### **15. Leases**

- A.** Lessee Leasing Arrangements.

- 1.) The company leases equipment and its facility under noncancelable operating leases expiring at various dates from 2015 to 2016. Rent expense was approximately \$1,114,661 as of December 31, 2015 and was \$1,116,790 for year ending December 31, 2014.
- 2.) Future minimum payments under noncancelable operating leases are as follows:

## **Notes to Financial Statements**

Year ended December 31:	
2016	1,370,278
Total minimum future commitment	\$ 1,370,278

3.) The Company has not entered into any sale-leaseback transactions.

**B. Lessor Leasing Arrangements - None**

**16. Information Regarding Off-Balance Sheet Risk – Not Applicable.**

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

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

**19. Direct Premium Written / Produced by Managing General Agents / Third Party Administrators – Not Applicable.**

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

**21. Other Items**

**C. Extraordinary Items – None.**

**D. Troubled Debt Restructuring – None.**

**E. Other Disclosures and Unusual Items – None.**

**F. Business Interruption Insurance Recoveries – None.**

**G. State Transferable and Non-transferable Tax Credits – None.**

**H. Subprime Mortgage Related Exposure – None.**

**I. Retained Assets – None.**

**22. Events Subsequent**

**Type I – Recognized Subsequent Events**

The following event was recognized on statutory statements for the period ending December 31, 2015.

In February 2016, SC received a \$10,000,000 capital contribution from its parent, SHSC. The Company received permission from the Ohio Department of Insurance to admit this as gross paid in and contributed surplus (Liabilities, Capital and Surplus page, line 28) and a corresponding receivable from parent (Assets page, line 23) as of December 31, 2015 according to SSAP 72 Surplus and Quasi-Reorganizations.

**23. Reinsurance**

**A. Ceded Reinsurance Report**

Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?  
 Yes ( ) No (X)

## **Notes to Financial Statements**

If yes, give full details.

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

Yes ( ) No (X)

If yes, give full details.

### Section 2 – Ceded Reinsurance Report – Part A

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

Yes ( ) No (X)

a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. \$ \_\_\_\_\_

b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement? \$ \_\_\_\_\_

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

Yes ( ) No (X)

If yes, give full details.

### Section 3 – Ceded Reinsurance Report – Part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes ( ) No (X)

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

**B. Uncollectible Reinsurance – None.**

**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 – None.**

**25. Changes in Incurred Claims and Claims Adjustment Expenses**

Activity in claims unpaid is summarized as follows:

## Notes to Financial Statements

	<u>2015</u>	<u>2014</u>
Balance at January 1	\$ 30,744,997	30,198,125
Incurred related to:		
Current year	246,144,027	284,511,631
Prior years	(243,995)	(677,125)
Total	<u>245,900,032</u>	<u>283,834,506</u>
Paid related to:		
Current year	218,428,873	253,766,634
Prior years	30,470,002	29,521,000
Total	<u>248,898,875</u>	<u>283,287,634</u>
Balance at End of Period	<u>\$ 27,746,154</u>	<u>30,744,997</u>

Reserves as of December 31, 2014 were \$30,744,997. As of December 31, 2015, \$30,470,002 has been paid for incurred claims attributable to insured events of prior years. There is \$31,000 in reserves remaining for prior years as of December 31, 2015. Therefore, there has been \$243,995 in favorable development since December 31, 2014 to December 31, 2015. This favorable development is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

**26. Intercompany Pooling Arrangements** – None.

**27. Structured Settlements** – None.

**28. Healthcare Receivables**

The company receives pharmacy rebates on a quarterly basis. As of December 31, 2015, a receivable was recorded equal to three quarters of rebates. For quarter ending December 31, 2015, pharmacy rebates receivable were estimated by multiplying the most recent rebate received by three (three quarters). Pharmacy rebates receivable are recorded as nonadmitted assets in accordance with SSAP No. 84.

<u>Quarter</u>	<u>Estimated Pharmacy Rebates as Reported on Financial Statements</u>	<u>Pharmacy Rebates Received as Billed or Otherwise Confirmed</u>	<u>Actual Rebates Received Within 90 Days of Billing</u>	<u>Actual Rebates Received Within 91 to 180 Days of Billing</u>	<u>Actual Rebates Received More Than 180 Days After Billing</u>
12/31/2015	\$2,738,381	\$0	\$0	\$0	\$0
9/30/2015	\$2,487,283	\$1,187,653	\$0	\$0	\$1,187,653
6/30/2015	\$1,671,800	\$2,734,192	\$0	\$0	\$2,734,192
3/31/2015	\$1,426,259	\$2,850,536	\$0	\$0	\$2,850,536
12/31/2014	\$1,601,646	\$2,463,659	\$0	\$0	\$2,463,659
9/30/2014	\$1,944,155	\$2,431,847	\$0	\$0	\$2,431,847
6/30/2014	\$1,680,029	\$2,244,717	\$0	\$0	\$2,244,717
3/31/2014	\$1,536,507	\$2,144,643	\$0	\$0	\$2,144,643
12/31/2013	\$1,700,000	\$1,982,004	\$0	\$0	\$1,982,004
9/30/2013	\$1,000,000	\$1,318,428	\$0	\$0	\$1,318,428
6/30/2013	\$1,220,851	\$1,742,117	\$0	\$0	\$1,742,117
3/31/2013	\$1,025,020	\$1,090,029	\$0	\$0	\$1,090,029

**29. Participating Policies** – None.

**30. Premium Deficiency Reserves**

Premium deficiency losses are recognized when it is probable that expected claim expenses will exceed future premiums on existing health contracts. For purposes of premium deficiency losses, contracts are grouped in a manner consistent with the Company's method of acquiring, servicing and measuring the profitability of such contracts. There were no premium deficiency reserves recorded as of December 31, 2015 and December 31, 2014, respectively.

## **Notes to Financial Statements**

### **31. Anticipated Salvage Value and Subrogation – None**

**GENERAL INTERROGATORIES****PART 1 - COMMON INTERROGATORIES****GENERAL**

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  
If yes, complete Schedule Y, Parts 1, 1A and 2. Yes[X] No[ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[ ] N/A[ ]

1.3 State Regulating? Ohio

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[ ] No[X]

2.2 If yes, date of change: .....

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2012

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2012

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 07/02/2013

3.4 By what department or departments?  
Ohio Department of Insurance

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[ ] No[ ] N/A[X]

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

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

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.21 sales of new business? Yes[ ] No[X]  
4.22 renewals? Yes[ ] No[X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]

5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[ ] No[X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[ ] No[X]

7.2 If yes,  
7.21 State the percentage of foreign control ..... 0.000%  
7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity
.....	.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[ ] No[X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[ ] No[X]

8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
.....	.....	..... Yes[ ] No[X] ..			

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
RSM US LLP, 801 Nicollett Mall, West Tower, Suite 1101, Minneapolis, MN 55402-2526

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[ ] No[X]

10.2 If response to 10.1 is "yes," provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes[ ] No[X]

10.4 If response to 10.3 is "yes," provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[ ] N/A[ ]

10.6 If the response to 10.5 is "NO" or "N/A" please explain:

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Dave Reimer, Risk & Regulatory Consulting (associated with RSM LLP), 20 Batterson Park Rd, Suite 380, Farmington, CT

**GENERAL INTERROGATORIES (Continued)**

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?  Yes [ ]  No [X] \$ 0

12.11 Name of real estate holding company  
12.12 Number of parcels involved  
12.13 Total book/adjusted carrying value

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  Yes [ ]  No [ ]  N/A [X]

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?  Yes [ ]  No [ ]  N/A [X]

13.3 Have there been any changes made to any of the trust indentures during the year?  Yes [ ]  No [ ]  N/A [X]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?  Yes [ ]  No [ ]  N/A [X]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  Yes [X]  No [ ]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended?  Yes [ ]  No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).  Yes [ ]  No [X]

14.3 Have any provisions of the code of ethics been waived for any of the specified officers?  Yes [ ]  No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).  Yes [ ]  No [X]

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?  Yes [ ]  No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.  Yes [ ]  No [X]

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

**BOARD OF DIRECTORS**

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?  Yes [X]  No [ ]

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?  Yes [X]  No [ ]

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?  Yes [X]  No [ ]

**FINANCIAL**

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?  Yes [ ]  No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans): \$ 0

20.11 To directors or other officers  
20.12 To stockholders not officers  
20.13 Trustees, supreme or grand (Fraternal only)

20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans): \$ 0

20.21 To directors or other officers  
20.22 To stockholders not officers  
20.23 Trustees, supreme or grand (Fraternal only)

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?  Yes [ ]  No [X]

21.2 If yes, state the amount thereof at December 31 of the current year: \$ 0

21.21 Rented from others  
21.22 Borrowed from others  
21.23 Leased from others  
21.24 Other

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?  Yes [ ]  No [X]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment  
22.22 Amount paid as expenses  
22.23 Other amounts paid

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?  Yes [X]  No [ ] \$ 0

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 10,000,000

**INVESTMENT**

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)  Yes [ ]  No [X]

24.02 If no, give full and complete information, relating thereto  
Securities are in the possession of FirstMerit Bank, N.A.

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

24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?  Yes [ ]  No [ ]  N/A [X]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 0

24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ 0

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?  Yes [ ]  No [ ]  N/A [X]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?  Yes [ ]  No [ ]  N/A [X]

**GENERAL INTERROGATORIES (Continued)**

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?  Yes [ ]  No [ ]  N/A [X]

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$ ..... 0
24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$ ..... 0
24.103 Total payable for securities lending reported on the liability page.	\$ ..... 0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).  Yes[X]  No [ ]

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

25.21 Subject to repurchase agreements	\$ ..... 0
25.22 Subject to reverse repurchase agreements	\$ ..... 0
25.23 Subject to dollar repurchase agreements	\$ ..... 0
25.24 Subject to reverse dollar repurchase agreements	\$ ..... 0
25.25 Placed under option agreements	\$ ..... 0
25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ ..... 0
25.27 FHLB Capital Stock	\$ ..... 0
25.28 On deposit with states	\$ ..... 418,987
25.29 On deposit with other regulatory bodies	\$ ..... 0
25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$ ..... 0
25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$ ..... 0
25.32 Other	\$ ..... 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?  Yes [ ]  No[X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  Yes [ ]  No [ ]  N/A [X]

If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?  Yes[X]  No[X]

27.2 If yes, state the amount thereof at December 31 of the current year. \$ ..... 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?  Yes[X]  No [ ]

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
FirstMerit Trust .....	106 South Main Street, Akron, OH 44308 .....

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?  Yes [ ]  No[X]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....	.....	.....	.....

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

1 Central Registration Depository Number(s)	2 Name	3 Address
FirstMerit Bank .....	Chris Creahan .....	106 South Main St Akron OH 44308 .....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?  Yes [ ]  No[X]

29.2 If yes, complete the following schedule:

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

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

**GENERAL INTERROGATORIES (Continued)**

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

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

1	2	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
Statement (Admitted) Value	Fair Value	
30.1 Bonds .....	35,850,864	36,074,785
30.2 Preferred stocks .....		
30.3 Totals .....	35,850,864	36,074,785

30.4 Describe the sources or methods utilized in determining the fair values

The values are based on the prices of assets at the close of the stock market on 12/31/15 as determined by Interactive Data Corp.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?  Yes  No  X  
 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?  Yes  No  N/A  X  
 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?  Yes  X  No

32.2 If no, list exceptions:

Yes  No  X

Yes  No  N/A  X

**OTHER**

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?  \$ ..... 0  
 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	.....

34.1 Amount of payments for legal expenses, if any?

34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.  \$ ..... 651,715

1 Name	2 Amount Paid
Epstein, Becker & Green .....	615,942

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?  \$ ..... 0

35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	.....

**GENERAL INTERROGATORIES (Continued)****PART 2 - HEALTH INTERROGATORIES**

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

## 2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator	271,370,208	315,607,309
2.2 Premium Denominator	271,370,208	315,607,309
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4 Reserve Numerator	27,804,857	30,849,997
2.5 Reserve Denominator	27,804,857	30,849,997
2.6 Reserve Ratio (2.4 / 2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [ ] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No [ ]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

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

5.1 Does the reporting entity have stop-loss reinsurance?

Yes [X] No [ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical	\$	225,000
5.32 Medical Only	\$	0
5.33 Medicare Supplement	\$	0
5.34 Dental & Vision	\$	0
5.35 Other Limited Benefit Plan	\$	0
5.36 Other	\$	0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

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

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X] No [ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year	.....	7,000
8.2 Number of providers at end of reporting year	.....	7,000

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes [ ] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months	.....	0
9.22 Business with rate guarantees over 36 months	.....	0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [X] No [ ]

10.2 If yes:

10.21 Maximum amount payable bonuses	\$	58,703
10.22 Amount actually paid for year bonuses	\$	39,626
10.23 Maximum amount payable withhold	\$	0
10.24 Amount actually paid for year withhold	\$	0

11.1 Is the reporting entity organized as:

Yes [ ] No [X]

11.12 A Medical Group/Staff Model,

11.13 An Individual Practice Association (IPA), or,

11.14 A Mixed Model (combination of above)?

Yes [ ] No [X]

Yes [X] No [ ]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes [X] No [ ]

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

Ohio

Yes [X] No [ ]

11.4 If yes, show the amount required.

\$ ..... 2,500,000

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

Yes [ ] No [X]

11.6 If the amount is calculated, show the calculation.

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

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

**GENERAL INTERROGATORIES (Continued)**

1	Name of Service Area
Lorain	.....
Mahoning	.....
Trumbull	.....
Sandusky	.....
Erie	.....
Huron	.....
Lake	.....
Tuscarawas	.....
Columbiana	.....
Defiance	.....
Allen	.....
Lucas	.....
Seneca	.....
Ashland	.....
Crawford	.....
Auglaize	.....
Fulton	.....
Hancock	.....
Hardin	.....
Henry	.....
Holmes	.....
Marion	.....
Mercer	.....
Morrow	.....
Ottawa	.....
Paulding	.....
Putnam	.....
Richland	.....
Van Wert	.....
Williams	.....
Wood	.....
Wyandot	.....

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

\$..... Yes[ ] No[X] 0

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

\$..... Yes[ ] No[X] 0

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

\$..... Yes[ ] No[X] 0

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

14.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers?

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

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

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

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

15.1 Direct Premium Written

\$..... 0

15.2 Total incurred claims

\$..... 0

15.2 Number of covered lives

..... 0

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

**FIVE-YEAR HISTORICAL DATA**

	1 2015	2 2014	3 2013	4 2012	5 2011
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. TOTAL Admitted Assets (Page 2, Line 28) .....	90,584,577	85,166,633	105,328,668	88,308,822	93,089,313
2. TOTAL Liabilities (Page 3, Line 24) .....	39,011,149	42,405,999	74,746,355	36,147,298	44,599,264
3. Statutory minimum capital and surplus requirement .....	2,500,000	1,500,000	1,500,000	1,500,000	1,500,000
4. TOTAL Capital and Surplus (Page 3, Line 33) .....	51,573,428	42,760,634	30,582,313	52,161,524	48,490,049
<b>INCOME STATEMENT (Page 4)</b>					
5. TOTAL Revenues (Line 8) .....	271,448,549	315,686,847	277,576,364	283,277,051	277,256,846
6. TOTAL Medical and Hospital Expenses (Line 18) .....	245,893,361	283,915,317	236,239,851	218,409,628	217,980,323
7. Claims adjustment expenses (Line 20) .....	4,245,082	3,971,607	3,584,312	4,681,575	4,130,890
8. TOTAL Administrative Expenses (Line 21) .....	25,979,889	26,842,932	26,835,927	55,971,272	50,064,537
9. Net underwriting gain (loss) (Line 24) .....	(4,669,783)	956,991	10,916,274	4,214,576	5,081,096
10. Net investment gain (loss) (Line 27) .....	538,127	1,891,802	1,354,383	1,435,275	1,278,041
11. TOTAL Other Income (Lines 28 plus 29) .....	23,944	11,426	3,417	19,978	23,342
12. Net income or (loss) (Line 32) .....	(5,153,801)	1,981,388	9,115,187	3,898,469	3,646,758
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	(12,550,232)	(6,010,493)	19,280,548	4,434,149	1,576,141
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. TOTAL Adjusted Capital .....	51,573,428	42,760,634	30,582,313	52,161,524	48,490,049
15. Authorized control level risk-based capital .....	13,763,498	15,778,766	9,523,332	8,989,756	8,946,199
<b>ENROLLMENT (Exhibit 1)</b>					
16. TOTAL Members at End of Period (Column 5, Line 7) .....	26,419	32,654	28,447	24,556	23,367
17. TOTAL Members Months (Column 6, Line 7) .....	321,810	395,053	336,743	290,327	281,800
<b>OPERATING PERCENTAGE (Page 4)</b>					
(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) .....	90.6	90.0	85.1	85.5	85.0
20. Cost containment expenses .....	0.4	0.2	0.2	0.6	0.7
21. Other claims adjustment expenses .....	1.2	1.0	1.1	1.2	1.0
22. TOTAL Underwriting Deductions (Line 23) .....	101.7	99.7	96.1	109.3	106.1
23. TOTAL Underwriting Gain (Loss) (Line 24) .....	(1.7)	0.3	3.9	1.7	2.0
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) .....	30,599,331	29,615,812	16,887,178	23,184,175	20,754,940
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	30,849,997	30,282,125	25,693,359	26,678,944	23,437,007
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1) .....	24,382,361	31,459,090			
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....			4,415,441		
32. TOTAL of Above Lines 26 to 31 .....	24,382,361	31,459,090	4,415,441		
33. TOTAL Investment in Parent Included in Lines 26 to 31 above .....			4,415,441		

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

If no, please explain::

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

State, Etc.	1 Active Status	Direct Business Only							9 Deposit - Type Contracts
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	
1. Alabama (AL) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
2. Alaska (AK) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
3. Arizona (AZ) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
4. Arkansas (AR) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
5. California (CA) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
6. Colorado (CO) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
7. Connecticut (CT) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
8. Delaware (DE) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
9. District of Columbia (DC) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
10. Florida (FL) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
11. Georgia (GA) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
12. Hawaii (HI) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
13. Idaho (ID) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
14. Illinois (IL) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
15. Indiana (IN) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
16. Iowa (IA) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
17. Kansas (KS) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
18. Kentucky (KY) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
19. Louisiana (LA) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
20. Maine (ME) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
21. Maryland (MD) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
22. Massachusetts (MA) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
23. Michigan (MI) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
24. Minnesota (MN) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
25. Mississippi (MS) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
26. Missouri (MO) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
27. Montana (MT) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
28. Nebraska (NE) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
29. Nevada (NV) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
30. New Hampshire (NH) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
31. New Jersey (NJ) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
32. New Mexico (NM) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
33. New York (NY) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
34. North Carolina (NC) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
35. North Dakota (ND) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
36. Ohio (OH) .....	L .....	271,554,622	.....	.....	.....	.....	.....	271,554,622	.....
37. Oklahoma (OK) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
38. Oregon (OR) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
39. Pennsylvania (PA) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
40. Rhode Island (RI) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
41. South Carolina (SC) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
42. South Dakota (SD) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
43. Tennessee (TN) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
44. Texas (TX) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
45. Utah (UT) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
46. Vermont (VT) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
47. Virginia (VA) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
48. Washington (WA) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
49. West Virginia (WV) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
50. Wisconsin (WI) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
51. Wyoming (WY) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
52. American Samoa (AS) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
53. Guam (GU) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
54. Puerto Rico (PR) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
55. U.S. Virgin Islands (VI) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
56. Northern Mariana Islands (MP) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
57. Canada (CAN) .....	N .....	.....	.....	.....	.....	.....	.....	.....	.....
58. Aggregate other alien (OT) .....	XXX .....	.....	.....	.....	.....	.....	.....	.....	.....
59. Subtotal .....	XXX .....	271,554,622	.....	.....	.....	.....	.....	271,554,622	.....
60. Reporting entity contributions for Employee Benefit Plans .....	XXX .....	.....	.....	.....	.....	.....	.....	.....	.....
61. TOTAL (Direct Business) .....	(a) 1 .....	271,554,622	.....	.....	.....	.....	.....	271,554,622	.....

**DETAILS OF WRITE-INS**

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

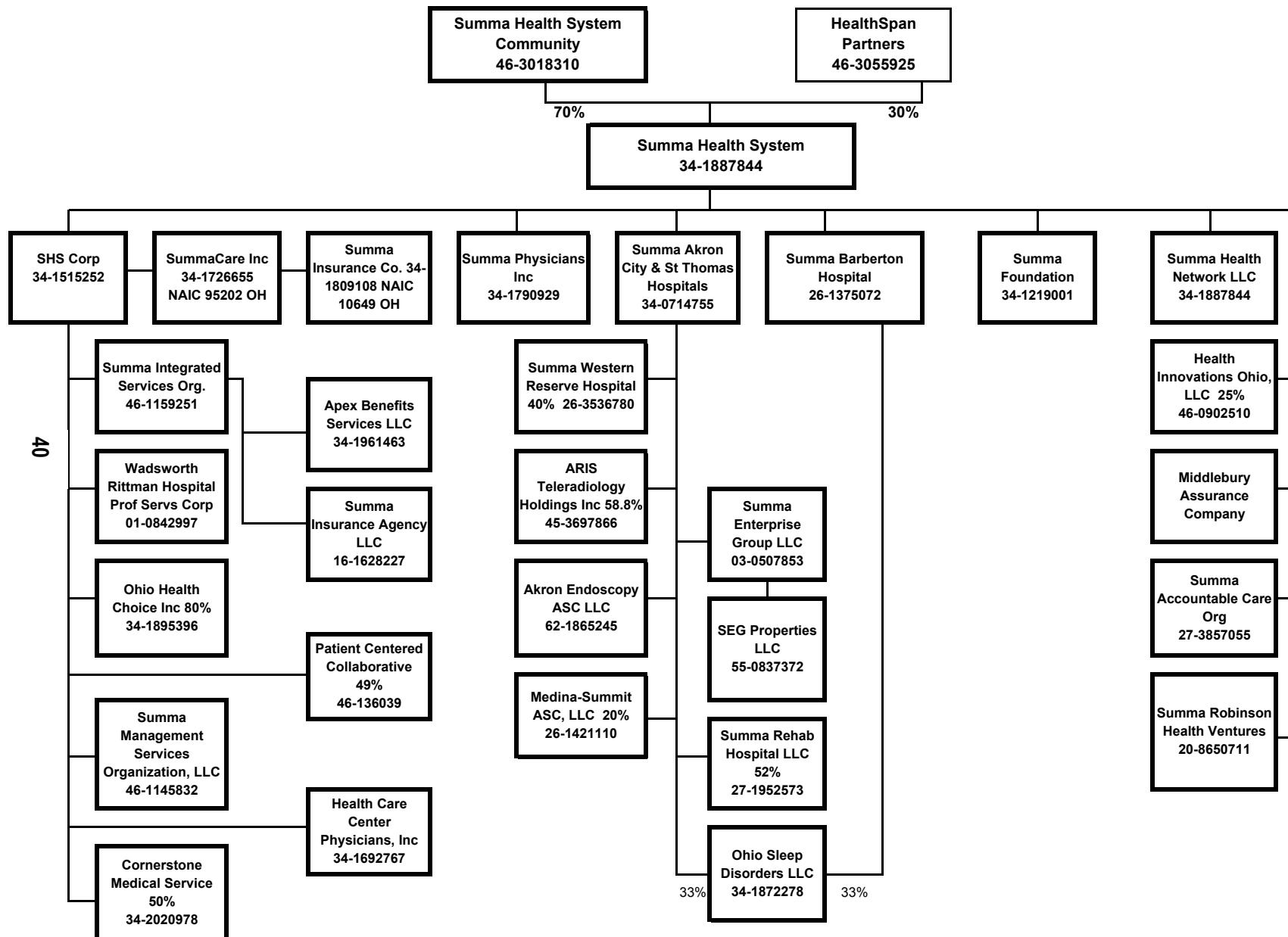
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

(a) Insert the number of L responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.: All premiums are written in the State of Ohio.

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

## MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 - ORGANIZATIONAL CHART



# INDEX TO HEALTH ANNUAL STATEMENT

Analysis of Operations By Lines of Business .....	7
Assets .....	2
Cash Flow .....	6
Exhibit 1 - Enrollment By Product Type for Health Business Only .....	17
Exhibit 2 - Accident and Health Premiums Due and Unpaid .....	18
Exhibit 3 - Health Care Receivables .....	19
Exhibit 3A - Analysis of Health Care Receivables Collected and Accrued .....	20
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus .....	21
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates .....	22
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates .....	23
Exhibit 7 - Part 1 - Summary of Transactions With Providers .....	24
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries .....	24
Exhibit 8 - Furniture, Equipment and Supplies Owned .....	25
Exhibit of Capital Gains (Losses) .....	15
Exhibit of Net Investment Income .....	15
Exhibit of Nonadmitted Assets .....	16
Exhibit of Premiums, Enrollment and Utilization (State Page) .....	30
Five-Year Historical Data .....	29
General Interrogatories .....	27
Jurat Page .....	1
Liabilities, Capital and Surplus .....	3
Notes To Financial Statements .....	26
Overflow Page For Write-ins .....	44
Schedule A - Part 1 .....	E01
Schedule A - Part 2 .....	E02
Schedule A - Part 3 .....	E03
Schedule A - Verification Between Years .....	SI02
Schedule B - Part 1 .....	E04
Schedule B - Part 2 .....	E05
Schedule B - Part 3 .....	E06
Schedule B - Verification Between Years .....	SI02
Schedule BA - Part 1 .....	E07
Schedule BA - Part 2 .....	E08
Schedule BA - Part 3 .....	E09
Schedule BA - Verification Between Years .....	SI03
Schedule D - Part 1 .....	E10
Schedule D - Part 1A - Section 1 .....	SI05
Schedule D - Part 1A - Section 2 .....	SI08
Schedule D - Part 2 - Section 1 .....	E11
Schedule D - Part 2 - Section 2 .....	E12
Schedule D - Part 3 .....	E13
Schedule D - Part 4 .....	E14
Schedule D - Part 5 .....	E15
Schedule D - Part 6 - Section 1 .....	E16
Schedule D - Part 6 - Section 2 .....	E16
Schedule D - Summary By Country .....	SI04
Schedule D - Verification Between Years .....	SI03
Schedule DA - Part 1 .....	E17
Schedule DA - Verification Between Years .....	SI10
Schedule DB - Part A - Section 1 .....	E18
Schedule DB - Part A - Section 2 .....	E19
Schedule DB - Part A - Verification Between Years .....	SI11
Schedule DB - Part B - Section 1 .....	E20
Schedule DB - Part B - Section 2 .....	E21
Schedule DB - Part B - Verification Between Years .....	SI11
Schedule DB - Part C - Section 1 .....	SI12
Schedule DB - Part C - Section 2 .....	SI13
Schedule DB - Part D - Section 1 .....	E22
Schedule DB - Part D - Section 2 .....	E23

# INDEX TO HEALTH ANNUAL STATEMENT

Schedule DB - Verification .....	SI14
Schedule DL - Part 1 .....	E24
Schedule DL - Part 2 .....	E25
Schedule E - Part 1 - Cash .....	E26
Schedule E - Part 2 - Cash Equivalents .....	E27
Schedule E - Part 3 - Special Deposits .....	E28
Schedule E - Verification Between Years .....	SI15
Schedule S - Part 1 - Section 2 .....	31
Schedule S - Part 2 .....	32
Schedule S - Part 3 - Section 2 .....	33
Schedule S - Part 4 .....	34
Schedule S - Part 5 .....	35
Schedule S - Part 6 .....	36
Schedule S - Part 7 .....	37
Schedule T - Part 2 - Interstate Compact .....	39
Schedule T - Premiums and Other Considerations .....	38
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group .....	40
Schedule Y - Part 1A - Detail of Insurance Holding Company System .....	41
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates .....	42
Statement of Revenue and Expenses .....	4
Summary Investment Schedule .....	SI01
Supplemental Exhibits and Schedules Interrogatories .....	43
Underwriting and Investment Exhibit - Part 1 .....	8
Underwriting and Investment Exhibit - Part 2 .....	9
Underwriting and Investment Exhibit - Part 2A .....	10
Underwriting and Investment Exhibit - Part 2B .....	11
Underwriting and Investment Exhibit - Part 2C .....	12
Underwriting and Investment Exhibit - Part 2D .....	13
Underwriting and Investment Exhibit - Part 3 .....	14