



ANNUAL STATEMENT

For the Year Ended December 31, 2015

of the Condition and Affairs of the

SUPERIOR DENTAL CARE, INC.

NAIC Group Code..... 0, 0      NAIC Company Code..... 96280      Employer's ID Number..... 31-1119867

(Current Period) (Prior Period)

Organized under the Laws of OHIO      State of Domicile or Port of Entry OHIO      Country of Domicile US

Licensed as Business Type.....DENTAL SERVICE CORPORATION      Is HMO Federally Qualified? Yes [ ] No [ X ]

Incorporated/Organized..... November 30, 1984      Commenced Business..... January 1, 1986

Statutory Home Office      6683 CENTERVILLE-BUSINESS PARKWAY..... DAYTON ..... OH ..... 45459  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office      6683 CENTERVILLE-BUSINESS PARKWAY..... DAYTON ..... OH ..... 45459 937-438-0283  
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address      6683 CENTERVILLE-BUSINESS PARKWAY..... DAYTON ..... OH ..... 45459  
(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records      6683 CENTERVILLE-BUSINESS PARKWAY..... DAYTON ..... OH ..... 45459 937-438-0283  
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address      www.superiordental.com

Statutory Statement Contact      WENDY GLOVER      937-438-0283  
(Name) (Area Code) (Telephone Number) (Extension)

WGLOVER@SUPERIORDENTAL.COM      937-291-5690  
(E-Mail Address) (Fax Number)

OFFICERS

| Name                  | Title     | Name                      | Title     |
|-----------------------|-----------|---------------------------|-----------|
| 1. L DON SHUMAKER DDS | PRESIDENT | 2. DOUGLAS R HOEFLING DDS | TREASURER |
| 3. GLENN BOWER        | SECRETARY | 4. TRACI Y HARRELL        | CEO       |

OTHER

DIRECTORS OR TRUSTEES

|                       |                             |                         |                       |
|-----------------------|-----------------------------|-------------------------|-----------------------|
| Dennis A Burns DDS    | Roger E Clark DDS           | Douglas R Hoeffling DDS | Richard W Portune DDS |
| L Don Shumaker DDS    | James L Sims DDS            | Laura Pall DDS          | David W Menning DDS   |
| Thomas A Grabeman DDS | Dale Anne Featheringham DDS | Glenn Bower             | Traci Y Harrell       |

State of..... Ohio

County of..... Montgomery

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

|                    |                        |                   |
|--------------------|------------------------|-------------------|
| (Signature)        | (Signature)            | (Signature)       |
| L DON SHUMAKER DDS | DOUGLAS R HOEFLING DDS | GLENN BOWER       |
| 1. (Printed Name)  | 2. (Printed Name)      | 3. (Printed Name) |
| PRESIDENT          | TREASURER              | SECRETARY         |
| (Title)            | (Title)                | (Title)           |

Subscribed and sworn to before me

This \_\_\_\_\_ day of \_\_\_\_\_ 2016

a. Is this an original filing? Yes [ X ] No [ ]

b. If no

1. State the amendment number \_\_\_\_\_

2. Date filed \_\_\_\_\_

3. Number of pages attached \_\_\_\_\_

ASSETS

|   | Current Year |                    |                                   | Prior Year          |
|---|--------------|--------------------|-----------------------------------|---------------------|
|   | 1            | 2                  | 3                                 | 4                   |
|   | Assets       | Nonadmitted Assets | Net Admitted Assets (Cols. 1 - 2) | Net Admitted Assets |
| 1. Bonds (Schedule D).....  | 3,490,517    |                    | 3,490,517                         | 2,374,980           |
| 2. Stocks (Schedule D):   |              |                    |                                   |                     |
| 2.1 Preferred stocks.....   |              |                    | .0                                |                     |
| 2.2 Common stocks.....  |              |                    | .0                                |                     |
| 3. Mortgage loans on real estate (Schedule B):  |              |                    |                                   |                     |
| 3.1 First liens.....  |              |                    | .0                                |                     |
| 3.2 Other than first liens.....   |              |                    | .0                                |                     |
| 4. Real estate (Schedule A):  |              |                    |                                   |                     |
| 4.1 Properties occupied by the company (less \$.....554,234 encumbrances).....  | 702,374      |                    | 702,374                           | 676,907             |
| 4.2 Properties held for the production of income (less \$.....0 encumbrances).....  |              |                    | .0                                |                     |
| 4.3 Properties held for sale (less \$.....0 encumbrances).....  |              |                    | .0                                |                     |
| 5. Cash (\$.....4,797,939, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA)..... | 4,797,939    |                    | 4,797,939                         | 6,115,904           |
| 6. Contract loans (including \$.....0 premium notes).....   |              |                    | .0                                |                     |
| 7. Derivatives (Schedule DB).....   |              |                    | .0                                |                     |
| 8. Other invested assets (Schedule BA).....   |              |                    | .0                                |                     |
| 9. Receivables for securities.....  |              |                    | .0                                |                     |
| 10. Securities lending reinvested collateral assets (Schedule DL).....  |              |                    | .0                                |                     |
| 11. Aggregate write-ins for invested assets.....  | .0           | .0                 | .0                                | .0                  |
| 12. Subtotals, cash and invested assets (Lines 1 to 11).....  | 8,990,830    | .0                 | 8,990,830                         | 9,167,791           |
| 13. Title plants less \$.....0 charged off (for Title insurers only).....   |              |                    | .0                                |                     |
| 14. Investment income due and accrued.....  | 21,432       |                    | 21,432                            | 1,844               |
| 15. Premiums and considerations:  |              |                    |                                   |                     |
| 15.1 Uncollected premiums and agents' balances in the course of collection.....   | 331,823      |                    | 331,823                           | 244,984             |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....  |              |                    | .0                                |                     |
| 15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....   |              |                    | .0                                |                     |
| 16. Reinsurance:  |              |                    |                                   |                     |
| 16.1 Amounts recoverable from reinsurers.....   |              |                    | .0                                |                     |
| 16.2 Funds held by or deposited with reinsured companies.....   |              |                    | .0                                |                     |
| 16.3 Other amounts receivable under reinsurance contracts.....  |              |                    | .0                                |                     |
| 17. Amounts receivable relating to uninsured plans.....   |              |                    | .0                                |                     |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....   |              |                    | .0                                |                     |
| 18.2 Net deferred tax asset.....  |              |                    | .0                                |                     |
| 19. Guaranty funds receivable or on deposit.....  |              |                    | .0                                |                     |
| 20. Electronic data processing equipment and software.....  |              |                    | .0                                |                     |
| 21. Furniture and equipment, including health care delivery assets (\$.....0).....  |              |                    | .0                                |                     |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....   |              |                    | .0                                |                     |
| 23. Receivables from parent, subsidiaries and affiliates.....   | 679,398      | 679,398            | .0                                |                     |
| 24. Health care (\$.....0) and other amounts receivable.....  |              |                    | .0                                |                     |
| 25. Aggregate write-ins for other than invested assets.....   | 20,549       | 20,549             | .0                                | .0                  |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....                                   | 10,044,032   | 699,947            | 9,344,085                         | 9,414,619           |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....  |              |                    | .0                                |                     |
| 28. TOTALS (Lines 26 and 27).....   | 10,044,032   | 699,947            | 9,344,085                         | 9,414,619           |

| DETAILS OF WRITE-INS   |        |        |    |    |
|--|--------|--------|----|----|
| 1101. ....   |        |        | .0 |    |
| 1102. ....   |        |        | .0 |    |
| 1103. ....   |        |        | .0 |    |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | .0     | .0     | .0 | .0 |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....       | .0     | .0     | .0 | .0 |
| 2501. Prepaid Expenses.....  | 20,549 | 20,549 | .0 |    |
| 2502. ....   |        |        | .0 |    |
| 2503. ....   |        |        | .0 |    |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | .0     | .0     | .0 | .0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 20,549 | 20,549 | .0 | .0 |

LIABILITIES, CAPITAL AND SURPLUS

|   | Current Period |                |            | Prior Year |
|---|----------------|----------------|------------|------------|
|   | 1<br>Covered   | 2<br>Uncovered | 3<br>Total | 4<br>Total |
| 1. Claims unpaid (less \$.....0 reinsurance ceded).....   | 1,930,470      |                | 1,930,470  | 2,225,420  |
| 2. Accrued medical incentive pool and bonus amounts.....  |                |                | 0          |            |
| 3. Unpaid claims adjustment expenses.....   | 105,000        |                | 105,000    | 105,000    |
| 4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act..... |                |                | 0          |            |
| 5. Aggregate life policy reserves.....  |                |                | 0          |            |
| 6. Property/casualty unearned premium reserve.....  |                |                | 0          |            |
| 7. Aggregate health claim reserves.....   |                |                | 0          |            |
| 8. Premiums received in advance.....  | 992,624        |                | 992,624    | 1,134,372  |
| 9. General expenses due or accrued.....   | 479,667        |                | 479,667    | 443,156    |
| 10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....         | 264,220        |                | 264,220    | 370,830    |
| 10.2 Net deferred tax liability.....  | 23,250         |                | 23,250     | 18,470     |
| 11. Ceded reinsurance premiums payable.....   |                |                | 0          |            |
| 12. Amounts withheld or retained for the account of others.....   |                |                | 0          |            |
| 13. Remittances and items not allocated.....  |                |                | 0          |            |
| 14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....                               |                |                | 0          |            |
| 15. Amounts due to parent, subsidiaries and affiliates.....   |                |                | 0          |            |
| 16. Derivatives.....  | 20,159         |                | 20,159     | 19,221     |
| 17. Payable for securities.....   |                |                | 0          |            |
| 18. Payable for securities lending.....   |                |                | 0          |            |
| 19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized and \$.....0 certified reinsurers)..... |                |                | 0          |            |
| 20. Reinsurance in unauthorized and certified (\$.....0) companies.....   |                |                | 0          |            |
| 21. Net adjustments in assets and liabilities due to foreign exchange rates.....  |                |                | 0          |            |
| 22. Liability for amounts held under uninsured plans.....   |                |                | 0          |            |
| 23. Aggregate write-ins for other liabilities (including \$.....0 current).....   | 0              | 0              | 0          | 0          |
| 24. Total liabilities (Lines 1 to 23).....  | 3,815,390      | 0              | 3,815,390  | 4,316,469  |
| 25. Aggregate write-ins for special surplus funds.....  | XXX            | XXX            | 185,000    | 175,000    |
| 26. Common capital stock.....   | XXX            | XXX            | 500        | 500        |
| 27. Preferred capital stock.....  | XXX            | XXX            |            |            |
| 28. Gross paid in and contributed surplus.....  | XXX            | XXX            |            |            |
| 29. Surplus notes.....  | XXX            | XXX            |            |            |
| 30. Aggregate write-ins for other than special surplus funds.....   | XXX            | XXX            | 0          | 0          |
| 31. Unassigned funds (surplus).....   | XXX            | XXX            | 5,343,195  | 4,922,650  |
| 32. Less treasury stock at cost:  |                |                |            |            |
| 32.1 .....0.000 shares common (value included in Line 26 \$.....0).....   | XXX            | XXX            |            |            |
| 32.2 .....0.000 shares preferred (value included in Line 27 \$.....0).....  | XXX            | XXX            |            |            |
| 33. Total capital and surplus (Lines 25 to 31 minus Line 32).....   | XXX            | XXX            | 5,528,695  | 5,098,150  |
| 34. Total liabilities, capital and surplus (Lines 24 and 33).....   | XXX            | XXX            | 9,344,085  | 9,414,619  |

DETAILS OF WRITE-INS

|  |     |     |         |         |
|--|-----|-----|---------|---------|
| 2301. ....   |     |     | 0       |         |
| 2302. ....   |     |     | 0       |         |
| 2303. ....   |     |     | 0       |         |
| 2398. Summary of remaining write-ins for Line 23 from overflow page..... | 0   | 0   | 0       | 0       |
| 2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....       | 0   | 0   | 0       | 0       |
| 2501. 2015 ACA Fee Assessment.....                                       | XXX | XXX | 185,000 | 175,000 |
| 2502. ....   | XXX | XXX |         |         |
| 2503. ....   | XXX | XXX |         |         |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | XXX | XXX | 0       | 0       |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | XXX | XXX | 185,000 | 175,000 |
| 3001. ....   | XXX | XXX |         |         |
| 3002. ....   | XXX | XXX |         |         |
| 3003. ....   | XXX | XXX |         |         |
| 3098. Summary of remaining write-ins for Line 30 from overflow page..... | XXX | XXX | 0       | 0       |
| 3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....       | XXX | XXX | 0       | 0       |

STATEMENT OF REVENUE AND EXPENSES

|   | Current Year   |            | Prior Year |
|---|----------------|------------|------------|
|   | 1<br>Uncovered | 2<br>Total | 3<br>Total |
| 1. Member months.....   | XXX.....       | 2,071,653  | 2,008,777  |
| 2. Net premium income (including \$.....0 non-health premium income).....   | XXX.....       | 46,621,810 | 44,466,170 |
| 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.....       | .0         | .0         |
| 7. Aggregate write-ins for other non-health revenues.....   | XXX.....       | .0         | .0         |
| 8. Total revenues (Lines 2 to 7).....   | XXX.....       | 46,621,810 | 44,466,170 |
| Hospital and Medical:   |                |            |            |
| 9. Hospital/medical benefits.....   |                |            |            |
| 10. Other professional services.....  |                | 36,229,737 | 34,251,576 |
| 11. Outside referrals.....  |                |            |            |
| 12. Emergency room and out-of-area.....   |                |            |            |
| 13. Prescription drugs.....   |                |            |            |
| 14. Aggregate write-ins for other hospital and medical.....   | .0             | .0         | .0         |
| 15. Incentive pool, withhold adjustments and bonus amounts.....   |                |            |            |
| 16. Subtotal (Lines 9 to 15).....   | .0             | 36,229,737 | 34,251,576 |
| Less:   |                |            |            |
| 17. Net reinsurance recoveries.....   |                |            |            |
| 18. Total hospital and medical (Lines 16 minus 17).....   | .0             | 36,229,737 | 34,251,576 |
| 19. Non-health claims (net).....  |                |            |            |
| 20. Claims adjustment expenses, including \$.....0 cost containment expenses.....   |                | 710,119    | 650,174    |
| 21. General administrative expenses.....  |                | 9,163,942  | 8,518,537  |
| 22. Increase in reserves for life and accident and health contracts including \$.....0<br>increase in reserves for life only).....      |                |            |            |
| 23. Total underwriting deductions (Lines 18 through 22).....  | .0             | 46,103,798 | 43,420,287 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23).....   | XXX.....       | 518,012    | 1,045,883  |
| 25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....   |                | 245,996    | 206,374    |
| 26. Net realized capital gains or (losses) less capital gains tax of \$.....0.....  |                | (2,288)    |            |
| 27. Net investment gains or (losses) (Lines 25 plus 26).....  | .0             | 243,708    | 206,374    |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered<br>\$.....0) (amount charged off \$.....0)]..... |                |            |            |
| 29. Aggregate write-ins for other income or expenses.....   | .0             | 2,410      | 3,397      |
| 30. Net income or (loss) after capital gains tax and before all other federal income taxes<br>(Lines 24 plus 27 plus 28 plus 29).....   | XXX.....       | 764,130    | 1,255,654  |
| 31. Federal and foreign income taxes incurred.....  | XXX.....       | 261,800    | 425,850    |
| 32. Net income (loss) (Lines 30 minus 31).....  | XXX.....       | 502,330    | 829,804    |
| DETAILS OF WRITE-INS  |                |            |            |
| 0601. ....  | XXX.....       |            |            |
| 0602. ....  | XXX.....       |            |            |
| 0603. ....  | XXX.....       |            |            |
| 0698. Summary of remaining write-ins for Line 6 from overflow page.....   | XXX.....       | .0         | .0         |
| 0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....   | XXX.....       | .0         | .0         |
| 0701. ....  | XXX.....       |            |            |
| 0702. ....  | XXX.....       |            |            |
| 0703. ....  | XXX.....       |            |            |
| 0798. Summary of remaining write-ins for Line 7 from overflow page.....   | XXX.....       | .0         | .0         |
| 0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above).....   | XXX.....       | .0         | .0         |
| 1401. ....  |                |            |            |
| 1402. ....  |                |            |            |
| 1403. ....  |                |            |            |
| 1498. Summary of remaining write-ins for Line 14 from overflow page.....  | .0             | .0         | .0         |
| 1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....  | .0             | .0         | .0         |
| 2901. Other Income.....   |                | 2,410      | 3,397      |
| 2902. ....  |                |            |            |
| 2903. ....  |                |            |            |
| 2998. Summary of remaining write-ins for Line 29 from overflow page.....  | .0             | .0         | .0         |
| 2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....  | .0             | 2,410      | 3,397      |

STATEMENT OF REVENUE AND EXPENSES (Continued)

| CAPITAL AND SURPLUS ACCOUNT  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| 33. Capital and surplus prior reporting period.....  | .....5,098,150    | .....4,434,449  |
| 34. Net income or (loss) from Line 32.....   | .....502,330      | .....829,804    |
| 35. Change in valuation basis of aggregate policy and claim reserves.....                        |                   |                 |
| 36. Change in net unrealized capital gains and (losses) less capital gains tax of \$ .....0..... |                   |                 |
| 37. Change in net unrealized foreign exchange capital gain or (loss).....                        |                   |                 |
| 38. Change in net deferred income tax.....   |                   |                 |
| 39. Change in nonadmitted assets.....  | .....(70,847)     | .....(146,882)  |
| 40. Change in unauthorized and certified reinsurance.....  |                   |                 |
| 41. Change in treasury stock.....  |                   |                 |
| 42. Change in surplus notes.....   |                   |                 |
| 43. Cumulative effect of changes in accounting principles.....                                   |                   |                 |
| 44. Capital changes:   |                   |                 |
| 44.1 Paid in.....  |                   |                 |
| 44.2 Transferred from surplus (Stock Dividend).....  |                   |                 |
| 44.3 Transferred to surplus.....   |                   |                 |
| 45. Surplus adjustments:   |                   |                 |
| 45.1 Paid in.....  |                   |                 |
| 45.2 Transferred to capital (Stock Dividend).....  |                   |                 |
| 45.3 Transferred from capital.....   |                   |                 |
| 46. Dividends to stockholders.....   |                   |                 |
| 47. Aggregate write-ins for gains or (losses) in surplus.....                                    | .....(938)        | .....(19,221)   |
| 48. Net change in capital and surplus (Lines 34 to 47).....                                      | .....430,545      | .....663,701    |
| 49. Capital and surplus end of reporting period (Line 33 plus 48).....                           | .....5,528,695    | .....5,098,150  |

| DETAILS OF WRITE-INS   |            |               |
|--|------------|---------------|
| 4701. Fair Value of Interest Rate Swap Contract.....                     | .....(938) | .....(19,221) |
| 4702. ....   |            |               |
| 4703. ....   |            |               |
| 4798. Summary of remaining write-ins for Line 47 from overflow page..... | .....0     | .....0        |
| 4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above).....       | .....(938) | .....(19,221) |

CASH FLOW

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| CASH FROM OPERATIONS   |                   |                 |
| 1. Premiums collected net of reinsurance.....  | 46,393,223        | 45,358,305      |
| 2. Net investment income.....  | 280,909           | 237,608         |
| 3. Miscellaneous income.....   |                   |                 |
| 4. Total (Lines 1 through 3).....  | 46,674,132        | 45,595,913      |
| 5. Benefit and loss related payments.....  | 36,524,687        | 34,487,302      |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                    |                   |                 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions.....                                      | 9,835,140         | 9,200,412       |
| 8. Dividends paid to policyholders.....  |                   |                 |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....        | 363,630           | 401,220         |
| 10. Total (Lines 5 through 9).....   | 46,723,457        | 44,088,934      |
| 11. Net cash from operations (Line 4 minus Line 10).....   | (49,325)          | 1,506,979       |
| CASH FROM INVESTMENTS  |                   |                 |
| 12. Proceeds from investments sold, matured or repaid:   |                   |                 |
| 12.1 Bonds.....  | 1,808,088         | 1,375,000       |
| 12.2 Stocks.....   |                   |                 |
| 12.3 Mortgage loans.....   |                   |                 |
| 12.4 Real estate.....  |                   | (219,586)       |
| 12.5 Other invested assets.....  |                   |                 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....                           |                   |                 |
| 12.7 Miscellaneous proceeds.....   |                   |                 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7).....   | 1,808,088         | 1,155,414       |
| 13. Cost of investments acquired (long-term only):   |                   |                 |
| 13.1 Bonds.....  | 2,939,335         | 1,124,980       |
| 13.2 Stocks.....   |                   |                 |
| 13.3 Mortgage loans.....   |                   |                 |
| 13.4 Real estate.....  | 66,546            | 157,869         |
| 13.5 Other invested assets.....  |                   |                 |
| 13.6 Miscellaneous applications.....   |                   |                 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6).....  | 3,005,881         | 1,282,849       |
| 14. Net increase (decrease) in contract loans and premium notes.....   |                   |                 |
| 15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....                                  | (1,197,793)       | (127,435)       |
| CASH FROM FINANCING AND MISCELLANEOUS SOURCES  |                   |                 |
| 16. Cash provided (applied):   |                   |                 |
| 16.1 Surplus notes, capital notes.....   |                   |                 |
| 16.2 Capital and paid in surplus, less treasury stock.....   |                   |                 |
| 16.3 Borrowed funds.....   |                   |                 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities.....                               |                   |                 |
| 16.5 Dividends to stockholders.....  |                   |                 |
| 16.6 Other cash provided (applied).....  | (70,847)          | (182,582)       |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | (70,847)          | (182,582)       |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS  |                   |                 |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....   | (1,317,965)       | 1,196,962       |
| 19. Cash, cash equivalents and short-term investments:   |                   |                 |
| 19.1 Beginning of year.....  | 6,115,904         | 4,918,942       |
| 19.2 End of year (Line 18 plus Line 19.1).....   | 4,797,939         | 6,115,904       |

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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

## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

|  | 1          | 2  | 3                      | 4              | 5              | 6  | 7                          | 8                        | 9               | 10                  |
|--|------------|--|------------------------|----------------|----------------|--|----------------------------|--------------------------|-----------------|---------------------|
|  | Total      | Comprehensive<br>(Hospital<br>and Medical) | Medicare<br>Supplement | Dental<br>Only | Vision<br>Only | Federal<br>Employees<br>Health<br>Benefits Plans | Title<br>XVIII<br>Medicare | Title<br>XIX<br>Medicaid | Other<br>Health | Other<br>Non-Health |
| 1. Net premium income.....   | 46,621,810 |  |                        | 46,621,810     |                |  |                            |                          |                 |                     |
| 2. Change in unearned premium reserves and reserve for rate credit.....          | 0          |  |                        |                |                |  |                            |                          |                 |                     |
| 3. Fee-for-service (net of \$.....0 medical expenses).....                       | 0          |  |                        |                |                |  |                            |                          |                 | XXX                 |
| 4. Risk revenue.....   | 0          |  |                        |                |                |  |                            |                          |                 | XXX                 |
| 5. Aggregate write-ins for other health care related revenues.....               | 0          | 0  | 0                      | 0              | 0              | 0  | 0                          | 0                        | 0               | XXX                 |
| 6. Aggregate write-ins for other non-health care related revenues.....           | 0          | XXX  | XXX                    | XXX            | XXX            | XXX  | XXX                        | XXX                      | XXX             | 0                   |
| 7. Total revenues (Lines 1 to 6).....  | 46,621,810 | 0  | 0                      | 46,621,810     | 0              | 0  | 0                          | 0                        | 0               | 0                   |
| 8. Hospital/medical benefits.....  | 0          |  |                        |                |                |  |                            |                          |                 | XXX                 |
| 9. Other professional services.....  | 36,229,737 |  |                        | 36,229,737     |                |  |                            |                          |                 | XXX                 |
| 10. Outside referrals.....   | 0          |  |                        |                |                |  |                            |                          |                 | XXX                 |
| 11. Emergency room and out-of-area.....  | 0          |  |                        |                |                |  |                            |                          |                 | XXX                 |
| 12. Prescription drugs.....  | 0          |  |                        |                |                |  |                            |                          |                 | XXX                 |
| 13. Aggregate write-ins for other hospital and medical.....                      | 0          | 0  | 0                      | 0              | 0              | 0  | 0                          | 0                        | 0               | XXX                 |
| 14. Incentive pool, withhold adjustments and bonus amounts.....                  | 0          |  |                        |                |                |  |                            |                          |                 | XXX                 |
| 15. Subtotal (Lines 8 to 14).....  | 36,229,737 | 0  | 0                      | 36,229,737     | 0              | 0  | 0                          | 0                        | 0               | XXX                 |
| 16. Net reinsurance recoveries.....  | 0          |  |                        |                |                |  |                            |                          |                 | XXX                 |
| 17. Total hospital and medical (Lines 15 minus 16).....                          | 36,229,737 | 0  | 0                      | 36,229,737     | 0              | 0  | 0                          | 0                        | 0               | XXX                 |
| 18. Non-health claims (net).....   | 0          | XXX  | XXX                    | XXX            | XXX            | XXX  | XXX                        | XXX                      | XXX             |                     |
| 19. Claims adjustment expenses including \$.....0 cost containment expenses..... | 710,119    |  |                        | 710,119        |                |  |                            |                          |                 |                     |
| 20. General administrative expenses.....   | 9,163,942  |  |                        | 9,163,942      |                |  |                            |                          |                 |                     |
| 21. Increase in reserves for accident and health contracts.....                  | 0          |  |                        |                |                |  |                            |                          |                 | XXX                 |
| 22. Increase in reserve for life contracts.....                                  | 0          | XXX  | XXX                    | XXX            | XXX            | XXX  | XXX                        | XXX                      | XXX             |                     |
| 23. Total underwriting deductions (Lines 17 to 22).....                          | 46,103,798 | 0  | 0                      | 46,103,798     | 0              | 0  | 0                          | 0                        | 0               | 0                   |
| 24. Net underwriting gain or (loss) (Line 7 minus Line 23).....                  | 518,012    | 0  | 0                      | 518,012        | 0              | 0  | 0                          | 0                        | 0               | 0                   |

### DETAILS OF WRITE-INS

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

|                  |   | 1                  | 2                      | 3                    | 4  |
|------------------|---|--------------------|------------------------|----------------------|--|
| Line of Business |   | Direct<br>Business | Reinsurance<br>Assumed | Reinsurance<br>Ceded | Net Premium<br>Income<br>(Cols. 1 + 2 - 3) |
| 1.               | Comprehensive (hospital and medical).....   |                    |                        |                      | 0  |
| 2.               | Medicare supplement.....                    |                    |                        |                      | 0  |
| 3.               | Dental only.....                            | 46,621,810         |                        |                      | 46,621,810                                 |
| 4.               | Vision only.....                            |                    |                        |                      | 0  |
| 5.               | Federal employees health benefits plan..... |                    |                        |                      | 0  |
| 6.               | Title XVIII - Medicare.....                 |                    |                        |                      | 0  |
| 7.               | Title XIX - Medicaid.....                   |                    |                        |                      | 0  |
| 8.               | Other health.....                           |                    |                        |                      | 0  |
| 9.               | Health subtotal (Lines 1 through 8).....    | 46,621,810         | 0                      | 0                    | 46,621,810                                 |
| 10.              | Life.....                                   |                    |                        |                      | 0  |
| 11.              | Property/casualty.....                      |                    |                        |                      | 0  |
| 12.              | Totals (Lines 9 to 11).....                 | 46,621,810         | 0                      | 0                    | 46,621,810                                 |



UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

|   | 1          | 2  | 3                      | 4              | 5              | 6   | 7                          | 8                        | 9               | 10                  |
|---|------------|--|------------------------|----------------|----------------|---|----------------------------|--------------------------|-----------------|---------------------|
|   | Total      | Comprehensive<br>(Hospital<br>and Medical) | Medicare<br>Supplement | Dental<br>Only | Vision<br>Only | Federal<br>Employees<br>Health<br>Benefits Plan | Title<br>XVIII<br>Medicare | Title<br>XIX<br>Medicaid | Other<br>Health | Other<br>Non-Health |
| 1. Payments during the year:  |            |  |                        |                |                |   |                            |                          |                 |                     |
| 1.1 Direct.....   | 36,524,687 |  |                        | 36,524,687     |                |   |                            |                          |                 |                     |
| 1.2 Reinsurance assumed.....  | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 1.3 Reinsurance ceded.....  | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 1.4 Net.....  | 36,524,687 | 0  | 0                      | 36,524,687     | 0              | 0   | 0                          | 0                        | 0               | 0                   |
| 2. Paid medical incentive pools and bonuses.....                      | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 3. Claim liability December 31, current year from Part 2A:            |            |  |                        |                |                |   |                            |                          |                 |                     |
| 3.1 Direct.....   | 1,930,470  |  |                        | 1,930,470      |                |   |                            |                          |                 |                     |
| 3.2 Reinsurance assumed.....  | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 3.3 Reinsurance ceded.....  | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 3.4 Net.....  | 1,930,470  | 0  | 0                      | 1,930,470      | 0              | 0   | 0                          | 0                        | 0               | 0                   |
| 4. Claim reserve December 31, current year from Part 2D:              |            |  |                        |                |                |   |                            |                          |                 |                     |
| 4.1 Direct.....   | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 4.2 Reinsurance assumed.....  | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 4.3 Reinsurance ceded.....  | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 4.4 Net.....  | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0               | 0                   |
| 5. Accrued medical incentive pools and bonuses, current year.....     | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 6. Net healthcare receivables (a).....                                | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 7. Amounts recoverable from reinsurers December 31, current year..... | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 8. Claim liability December 31, prior year from Part 2A:              |            |  |                        |                |                |   |                            |                          |                 |                     |
| 8.1 Direct.....   | 2,225,420  |  |                        | 2,225,420      |                |   |                            |                          |                 |                     |
| 8.2 Reinsurance assumed.....  | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 8.3 Reinsurance ceded.....  | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 8.4 Net.....  | 2,225,420  | 0  | 0                      | 2,225,420      | 0              | 0   | 0                          | 0                        | 0               | 0                   |
| 9. Claim reserve December 31, prior year from Part 2D:                |            |  |                        |                |                |   |                            |                          |                 |                     |
| 9.1 Direct.....   | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 9.2 Reinsurance assumed.....  | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 9.3 Reinsurance ceded.....  | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 9.4 Net.....  | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0               | 0                   |
| 10. Accrued medical incentive pools and bonuses, prior year.....      | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 11. Amounts recoverable from reinsurers December 31, prior year.....  | 0          |  |                        |                |                |   |                            |                          |                 |                     |
| 12. Incurred benefits:  |            |  |                        |                |                |   |                            |                          |                 |                     |
| 12.1 Direct.....  | 36,229,737 | 0  | 0                      | 36,229,737     | 0              | 0   | 0                          | 0                        | 0               | 0                   |
| 12.2 Reinsurance assumed.....   | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0               | 0                   |
| 12.3 Reinsurance ceded.....   | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0               | 0                   |
| 12.4 Net.....   | 36,229,737 | 0  | 0                      | 36,229,737     | 0              | 0   | 0                          | 0                        | 0               | 0                   |
| 13. Incurred medical incentive pools and bonuses.....                 | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0               | 0                   |

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

|   | 1         | 2  | 3                      | 4              | 5              | 6   | 7                          | 8                        | 9               | 10                  |
|---|-----------|--|------------------------|----------------|----------------|---|----------------------------|--------------------------|-----------------|---------------------|
|   | Total     | Comprehensive<br>(Medical<br>and Hospital) | Medicare<br>Supplement | Dental<br>Only | Vision<br>Only | Federal<br>Employees<br>Health<br>Benefits Plan | Title<br>XVIII<br>Medicare | Title<br>XIX<br>Medicaid | Other<br>Health | Other<br>Non-Health |
| 1. Reported in process of adjustment:                 |           |  |                        |                |                |   |                            |                          |                 |                     |
| 1.1 Direct.....                                       | 710,811   |  |                        | 710,811        |                |   |                            |                          |                 |                     |
| 1.2 Reinsurance assumed.....                          | .0        |  |                        |                |                |   |                            |                          |                 |                     |
| 1.3 Reinsurance ceded.....                            | .0        |  |                        |                |                |   |                            |                          |                 |                     |
| 1.4 Net.....  | 710,811   | .0   | .0                     | 710,811        | .0             | .0  | .0                         | .0                       | .0              | .0                  |
| 2. Incurred but unreported:                           |           |  |                        |                |                |   |                            |                          |                 |                     |
| 2.1 Direct.....                                       | 882,063   |  |                        | 882,063        |                |   |                            |                          |                 |                     |
| 2.2 Reinsurance assumed.....                          | .0        |  |                        |                |                |   |                            |                          |                 |                     |
| 2.3 Reinsurance ceded.....                            | .0        |  |                        |                |                |   |                            |                          |                 |                     |
| 2.4 Net.....  | 882,063   | .0   | .0                     | 882,063        | .0             | .0  | .0                         | .0                       | .0              | .0                  |
| 3. Amounts withheld from paid claims and capitations: |           |  |                        |                |                |   |                            |                          |                 |                     |
| 3.1 Direct.....                                       | 337,596   |  |                        | 337,596        |                |   |                            |                          |                 |                     |
| 3.2 Reinsurance assumed.....                          | .0        |  |                        |                |                |   |                            |                          |                 |                     |
| 3.3 Reinsurance ceded.....                            | .0        |  |                        |                |                |   |                            |                          |                 |                     |
| 3.4 Net.....  | 337,596   | .0   | .0                     | 337,596        | .0             | .0  | .0                         | .0                       | .0              | .0                  |
| 4. Totals:  |           |  |                        |                |                |   |                            |                          |                 |                     |
| 4.1 Direct.....                                       | 1,930,470 | .0   | .0                     | 1,930,470      | .0             | .0  | .0                         | .0                       | .0              | .0                  |
| 4.2 Reinsurance assumed.....                          | .0        | .0   | .0                     | .0             | .0             | .0  | .0                         | .0                       | .0              | .0                  |
| 4.3 Reinsurance ceded.....                            | .0        | .0   | .0                     | .0             | .0             | .0  | .0                         | .0                       | .0              | .0                  |
| 4.4 Net.....  | 1,930,470 | .0   | .0                     | 1,930,470      | .0             | .0  | .0                         | .0                       | .0              | .0                  |

UNDERWRITING AND INVESTMENT EXHIBIT

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

| Line of Business                                   | Claims Paid<br>During the Year                                   |   | Claim Reserve and Claim Liability<br>December 31 of Current Year |   | 5  | 6   |
|--|--|---|--|---|--|---|
|  | 1<br>On Claims Incurred<br>Prior to January 1<br>of Current Year | 2<br>On Claims<br>Incurred During<br>the Year | 3<br>On Claims Unpaid<br>December 31 of<br>Prior Year            | 4<br>On Claims<br>Incurred During<br>the Year | Claims Incurred<br>in Prior Years<br>(Columns 1 + 3) | Estimated Claim<br>Reserve and<br>Claim Liability<br>December 31 of<br>Prior Year |
| 1. Comprehensive (hospital and medical).....       |  |   |  |   | 0  |   |
| 2. Medicare supplement.....                        |  |   |  |   | 0  |   |
| 3. Dental only.....                                | 2,226,339  | 34,298,348                                    |  | 1,930,470                                     | 2,226,339  | 2,225,420   |
| 4. Vision only.....                                |  |   |  |   | 0  |   |
| 5. Federal employees health benefits plan.....     |  |   |  |   | 0  |   |
| 6. Title XVIII - Medicare.....                     |  |   |  |   | 0  |   |
| 7. Title XIX - Medicaid.....                       |  |   |  |   | 0  |   |
| 8. Other health.....                               |  |   |  |   | 0  |   |
| 9. Health subtotal (Lines 1 to 8).....             | 2,226,339  | 34,298,348                                    | 0  | 1,930,470                                     | 2,226,339  | 2,225,420   |
| 10. Healthcare receivables (a).....                |  |   |  |   | 0  |   |
| 11. Other non-health.....                          |  |   |  |   | 0  |   |
| 12. Medical incentive pools and bonus amounts..... |  |   |  |   | 0  |   |
| 13. Totals (Lines 9 - 10 + 11 + 12).....           | 2,226,339  | 34,298,348                                    | 0  | 1,930,470                                     | 2,226,339  | 2,225,420   |

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

| Year in Which Losses<br>Were Incurred | Cumulative Net Amounts Paid |           |           |           |           |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
|                                       | 1<br>2011                   | 2<br>2012 | 3<br>2013 | 4<br>2014 | 5<br>2015 |
| 1. Prior.....                         | 28,434                      | 28,434    | 28,434    | 28,434    | 28,434    |
| 2. 2011.....                          | 30,336                      | 32,013    | 32,013    | 32,013    | 32,013    |
| 3. 2012.....                          | .XXX                        | 31,234    | 33,026    | 33,026    | 33,026    |
| 4. 2013.....                          | .XXX                        | .XXX      | 31,529    | 33,928    | 33,928    |
| 5. 2014.....                          | .XXX                        | .XXX      | .XXX      | 32,088    | 34,315    |
| 6. 2015.....                          | .XXX                        | .XXX      | .XXX      | .XXX      | 34,298    |

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

| Year in Which Losses<br>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<br>2011  | 2<br>2012 | 3<br>2013 | 4<br>2014 | 5<br>2015 |
| 1. Prior.....                         | 28,434   | 28,434    | 28,434    | 28,434    | 28,434    |
| 2. 2011.....                          | 32,124   | 32,013    | 32,013    | 32,013    | 32,013    |
| 3. 2012.....                          | .XXX   | 33,231    | 33,026    | 33,026    | 33,026    |
| 4. 2013.....                          | .XXX   | .XXX      | 33,990    | 33,928    | 33,928    |
| 5. 2014.....                          | .XXX   | .XXX      | .XXX      | 34,314    | 34,315    |
| 6. 2015.....                          | .XXX   | .XXX      | .XXX      | .XXX      | 36,229    |

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

| Years in Which<br>Premiums were Earned and<br>Claims were Incurred | 1<br><br>Premiums<br>Earned | 2<br><br>Claim<br>Payments | 3<br><br>Claim Adjustment<br>Expense Payments | 4<br><br>Percent<br>(Col. 3/2) | 5<br><br>Claim and Claim<br>Adjustment<br>Expense Payments<br>(Col. 2 + 3) | 6<br><br>Percent<br>(Col. 5/1) | 7<br><br>Claims<br>Unpaid | 8<br><br>Unpaid Claim<br>Adjustment<br>Expense | 9<br><br>Total Claims and<br>Claims Adjustment<br>Expense Incurred<br>(Col. 5 + 7 + 8) | 10<br><br>Percent<br>(Col. 9/1) |
|--|-----------------------------|----------------------------|---|--------------------------------|--|--------------------------------|---------------------------|--|--|---------------------------------|
| 1. 2011.....   | 39,957                      | 32,013                     | 549   | 1.7                            | 32,562   | 81.5                           |                           |  | 32,562   | 81.5                            |
| 2. 2012.....   | 42,128                      | 33,026                     | 721   | 2.2                            | 33,747   | 80.1                           |                           |  | 33,747   | 80.1                            |
| 3. 2013.....   | 43,075                      | 33,928                     | 631   | 1.9                            | 34,559   | 80.2                           |                           |  | 34,559   | 80.2                            |
| 4. 2014.....   | 44,466                      | 34,315                     | 650   | 1.9                            | 34,965   | 78.6                           |                           |  | 34,965   | 78.6                            |
| 5. 2015.....   | 46,622                      | 34,298                     | 710   | 2.1                            | 35,008   | 75.1                           | 1,930                     | 105  | 37,043   | 79.5                            |

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims**  
**NONE**

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY

| Year in Which Losses<br>Were Incurred | Cumulative Net Amounts Paid |           |           |           |           |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
|                                       | 1<br>2011                   | 2<br>2012 | 3<br>2013 | 4<br>2014 | 5<br>2015 |
| 1. Prior.....                         | 28,434                      | 28,434    | 28,434    | 28,434    | 28,434    |
| 2. 2011.....                          | 30,336                      | 32,013    | 32,013    | 32,013    | 32,013    |
| 3. 2012.....                          | XXX                         | 31,234    | 33,026    | 33,026    | 33,026    |
| 4. 2013.....                          | XXX                         | XXX       | 31,529    | 33,928    | 33,928    |
| 5. 2014.....                          | XXX                         | XXX       | XXX       | 32,088    | 34,315    |
| 6. 2015.....                          | XXX                         | XXX       | XXX       | XXX       | 34,298    |

SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY

| Year in Which Losses<br>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<br>2011  | 2<br>2012 | 3<br>2013 | 4<br>2014 | 5<br>2015 |
| 1. Prior.....                         | 28,434   | 28,434    | 28,434    | 28,434    | 28,434    |
| 2. 2011.....                          | 32,124   | 32,013    | 32,013    | 32,013    | 32,013    |
| 3. 2012.....                          | XXX  | 33,231    | 33,026    | 33,026    | 33,026    |
| 4. 2013.....                          | XXX  | XXX       | 33,990    | 33,928    | 33,928    |
| 5. 2014.....                          | XXX  | XXX       | XXX       | 34,314    | 34,315    |
| 6. 2015.....                          | XXX  | XXX       | XXX       | XXX       | 36,229    |

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - DENTAL ONLY

| Years in Which<br>Premiums were Earned and<br>Claims were Incurred | 1<br><br>Premiums<br>Earned | 2<br><br>Claim<br>Payments | 3<br><br>Claim Adjustment<br>Expense Payments | 4<br><br>Percent<br>(Col. 3/2) | 5<br><br>Claim and Claim<br>Adjustment<br>Expense Payments<br>(Col. 2 + 3) | 6<br><br>Percent<br>(Col. 5/1) | 7<br><br>Claims<br>Unpaid | 8<br><br>Unpaid Claim<br>Adjustment<br>Expenses | 9<br><br>Total Claims and<br>Claims Adjustment<br>Expense Incurred<br>(Col. 5 + 7 + 8) | 10<br><br>Percent<br>(Col. 9/1) |
|--|-----------------------------|----------------------------|---|--------------------------------|--|--------------------------------|---------------------------|---|--|---------------------------------|
| 1. 2011.....   | 39,957                      | 32,013                     | 549   | 1.7                            | 32,562   | 81.5                           |                           |   | 32,562   | 81.5                            |
| 2. 2012.....   | 42,128                      | 33,026                     | 721   | 2.2                            | 33,747   | 80.1                           |                           |   | 33,747   | 80.1                            |
| 3. 2013.....   | 43,075                      | 33,928                     | 631   | 1.9                            | 34,559   | 80.2                           |                           |   | 34,559   | 80.2                            |
| 4. 2014.....   | 44,466                      | 34,315                     | 650   | 1.9                            | 34,965   | 78.6                           |                           |   | 34,965   | 78.6                            |
| 5. 2015.....   | 46,622                      | 34,298                     | 710   | 2.1                            | 35,008   | 75.1                           | 1,930                     | 105   | 37,043   | 79.5                            |

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2D - Aggregate Reserve for A&H Contracts Only**  
**NONE**

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

|   | Claim Adjustment Expenses            |  | 3<br>General<br>Administrative<br>Expenses | 4<br>Investment<br>Expenses | 5<br>Total        |
|---|--------------------------------------|--|--|-----------------------------|-------------------|
|   | 1<br>Cost<br>Containment<br>Expenses | 2<br>Other Claim<br>Adjustment<br>Expenses |  |                             |                   |
| 1. Rent (\$.....0 for occupancy of own building).....                     |                                      | 24,633                                     | 216,189                                    |                             | 240,822           |
| 2. Salaries, wages and other benefits.....                                |                                      | 494,131                                    | 3,531,491                                  |                             | 4,025,622         |
| 3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....           |                                      |  | 2,719,222                                  |                             | 2,719,222         |
| 4. Legal fees and expenses.....   |                                      | 1,331                                      | 11,680                                     |                             | 13,011            |
| 5. Certifications and accreditation fees.....                             |                                      |  |  |                             | 0                 |
| 6. Auditing, actuarial and other consulting services.....                 |                                      | 24,016                                     | 210,775                                    |                             | 234,791           |
| 7. Traveling expenses.....  |                                      | 17,461                                     | 153,247                                    |                             | 170,708           |
| 8. Marketing and advertising.....   |                                      |  | 347,491                                    |                             | 347,491           |
| 9. Postage, express and telephone.....                                    |                                      | 17,499                                     | 153,579                                    |                             | 171,078           |
| 10. Printing and office supplies.....                                     |                                      | 28,331                                     | 202,478                                    |                             | 230,809           |
| 11. Occupancy, depreciation and amortization.....                         |                                      | 11,511                                     | 101,024                                    |                             | 112,535           |
| 12. Equipment.....  |                                      | 10,744                                     | 64,280                                     |                             | 75,024            |
| 13. Cost or depreciation of EDP equipment and software.....               |                                      | 13,042                                     | 93,212                                     |                             | 106,254           |
| 14. Outsourced services including EDP, claims, and other services.....    |                                      | 37,923                                     | 247,261                                    |                             | 285,184           |
| 15. Boards, bureaus and association fees.....                             |                                      |  | 43,145                                     |                             | 43,145            |
| 16. Insurance, except on real estate.....                                 |                                      |  | 67,192                                     |                             | 67,192            |
| 17. Collection and bank service charges.....                              |                                      |  | 68,531                                     |                             | 68,531            |
| 18. Group service and administration fees.....                            |                                      |  |  |                             | 0                 |
| 19. Reimbursements by uninsured plans.....                                |                                      |  |  |                             | 0                 |
| 20. Reimbursements from fiscal intermediaries.....                        |                                      |  |  |                             | 0                 |
| 21. Real estate expenses.....   |                                      |  | 79,389                                     |                             | 79,389            |
| 22. Real estate taxes.....  |                                      |  | 42,600                                     |                             | 42,600            |
| 23. Taxes, licenses and fees:   |                                      |  |  |                             |                   |
| 23.1 State and local insurance taxes.....                                 |                                      |  |  |                             | 0                 |
| 23.2 State premium taxes.....   |                                      |  | 370,940                                    |                             | 370,940           |
| 23.3 Regulatory authority licenses and fees.....                          |                                      |  | 25,000                                     |                             | 25,000            |
| 23.4 Payroll taxes.....   |                                      | 29,497                                     | 210,810                                    |                             | 240,307           |
| 23.5 Other (excluding federal income and real estate taxes).....          |                                      |  | 204,406                                    |                             | 204,406           |
| 24. Investment expenses not included elsewhere.....                       |                                      |  |  |                             | 0                 |
| 25. Aggregate write-ins for expenses.....                                 | 0                                    | 0  | 0  | 0                           | 0                 |
| 26. Total expenses incurred (Lines 1 to 25).....                          | 0                                    | 710,119                                    | 9,163,942                                  | 0                           | (a).....9,874,061 |
| 27. Less expenses unpaid December 31, current year.....                   |                                      | 105,000                                    | 479,667                                    |                             | 584,667           |
| 28. Add expenses unpaid December 31, prior year.....                      |                                      | 105,000                                    | 443,156                                    |                             | 548,156           |
| 29. Amounts receivable relating to uninsured plans, prior year.....       |                                      |  |  |                             | 0                 |
| 30. Amounts receivable relating to uninsured plans, current year.....     |                                      |  |  |                             | 0                 |
| 31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)..... | 0                                    | 710,119                                    | 9,127,431                                  | 0                           | 9,837,550         |

DETAILS OF WRITE-INS

|  |   |   |   |   |   |
|--|---|---|---|---|---|
| 2501. ....   |   |   |   |   | 0 |
| 2502. ....   |   |   |   |   | 0 |
| 2503. ....   |   |   |   |   | 0 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0 | 0 | 0 | 0 | 0 |
| 2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 0 | 0 | 0 | 0 | 0 |

(a) Includes management fees of \$.....6,297,088 to affiliates and \$.....0 to non-affiliates.



EXHIBIT OF NET INVESTMENT INCOME

|      |  | 1                        | 2                     |
|------|--|--------------------------|-----------------------|
|      |  | Collected<br>During Year | Earned<br>During Year |
| 1.   | U.S. government bonds.....   | (a).....750              | .....753              |
| 1.1  | Bonds exempt from U.S. tax.....  | (a).....                 | .....                 |
| 1.2  | Other bonds (unaffiliated).....  | (a).....24,524           | .....30,686           |
| 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).....29,340           | .....255,013          |
| 5.   | Contract loans.....  | .....                    | .....                 |
| 6.   | Cash, cash equivalents and short-term investments.....                   | (e).....623              | .....623              |
| 7.   | Derivative instruments.....  | (f).....                 | .....                 |
| 8.   | Other invested assets.....   | .....                    | .....                 |
| 9.   | Aggregate write-ins for investment income.....                           | .....0                   | .....0                |
| 10.  | Total gross investment income.....                                       | .....55,237              | .....287,075          |
| 11.  | Investment expenses.....   | (g).....                 |                       |
| 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).....41,079           |                       |
| 15.  | Aggregate write-ins for deductions from investment income.....           | .....0                   |                       |
| 16.  | Total deductions (Lines 11 through 15).....                              | .....41,079              |                       |
| 17.  | Net investment income (Line 10 minus Line 16).....                       | .....245,996             |                       |

DETAILS OF WRITE-INS

|       |  |        |        |
|-------|--|--------|--------|
| 0901. | .....  | .....  | .....  |
| 0902. | .....  | .....  | .....  |
| 0903. | .....  | .....  | .....  |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page.....  | .....0 | .....0 |
| 0999. | Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....        | .....0 | .....0 |
| 1501. | .....  | .....  | .....  |
| 1502. | .....  | .....  | .....  |
| 1503. | .....  | .....  | .....  |
| 1598. | Summary of remaining write-ins for Line 15 from overflow page..... | .....  | .....0 |
| 1599. | Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....       | .....  | .....0 |

- (a) Includes \$....7 accrual of discount less \$....13,429 amortization of premium and less \$....7,248 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 \$....23,747 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 \$....41,079 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

|      | 1  | 2                                | 3  | 4  | 5  |
|------|--|----------------------------------|--|--|--|
|      | Realized<br>Gain (Loss)<br>on Sales<br>or Maturity     | Other<br>Realized<br>Adjustments | Total Realized<br>Capital Gain (Loss)<br>(Columns 1 + 2) | Change in<br>Unrealized<br>Capital Gain (Loss) | Change in<br>Unrealized<br>Foreign Exchange<br>Capital Gain (Loss) |
| 1.   | U.S. government bonds.....                             | .....                            | .....0   | .....  | .....  |
| 1.1  | Bonds exempt from U.S. tax.....                        | .....                            | .....0   | .....  | .....  |
| 1.2  | Other bonds (unaffiliated).....                        | .....(2,288)                     | .....(2,288)   | .....  | .....  |
| 1.3  | Bonds of affiliates.....                               | .....                            | .....0   | .....  | .....  |
| 2.1  | Preferred stocks (unaffiliated).....                   | .....                            | .....0   | .....  | .....  |
| 2.11 | Preferred stocks of affiliates.....                    | .....                            | .....0   | .....  | .....  |
| 2.2  | Common stocks (unaffiliated).....                      | .....                            | .....0   | .....  | .....  |
| 2.21 | Common stocks of affiliates.....                       | .....                            | .....0   | .....  | .....  |
| 3.   | Mortgage loans.....                                    | .....                            | .....0   | .....  | .....  |
| 4.   | Real estate.....                                       | .....                            | .....0   | .....  | .....  |
| 5.   | Contract loans.....                                    | .....                            | .....0   | .....  | .....  |
| 6.   | Cash, cash equivalents and short-term investments..... | .....                            | .....0   | .....  | .....  |
| 7.   | Derivative instruments.....                            | .....                            | .....0   | .....  | .....  |
| 8.   | Other invested assets.....                             | .....                            | .....0   | .....  | .....  |
| 9.   | Aggregate write-ins for capital gains (losses).....    | .....0                           | .....0   | .....0   | .....0   |
| 10.  | Total capital gains (losses).....                      | .....(2,288)                     | .....0   | .....(2,288)                                   | .....0   |

DETAILS OF WRITE-INS

|       |  |        |        |        |        |
|-------|--|--------|--------|--------|--------|
| 0901. | .....  | .....  | .....0 | .....  | .....  |
| 0902. | .....  | .....  | .....0 | .....  | .....  |
| 0903. | .....  | .....  | .....0 | .....  | .....  |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page.... | .....0 | .....0 | .....0 | .....0 |
| 0999. | Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....      | .....0 | .....0 | .....0 | .....0 |

EXHIBIT OF NONADMITTED ASSETS

|   | 1<br>Current Year<br>Total<br>Nonadmitted Assets | 2<br>Prior Year<br>Total<br>Nonadmitted Assets | 3<br>Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
|---|--|--|---|
| 1. Bonds (Schedule D).....  |  |  | .....0  |
| 2. Stocks (Schedule D):   |  |  |   |
| 2.1 Preferred stocks.....   |  |  | .....0  |
| 2.2 Common stocks.....  |  |  | .....0  |
| 3. Mortgage loans on real estate (Schedule B):  |  |  |   |
| 3.1 First liens.....  |  |  | .....0  |
| 3.2 Other than first liens.....   |  |  | .....0  |
| 4. Real estate (Schedule A):  |  |  |   |
| 4.1 Properties occupied by the company.....   |  |  | .....0  |
| 4.2 Properties held for the production of income.....   |  |  | .....0  |
| 4.3 Properties held for sale.....   |  |  | .....0  |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2)<br>and short-term investments (Schedule DA).....          |  |  | .....0  |
| 6. Contract loans.....  |  |  | .....0  |
| 7. Derivatives (Schedule DB).....   |  |  | .....0  |
| 8. Other invested assets (Schedule BA).....   |  |  | .....0  |
| 9. Receivables for securities.....  |  |  | .....0  |
| 10. Securities lending reinvested collateral assets (Schedule DL).....  |  |  | .....0  |
| 11. Aggregate write-ins for invested assets.....  | .....0   | .....0   | .....0  |
| 12. Subtotals, cash and invested assets (Lines 1 to 11).....  | .....0   | .....0   | .....0  |
| 13. Title plants (for Title insurers only).....   |  |  | .....0  |
| 14. Investment income due and accrued.....  |  |  | .....0  |
| 15. Premiums and considerations:  |  |  |   |
| 15.1 Uncollected premiums and agents' balances in the course of collection.....   |  |  | .....0  |
| 15.2 Deferred premiums, agents' balances and installments booked but<br>deferred and not yet due.....                       |  |  | .....0  |
| 15.3 Accrued retrospective premiums and contracts subject to redetermination.....   |  |  | .....0  |
| 16. Reinsurance:  |  |  |   |
| 16.1 Amounts recoverable from reinsurers.....   |  |  | .....0  |
| 16.2 Funds held by or deposited with reinsured companies.....   |  |  | .....0  |
| 16.3 Other amounts receivable under reinsurance contracts.....  |  |  | .....0  |
| 17. Amounts receivable relating to uninsured plans.....   |  |  | .....0  |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....   |  |  | .....0  |
| 18.2 Net deferred tax asset.....  |  |  | .....0  |
| 19. Guaranty funds receivable or on deposit.....  |  |  | .....0  |
| 20. Electronic data processing equipment and software.....  |  |  | .....0  |
| 21. Furniture and equipment, including health care delivery assets.....   |  |  | .....0  |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....   |  |  | .....0  |
| 23. Receivables from parent, subsidiaries and affiliates.....   | .....679,398                                     | .....610,244                                   | .....(69,154)   |
| 24. Health care and other amounts receivable.....   |  |  | .....0  |
| 25. Aggregate write-ins for other than invested assets.....   | .....20,549                                      | .....18,856                                    | .....(1,693)  |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts (Lines 12 through 25)..... | .....699,947                                     | .....629,100                                   | .....(70,847)   |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....  |  |  | .....0  |
| 28. TOTALS (Lines 26 and 27).....   | .....699,947                                     | .....629,100                                   | .....(70,847)   |

DETAILS OF WRITE-INS

|  |             |             |              |
|--|-------------|-------------|--------------|
| 1101. ....   |             |             | .....0       |
| 1102. ....   |             |             | .....0       |
| 1103. ....   |             |             | .....0       |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | .....0      | .....0      | .....0       |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....       | .....0      | .....0      | .....0       |
| 2501. Prepaid Expenses.....  | .....20,549 | .....18,856 | .....(1,693) |
| 2502. ....   |             |             | .....0       |
| 2503. ....   |             |             | .....0       |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | .....0      | .....0      | .....0       |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | .....20,549 | .....18,856 | .....(1,693) |

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

| Source of Enrollment                                    | Total Members at End of |                       |                        |                       |                      | 6<br>Current Year<br>Member<br>Months |
|---|-------------------------|-----------------------|------------------------|-----------------------|----------------------|---------------------------------------|
|   | 1<br>Prior<br>Year      | 2<br>First<br>Quarter | 3<br>Second<br>Quarter | 4<br>Third<br>Quarter | 5<br>Current<br>Year |                                       |
| 1. Health maintenance organizations.....                | 169,993                 | 174,206               | 172,962                | 172,370               | 173,548              | 2,071,653                             |
| 2. Provider service organizations.....                  |                         |                       |                        |                       |                      |                                       |
| 3. Preferred provider organizations.....                |                         |                       |                        |                       |                      |                                       |
| 4. Point of service.....                                |                         |                       |                        |                       |                      |                                       |
| 5. Indemnity only.....                                  |                         |                       |                        |                       |                      |                                       |
| 6. Aggregate write-ins for other lines of business..... | 0                       | 0                     | 0                      | 0                     | 0                    | 0                                     |
| 7. Total.....   | 169,993                 | 174,206               | 172,962                | 172,370               | 173,548              | 2,071,653                             |

DETAILS OF WRITE-INS

|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 0601. ....  |   |   |   |   |   |   |
| 0602. ....  |   |   |   |   |   |   |
| 0603. ....  |   |   |   |   |   |   |
| 0698. Summary of remaining write-ins for Line 6 from overflow page..... | 0 | 0 | 0 | 0 | 0 | 0 |
| 0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....       | 0 | 0 | 0 | 0 | 0 | 0 |

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Superior Dental Care, Inc. (SDC) are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance. The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of a health insuring corporation for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual (P) has been adopted as a component of prescribed or permitted practices by the state of Ohio. The state has not adopted any prescribed accounting practices that differ from those found in NAIC SAP.

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

|   | State of<br>Domicile | 2015      | 2014      |
|---|----------------------|-----------|-----------|
| NET INCOME  |                      |           |           |
| (1) SUPERIOR DENTAL CARE, INC. state basis (Page 4, Line 32, Columns 2 & 3) | OH                   | 502,330   | 829,804   |
| (2) State Prescribed Practices that increase/(decrease) NAIC SAP            |                      |           |           |
| (3) State Permitted Practices that increase/(decrease) NAIC SAP             |                      |           |           |
| (4) NAIC SAP (1 – 2 – 3 = 4)  | OH                   | 502,330   | 829,804   |
| SURPLUS   |                      |           |           |
| (5) SUPERIOR DENTAL CARE, INC. state basis (Page 3, line 33, Columns 3 & 4) | OH                   | 5,528,695 | 5,098,150 |
| (6) State Prescribed Practices that increase/(decrease) NAIC SAP            |                      |           |           |
| (7) State Permitted Practices that increase/(decrease) NAIC SAP             |                      |           |           |
| (8) NAIC SAP (5 – 6 – 7 = 8)  | OH                   | 5,528,695 | 5,098,150 |

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

The preparation of financial statements in conforming with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Dental premiums are earned ratably over the terms of the related insurance contracts. Expenses incurred in connection with acquiring new business, including sales commissions, are charged to operations as incurred.

Health Services Expense is based upon agreed-upon fees for various services with retention of 5% of these fees as a risk retention fund. Amounts withheld are a reduction of healthcare service expense in the accompanying statements of income. The cost of health care services provided to members is accrued in the period such services are provided based on the accumulation of estimates of claims reported prior to the end of a reporting period and of estimates of dental services provided but not reported to the Company, net of the amounts withheld in accordance with the provider agreement.

Each year the SDC Board of Directors evaluates the performance of the dental HIC, capital and surplus requirements prescribed by the Ohio Department of Insurance, factors impacting financial strength, funding needed to support strategic objectives for the coming years and any other factors deemed relevant to the Board and determines the level of return of provider withhold. Once authorized by the Board, such amounts are recorded as additional healthcare services expense for the period authorized and shown as additional claims payment liability until paid. The determination was made to return 20% of the withheld reserve and payment was made on or before February 29, 2016.

In addition, the company uses the following accounting policies:

1. Short term investments are stated at amortized cost.
2. Bonds are stated at amortized cost using the interest method
3. Comon stocks are stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the company has an interest of 20% or more are carried on the equity basis. The company did not have any investments in common stocks at December 31, 2015 and 2014.
4. Preferred stocks are stated in accordance with the guidance provided in SSAP No. 32. The company did not have any investments in preferred stocks at December 31, 2015 and 2014.
5. Mortgage loans on real estate are stated at the aggregate carrying value less accrued interest.
6. The company did not have any investments in loan-backed securities at December 31, 2015 and 2014.
7. The company does not have any Goodwill.
8. The company does not have any minor ownership interest in any joint ventures.

NOTES TO FINANCIAL STATEMENTS

9. All derivatives are stated at fair value.
10. The company does anticipate investment income as a factor of premium deficiency calculation, in accordance with SSAP No 54, Individual and Group Accident and Health contracts.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amounts, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
12. The company has not modified its capitalization policy from the prior period.
13. The company does not have pharmaceutical rebate receivables.

Note 2 - Accounting Changes and Corrections of Errors

SDC has no accounting changes or corrections of errors to report.

Note 3 - Business Combinations and Goodwill

Superior Dental Care, Inc. and affiliate, SDC Development LLC, were combined at June 30, 2014 using the statutory merger method of accounting. SDC Development LLC was wholly-owned by Superior Dental Care's parent, Superior Dental Care Alliance, Inc. Superior Dental Care Alliance, Inc. had a membership interest in SDC Development LLC of \$158,608. This has been transferred to Superior Dental Care, Inc.

The balance sheet and results of operations for the year ended December 31, 2014 have been restated to include SDC Development LLC in accordance with SSAP No. 68 - Business Combinations and Goodwill.

Results of the separate entities that are included in the statements for the period ended December 31 , 2014 are as follows:

|            |                            |                     |
|------------|----------------------------|---------------------|
|            | Superior Dental Care, Inc. | SDC Development LLC |
| Revenue    | \$44,613,541               | \$62,400            |
| Net Income | \$822,960                  | \$6,844             |

Note 4 - Discontinued Operations

Not applicable. The company had no discontinued operations.

Note 5 - Investments

- A. SDC had no investments in mortgage loans.
- B. SDC had no investments in restructured debt.
- C. SDC had no investments in reverse mortgages.
- D. SDC had no investments in loan-backed securities.
- E. SDC had no repurchase agreements and/or securities lending transactions.
- F. Real Estate

Superior Dental Care, Inc. owns land and two office buildings. This property is classified as Property Occupied by the Company and is reported net of encumbrances of \$554,234 at December 31, 2015.

G. SDC had no investments in low-income housing tax credits.

H. Restricted Assets

(1) Restricted Assets (Including Pledged)

| Restricted Asset Category  | 1  | 2                                      | 3                               | 4                                      | 5   | 6  |
|--|--|--|---------------------------------|--|---|--|
|  | Total Gross Restricted from Current Year | Total Gross Restricted from Prior Year | Increase (Decrease) (1 minus 2) | Total Current Year Admitted Restricted | Percentage Gross Restricted to Total Assets | Additional Restricted to Total Admitted Assets |
| a. Subject to contractual obligation for which liability is not shown            |  |  |                                 |  |   |  |
| b. Collateral held under security lending arrangements                           |  |  |                                 |  |   |  |
| c. Subject to repurchase agreements  |  |  |                                 |  |   |  |
| d. Subject to reverse repurchase agreements                                      |  |  |                                 |  |   |  |
| e. Subject to dollar repurchase agreements                                       |  |  |                                 |  |   |  |
| f. Subject to dollar reverse repurchase agreements                               |  |  |                                 |  |   |  |
| g. Placed under option contracts   |  |  |                                 |  |   |  |
| h. Letter stock or securities restricted as to sale-excluding FHLB capital stock |  |  |                                 |  |   |  |
| i. LFHLB capital stock   |  |  |                                 |  |   |  |
| j. On deposit with states  | 125,000                                  | 125,000                                |                                 |  | 1.245                                       |  |
| k. On deposit with other regulatory bodies                                       |  |  |                                 |  |   |  |
| l. Pledged as collateral to FHLB (including assets backing funding agreements)   |  |  |                                 |  |   |  |
| m. Pledged as collateral not captured in other categories                        |  |  |                                 |  |   |  |
| n. Other restricted assets   |  |  |                                 |  |   |  |

NOTES TO FINANCIAL STATEMENTS

|                            |         |         |  |  |       |
|----------------------------|---------|---------|--|--|-------|
| o. Total Restricted Assets | 125,000 | 125,000 |  |  | 1,245 |
|----------------------------|---------|---------|--|--|-------|

I. SDC had no working-capital finance investments.

J. Offsetting of Assets and Liabilities - Not applicable.

K. SDC had no investments in structured notes.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

SDC has no Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

Note 7 - Investment Income

SDC did not have any excluded (nonadmitted) investment income due and accrued as of December 31, 2015.

Note 8 - Derivative Instruments

The Company entered into an interest swap agreement with an original notional amount of \$616,250 at December 31, 2013. The agreement is used to manage the Company's interest rate risk. The swap agreement effectively changes the interest rate related to the Company's mortgage note with a commercial bank from a variable rate based on the 30-day LIBOR rate plus 2.35% to a fixed rate of approximately 4.10% for the 7-year period through December 31, 2020. The notional amount decreases \$2,637 per month in direct correlation to the principal reduction of the mortgage.

The fair value of the agreement at December 31, 2015 was a liability of \$20,159 and at December 31, 2014 was a liability of \$19,221.

Note 9 - Income Taxes

A. Deferred Tax Assets/(Liabilities)

1. Components of Net Deferred Tax Asset/(Liability)

|  | 2015          |              |                         | 2014          |              |                         | Change                     |                           |                         |
|--|---------------|--------------|-------------------------|---------------|--------------|-------------------------|----------------------------|---------------------------|-------------------------|
|  | 1<br>Ordinary | 2<br>Capital | 3<br>(Col 1+2)<br>Total | 4<br>Ordinary | 5<br>Capital | 6<br>(Col 4+5)<br>Total | 7<br>(Col 1-4)<br>Ordinary | 8<br>(Col 2-5)<br>Capital | 9<br>(Col 7+8)<br>Total |
| a. Gross deferred tax assets   |               |              |                         |               |              |                         |                            |                           |                         |
| b. Statutory valuation allowance adjustment                              |               |              |                         |               |              |                         |                            |                           |                         |
| c. Adjusted gross deferred tax assets (1a-1b)                            |               |              |                         |               |              |                         |                            |                           |                         |
| d. Deferred tax assets nonadmitted                                       |               |              |                         |               |              |                         |                            |                           |                         |
| e. Subtotal net admitted deferred tax asset (1c-1d)                      |               |              |                         |               |              |                         |                            |                           |                         |
| f. Deferred tax liabilities  | 23,250        |              | 23,250                  | 18,470        |              | 18,470                  | 4,780                      |                           | 4,780                   |
| g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f) | (23,250)      |              | (23,250)                | (18,470)      |              | (18,470)                | (4,780)                    |                           | (4,780)                 |

2. Admission Calculation Components

|  | 2015          |              |                         | 2014          |              |                         | Change                     |                           |                         |
|--|---------------|--------------|-------------------------|---------------|--------------|-------------------------|----------------------------|---------------------------|-------------------------|
|  | 1<br>Ordinary | 2<br>Capital | 3<br>(Col 1+2)<br>Total | 4<br>Ordinary | 5<br>Capital | 6<br>(Col 4+5)<br>Total | 7<br>(Col 1-4)<br>Ordinary | 8<br>(Col 2-5)<br>Capital | 9<br>(Col 7+8)<br>Total |
| a. Federal income taxes paid in prior years recoverable through loss carrybacks  |               |              |                         |               |              |                         |                            |                           |                         |
| b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below: |               |              |                         |               |              |                         |                            |                           |                         |
| Adjusted gross deferred tax assets expected to be realized following the balance sheet date  |               |              |                         |               |              |                         |                            |                           |                         |
| Adjusted gross deferred tax assets allowed per limitation threshold  |               |              |                         |               |              |                         |                            |                           |                         |
| c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax  |               |              |                         |               |              |                         |                            |                           |                         |

NOTES TO FINANCIAL STATEMENTS

|   |  |  |  |  |  |  |  |  |  |
|---|--|--|--|--|--|--|--|--|--|
| liabilities   |  |  |  |  |  |  |  |  |  |
| d. Deferred tax assets admitted as the result of application of SSAP 101. |  |  |  |  |  |  |  |  |  |
| Total (2(a)+2(b)+2(c))  |  |  |  |  |  |  |  |  |  |

3. Other Admissibility Criteria

|    |  |           |           |
|----|--|-----------|-----------|
|    |  | 2015      | 2014      |
| a. | Ratio percentage used to determine recovery period and threshold limitation amount                               | 394.500   | 398.400   |
| b. | Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above | 5,528,695 | 5,098,150 |

4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

|  | 1        | 2       | 3        | 4       | 5                      | 6                     |
|--|----------|---------|----------|---------|------------------------|-----------------------|
|  | Ordinary | Capital | Ordinary | Capital | (Col. 1-3)<br>Ordinary | (Col. 2-4)<br>Capital |
| 1. Adjusted gross DTAs amount from Note 9A1(c)   |          |         |          |         |                        |                       |
| 2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies                  |          |         |          |         |                        |                       |
| 3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)  |          |         |          |         |                        |                       |
| 4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies |          |         |          |         |                        |                       |

B. Current and Deferred Income Taxes

1. Current Income Tax

|   | 1       | 2       | 3                   |
|---|---------|---------|---------------------|
|   | 2015    | 2014    | (Col 1-2)<br>Change |
| a. Federal                                    | 261,800 | 425,850 | (164,050)           |
| b. Foreign                                    |         |         |                     |
| c. Subtotal                                   | 261,800 | 425,850 | (164,050)           |
| d. Federal income tax on net capital gains    |         |         |                     |
| e. Utilization of capital loss carry-forwards |         |         |                     |
| f. Other                                      |         |         |                     |
| g. Federal and Foreign income taxes incurred  | 261,800 | 425,850 | (164,050)           |

2. Deferred Tax Assets

|  | 1    | 2    | 3                   |
|--|------|------|---------------------|
|  | 2015 | 2014 | (Col 1-2)<br>Change |
| a. Ordinary:   |      |      |                     |
| 1. Discounting of unpaid losses                              |      |      |                     |
| 2. Unearned premium reserve                                  |      |      |                     |
| 3. Policyholder reserves                                     |      |      |                     |
| 4. Investments   |      |      |                     |
| 5. Deferred acquisition costs                                |      |      |                     |
| 6. Policyholder dividends accrual                            |      |      |                     |
| 7. Fixed assets  |      |      |                     |
| 8. Compensation and benefits accrual                         |      |      |                     |
| 9. Pension accrual   |      |      |                     |
| 10. Receivables - nonadmitted                                |      |      |                     |
| 11. Net operating loss carry-forward                         |      |      |                     |
| 12. Tax credit carry-forward                                 |      |      |                     |
| 13. Other (including items <5% of total ordinary tax assets) |      |      |                     |
| 99. Subtotal   |      |      |                     |
| b. Statutory valuation allowance adjustment                  |      |      |                     |
| c. Nonadmitted   |      |      |                     |
| d. Admitted ordinary deferred tax assets (2a99-2b-2c)        |      |      |                     |
| e. Capital:  |      |      |                     |

NOTES TO FINANCIAL STATEMENTS

|  | 1    | 2    | 3                   |
|--|------|------|---------------------|
|  | 2015 | 2014 | (Col 1-2)<br>Change |
| 1. Investments   |      |      |                     |
| 2. Net capital loss carry-forward                          |      |      |                     |
| 3. Real estate   |      |      |                     |
| 4. Other (including items <5% of total capital tax assets) |      |      |                     |
| 99. Subtotal   |      |      |                     |
| f. Statutory valuation allowance adjustment                |      |      |                     |
| g. Nonadmitted   |      |      |                     |
| h. Admitted capital deferred tax assets (2e99-2f-2g)       |      |      |                     |
| i. Admitted deferred tax assets (2d+2h)                    |      |      |                     |

3. Deferred Tax Liabilities

|   | 1      | 2      | 3                   |
|---|--------|--------|---------------------|
|   | 2015   | 2014   | (Col 1–2)<br>Change |
| a. Ordinary:  |        |        |                     |
| 1. Investments  |        |        |                     |
| 2. Fixed assets   |        |        |                     |
| 3. Deferred and uncollected premium                         |        |        |                     |
| 4. Policyholder reserves                                    |        |        |                     |
| 5. Other (including items <5% of total ordinary tax assets) | 23,250 | 18,470 | 4,780               |
| 99. Subtotal  | 23,250 | 18,470 | 4,780               |
| b. Capital:   |        |        |                     |
| 1. Investments  |        |        |                     |
| 2. Real estate  |        |        |                     |
| 3. Other (including items <5% of total capital tax assets)  |        |        |                     |
| 99. Subtotal  |        |        |                     |
| c. Deferred tax liabilities (3a99+3b99)                     | 23,250 | 18,470 | 4,780               |

|    |                                   |          |          |         |
|----|-----------------------------------|----------|----------|---------|
| 4. | Net Deferred Tax Assets (2i – 3c) | (23,250) | (18,470) | (4,780) |
|----|-----------------------------------|----------|----------|---------|

C. The federal income tax provision varies from the statutory tax rate primarily because of nondeductible meal and entertainment expenses and tax-exempt interest income.

D. Consolidated Federal Income Tax Return

The Company’s federal income tax return is consolidated with its parent company, Superior Dental Care Alliance, Inc.

E. Federal or Foregin Federal Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties

A, B, C. Superior Dental Care, Inc is a wholly owned subsidiary of Superior Dental Care Alliance, Inc. (parent). SDC did not declare or pay any dividends to parent in 2015 or 2014.

D. At December 31, 2015, the Company reported \$679,398 as amounts due from Parent and Affiliates.

E. Not applicable. SDC has no guarantees or undertakings.

F. SDC has a management services agreement with parent whereby parent incurs the majority of general and administrative expenses, including payroll, and charges SDC a management fee. The management fee is determined by a fixed per member per month charge, rather than a pass-through of actual expenses incurred by parent. SDC paid management fees to parent of \$6,297,088 in 2015 and \$5,760,601 in 2014.

G. All outstanding shares of SDC are owned by the parent.

H. Not applicable. SDC does not own shares of stock of parent.

I. Not applicable. SDC does not own any interest or investment is an SCA entity that exceeds 10% of the company's admitted assets.

J. Not applicable. SDC does not own any investments in an SDA entity.

K. Not applicable. SDC does not invest in any foreign insurance company.

L. Not applicable. SDC does not have any downstream noninsurance holding company.



NOTES TO FINANCIAL STATEMENTS

Note 11 - Debt

A. SDC does not have any debt outstanding at December 31, 2015.

SDC does not have any reverse repurchase agreemetnts.

B. Not applicable. The company has no Federal Home Loan Bank Agreements.

Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirment Benefit Plans

All employees are employed by Superior Dental Care Alliance, Inc. and therefore the retirement plans and the nonqualified deferred compensation agreement are the responsibility of the Holding Company. Superior Dental Care Alliance, Inc. had a deferred compensation plan that was dissolved in 2013 and paid out in 2014. This had no effect on Superior Dental Care, Inc.'s financial statements.

A. Defined Benefit Plan - not applicable

B. Investment Policies and Strategies - not applicable. SDC has no retirement plans, deferred compensation, postretirement benefits and compensated absences and other postretirement benefit plans.

C. Fair Value of Plan Assets - not applicable

D. Basis Used to Determine Expected Long-Term Rate-of-Return - not applicable

E. Defined Contribution Plans - not applicable

F. Multiemployer Plans - not applicable

G. Consolidate/Holding Company Plans - not applicable. SDC has no employees.

H. Postemployment Benefits and Compensated Absences - not applicable

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - not applicable

Note 13 - Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

1. SDC has 1 share authorized and outstanding at year end. It is owned by Superior Dental Care Alliance, Inc. (parent).

2. SDC has no preferred stock outstanding.

3. Without prior approval of the Ohio Department of Insurance, dividends to shareholder cannot exceed in any one year the lesser of (i) 10% of surplus as of the preceding December 31, or (ii) net income for the prior year, and only out of unassigned surplus.

4. The company did not declare or pay any dividends in 2015.

5. Within the limitations of (3) above, there are no restrictions placed on the portion of company profits that may be paid as ordinary dividends to shareholder.

6. There were no restrictions placed on the company's surplus, including for whom the surplus is being held.

7. Not applicable. The company had no advances to surplus not repaid.

8. Not applicable. The company has no stocks of affiliated companies held for any special purpose.

9. Not applicable. The company had no special surplus funds in prior year.

10. At December 31, 2015, the company has no portion of unassigned funds represented or reduced by cumulative unrealized gains and losses.

11. The company does not have any surplus debenture or similar obligations.

12-13. The company does not have any quasi-reorganizations.

Note 14 - Contingencies

The company has no contingencies at December 31, 2015.

Note 15 - Leases

A. The company has no lessee leasing arrangements.

B. Lessor Leases - SDC leases space in its building to an unrelated party. Income recorded by SDC under this lease was \$29,340 for the year ended December 31, 2015.

|   |                         |                  |
|---|-------------------------|------------------|
| Future minimum lease payment receivables under noncancelable leasing arrangements as of December 31, 2015 are as follows: |                         |                  |
|   | Year Ending December 31 | Operating Leases |
| 1.  | 2016                    | 12,225           |
| 2.  | 2017                    |                  |
| 3.  | 2018                    |                  |
| 4.  | 2019                    |                  |
| 5.  | 2020                    |                  |

NOTES TO FINANCIAL STATEMENTS

|    |       |        |
|----|-------|--------|
| 6. | Total | 12,225 |
|----|-------|--------|

Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk.

1. The table below summarizes the face amount of the Company's financial instruments with off-balance sheet risk:

|    |         | Assets |      | Liabilities |           |
|----|---------|--------|------|-------------|-----------|
|    |         | 2015   | 2014 | 2015        | 2014      |
| a. | Swaps   | \$     | \$   | \$ 20,159   | \$ 19,221 |
| b. | Futures |        |      |             |           |
| c. | Options |        |      |             |           |
| d. | Total   | \$     | \$   | \$ 20,159   | \$ 19,221 |

The Company entered into an interest swap agreement with an original notional amount of \$616,250 at December 31, 2013. The agreement is used to manage the Company's interest rate risk. The swap agreement effectively changes the interest rate related to the Company's mortgage note with a commercial bank from a variable rate based on the 30-day LIBOR rate plus 2.35% to a fixed rate of approximately 4.10% for the 7-year period through December 31, 2020. The notional amount decreases \$2,637 per month in direct correlation to the principal reduction of the mortgage.

The fair value of the agreement at December 31, 2015 was a liability of \$20,159 and at December 31, 2014 was a liability of \$19,221.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not applicable.

Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

- A. ASO Plans - not applicable
- B. ASC Plans - not applicable
- C. Medicare or Similarly Structured Cost Based Reimbursement Contract - not applicable

Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

| Name and Address of Managing General Agent or Third Party Administrator | FEIN Number | Exclusive Contract | Types of Business Written | Types of Authority Granted | Total Direct Premiums Written/ Produced By |
|---|-------------|--------------------|---------------------------|----------------------------|--|
| Superior Dental Care Alliance, Inc.                                     | 20-4819498  | YES                | HMO                       | C,CA,B,P,U                 | 46,621,810                                 |
| Total   | XXX         | XXX                | XXX                       | XXX                        | 46,621,810                                 |

Note 20 - Fair Value Measurements

A.

(1)

Fair Value Measurements at Reporting Date

| Assets at Fair Value | Level 1 | Level 2 | Level 3 | Total   |
|----------------------|---------|---------|---------|---------|
| Money Market Funds   | 252,766 |         |         | 252,766 |
| Total                | 252,766 |         |         | 252,766 |

| Liabilities at Fair Value | Level 1 | Level 2 | Level 3 | Total  |
|---------------------------|---------|---------|---------|--------|
| Interest Rate Swap        | 20,159  |         |         | 20,159 |
| Total                     | 20,159  |         |         | 20,159 |

The company did not have any transfers between level 1 and 2 for the years ended December 31, 2015 and 2014.

- (2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy - None
- (3) None
- (4) None
- (5) None
- B. None
- C. None
- D. Not applicable

Note 21 - Other Items

- A. Extraordinary Items
- None
- B. Trouble Debt Restructuring
- None
- C. Other Disclosures

Assets in the amount of \$125,000 were on deposit with authorized banks as required restricted assets in accordance with state regulation. The required amount for Ohio is \$75,000 and for Kentucky is \$50,000.

Management believes that all receivables are collectible and accordingly, no allowance for doubtful accounts is necessary.

NOTES TO FINANCIAL STATEMENTS

D. Business Interruption Insurance Recoveries

None

E. State Transferable and Non-transferableTax Credits

None

F. Subprime Mortgage Related Risk Exposure

None

G. Retained Assets

None

Note 22 - Events Subsequent

Type II - Nonrecognized Subsequent Events

On January 1, 2015, the company bacame subject to an annual fee under section 9010 of the Federal Affdorable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premium written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2015, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2016, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2016 to be \$185,000. This amount is reflected in special surplus. Reporting the ACA assessment as of December 31, 2015, would not have triggered an RBC action level.

|   | Current Year | Prior Year |
|---|--------------|------------|
| A. ACA fee assessment payable for the upcoming year | 185,000      | 175,000    |
| B. ACA fee assessment paid                          | 186,316      | 133,016    |
| C. Premium written subject to ACA 9010 assessment   | 46,621,810   |            |
| D. Total adjusted capital before surplus adjustment | 5,528,695    |            |
| E. Total adjusted capital after surplus adjustment  | 5,343,695    |            |
| F. Authorized control level                         | 1,401,554    |            |

Note 23 - Reinsurance

Not applicable.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable.

Note 25 - Change in Incurred Loss and Loss Adjustment Expenses

Reserves as of December 31, 2014 were \$2,225,420. As of December 31, 2015, \$2,226,339 has been paid for incurred claims attributable to events of prior years. Amounts incurred related to prior year vary from previously estimated liabilities as the claims are ultimately settled.

Note 26 - Intercompany Pooling Arrangements

None

Note 27 - Structured Settlements

None

Note 28 - Health Care Receivables

None

Note 29 - Participating Policies

None

Note 30 - Premium Deficiency Reserves

1.

Liability carried for premium deficiency reserve:

\$0
2.

Date of most recent evaluation of this liability:

December 31, 2015
3.

Was anticipated investment income utilized in the calculation?

NO

A loss is recognized when it is probable that expected dental care costs and maintenance costs under existing group contracts will exceed anticipated future premiums on those contracts. The estimated future dental care costs and maintenance costs considered in determining whether a loss has been incurred include direct and allocable indirect costs. Contracts are grouped in a manner consistent with the company's method of establishing premium rates to

NOTES TO FINANCIAL STATEMENTS

determine whether a loss has been incurred. Management determined that no premium deficiency reserve was necessary at December 31, 2015.

**Note 31 - Anticipated Salvage 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).

11/13/2014

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 [ X ]    No [   ]    N/A [   ]

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [ X ]    No [   ]    N/A [   ]

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes [   ]    No [ X ]

4.12

renewals?

Yes [ X ]    No [   ]

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 name of 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              | 2                 | 3                 |
| Name of Entity | NAIC Company Code | State of Domicile |
|                |                   |                   |

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [   ]    No [ X ]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [   ]    No [ X ]

7.2

If yes,

7.21

State the percentage of foreign control

7.22

State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact).

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

8.1

Is the company a subsidiary of a bank holding company regulated with 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 the response to 8.3 is yes, please provide below the names and locations (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              | 2                      | 3   | 4   | 5    | 6   |
| Affiliate Name | Location (City, State) | FRB | OCC | FDIC | SEC |
|                |                        |     |     |      |     |

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Thorn, Lewis & Duncan Inc., 40 N Main St, #2000, Dayton, OH 45423

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 the response to 10.1 is yes, provide information related to this exemption:

10.3

Has the insurer been granted any exemptions related to 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 the 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:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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?  
Ronald Burkhart, Consultant, Wakely Consulting Group, 8011 New La Grange Rd Suite 2, Louisville, Kentucky 40222
- 12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [ ☐ ] No [ ☒ ]
- 12.11

Name of real estate holding company
- 12.12

Number of parcels involved

0
- 12.13

Total book/adjusted carrying value

\$ 0
- 12.2

If yes, provide explanation
13.

FOR UNITED STATES BRANCES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2

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

Yes [ ☐ ] No [ ☐ ]
- 13.3

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

Yes [ ☐ ] No [ ☐ ]
- 13.4

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

Yes [ ☐ ] No [ ☐ ] N/A [ ☐ ]
- 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 [ ☒ ] 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 [ ☒ ]
- 14.21

If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3

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

Yes [ ☐ ] No [ ☒ ]
- 14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1

Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes [ ☐ ] No [ ☒ ]
- 15.2

If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

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 subordinator committee thereof?

Yes [ ☒ ] No [ ☐ ]
17.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors an all subordinator committees thereof?

Yes [ ☒ ] 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 [ ☒ ] 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 [ ☒ ]
- 20.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11

To directors or other officers

\$ 0
- 20.12

To stockholders not officers

\$ 0
- 20.13

Trustees, supreme or grand (Fraternal only)

\$ 0
- 20.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21

To directors or other officers

\$ 0
- 20.22

To stockholders not officers

\$ 0
- 20.23

Trustees, supreme or grand (Fraternal only)

\$ 0
- 21.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement?

Yes [ ☐ ] No [ ☒ ]
- 21.2

If yes, state the amount thereof at December 31 of the current year:
- 21.21

Rented from others

\$ 0
- 21.22

Borrowed from others

\$ 0
- 21.23

Leased from others

\$ 0
- 21.24

Other

\$ 0
- 22.1

Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?

Yes [ ☐ ] No [ ☒ ]
- 22.2

If answer is yes:
- 22.21

Amount paid as losses or risk adjustment

\$ 0
- 22.22

Amount paid as expenses

\$ 0
- 22.23

Other amounts paid

\$ 0
- 23.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [ ☒ ] No [ ☐ ]
- 23.2

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

\$ 679,398

INVESTMENT

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

24.01

Were all of 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 ☐

24.02

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

24.03

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

24.04

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

Yes ☐ No ☐ N/A ☒

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 ☒

24.08

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

Yes ☐ No ☐ N/A ☒

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 ☒

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 current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.)

Yes ☐ No ☒

25.2

If yes, state the amount thereof at December 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 sale – excluding FHLB Capital Stock

\$0

25.27

FHLB Capital Stock

\$0

25.28

On deposit with states

\$125,000

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<br>Nature of Restriction | 2<br>Description | 3<br>Amount |
|----------------------------|------------------|-------------|
|                            |                  | \$          |

26.1

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

Yes ☒ No ☐

26.2

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

Yes ☒ No ☐ N/A ☐

27.1

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

Yes ☐ No ☒

27.2

If yes, state the amount thereof at December 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 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes ☒ No ☐

28.01

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

| 1<br>Name of Custodian(s)      | 2<br>Custodian Address                   |
|--------------------------------|--|
| Fifth Third Bank of Cincinnati | 5050 Kingsley Dr, Cincinnati, Ohio 45263 |

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<br>Name(s) | 2<br>Location(s) | 3<br>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 ☒

28.04

If yes, give full and complete information relating thereto:

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>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<br>Central Registration Depository | 2<br>Name(s) | 3<br>Address |
|--------------------------------------|--------------|--------------|
|                                      |              |              |

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 ☒

29.2

If yes, complete the following schedule:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

| 1<br>CUSIP    | 2<br>Name of Mutual Fund | 3<br>Book/Adjusted Carrying Value |
|---------------|--------------------------|-----------------------------------|
|               |                          |                                   |
| 29.2999 TOTAL |                          |                                   |

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

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

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

|      |                  | 1<br><br>Statement (Admitted) Value | 2<br><br>Fair Value | 3<br>Excess of Statement over Fair<br>Value (-), or Fair Value over<br>Statement (+) |
|------|------------------|-------------------------------------|---------------------|--|
| 30.1 | Bonds            | 3,490,517                           | 3,510,228           | 19,711   |
| 30.2 | Preferred Stocks | 0                                   | 0                   | 0  |
| 30.3 | Totals           | 3,490,517                           | 3,510,228           | 19,711   |

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

Broker statements

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ X ] No [ ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ X ] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliance 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:

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<br>Name | 2<br>Amount Paid |
|-----------|------------------|
|           | \$               |

34.1 Amount of payments for legal expenses, if any? \$ 0

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

| 1<br>Name | 2<br>Amount Paid |
|-----------|------------------|
|           | \$               |

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

35.2 List the name of the 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<br>Name | 2<br>Amount Paid |
|-----------|------------------|
|           | \$               |



GENERAL INTERROGATORIES

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:

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

\$

46,621,810

\$

44,466,170

2.2

Premium Denominator

\$

46,621,810

\$

44,466,170

2.3

Premium Ratio (2.1/2.2)

\$

100.000

\$

100.000

2.4

Reserve Numerator

\$

1,930,470

\$

2,225,420

2.5

Reserve Denominator

\$

1,930,470

\$

2,225,420

2.6

Reserve Ratio (2.4/2.5)

\$

100.000

\$

100.000

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 [ ☒ X ]

No [ ☐ ]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [ ☐ ]

No [ ☐ X ]

5.2

If no, explain:

Stop-loss reinsurance is not required due to the small average claim amounts and annual maximum for covered lives.

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$

0

5.32

Medical Only

\$

0

5.33

Medicare Supplement

\$

0

5.34

Dental and 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:

Provider contracts contain clause that dentist shall provide dental services to covered persons as needed to complete any medically necessary procedures commenced but unfinished at the time of SDC's insolvency or discontinuance of operations.

7.1

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

Yes [ ☒ X ]

No [ ☐ ]

28

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

4,241

8.2

Number of providers at end of reporting year

4,479

9.1

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

Yes [ X ]    No [   ]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees with rate guarantees between 15-36 months

\$ 12,921,618

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

\$ 0

10.22

Amount actually paid for year bonuses

\$ 0

10.23

Maximum amount payable withholds

\$ 1,700,514

10.24

Amount actually paid for year withholds

\$ 337,596

11.1

Is the reporting entity organized as:

11.12

A Medical Group/Staff Model,

Yes [   ]    No [ X ]

11.13

An Individual Practice Association (IPA), or,

Yes [ X ]    No [   ]

11.14

A Mixed Model (combination of above)?

Yes [   ]    No [ X ]

11.2

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

Yes [ X ]    No [   ]

11.3

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

Ohio

11.4

If yes, show the amount required.

\$ 250,000

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 reporting entity is licensed to operate:

|                         |
|-------------------------|
| 1                       |
| Name of Service Area    |
| Ohio, Kentucky, Indiana |

13.1

Do you act as a custodian for health savings accounts?

Yes [   ]    No [ X ]

13.2

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

\$ 0

13.3

Do you act as an administrator for health savings accounts?

Yes [   ]    No [ X ]

13.4

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

\$ 0

14.1

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

Yes [   ]    No [   ]    N/A [ X ]

14.2

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

| 1            | 2                 | 3                        | 4              | Assets Supporting Reserve Credit |                    |         |
|--------------|-------------------|--------------------------|----------------|----------------------------------|--------------------|---------|
| Company Name | NAIC Company Code | Domiciliary Jurisdiction | Reserve Credit | 5 Letters of Credit              | 6 Trust Agreements | 7 Other |
|              | 0                 |                          | \$             | \$                               | \$                 | \$      |
|              |                   |                          |                |                                  |                    |         |

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

15.3

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<br>2015  | 2<br>2014  | 3<br>2013  | 4<br>2012  | 5<br>2011  |
|--|------------|------------|------------|------------|------------|
| <b>Balance Sheet Items (Pages 2 and 3)</b>   |            |            |            |            |            |
| 1. Total admitted assets (Page 2, Line 28).....  | 9,344,085  | 9,414,619  | 8,762,408  | 7,722,293  | 6,775,341  |
| 2. Total liabilities (Page 3, Line 24).....  | 3,815,390  | 4,316,469  | 4,327,959  | 3,134,128  | 3,051,755  |
| 3. Statutory minimum capital and surplus requirement.....  | 250,000    | 250,000    | 250,000    | 250,000    | 250,000    |
| 4. Total capital and surplus (Page 3, Line 33).....  | 5,528,695  | 5,098,150  | 4,434,449  | 4,588,165  | 3,723,586  |
| <b>Income Statement Items (Page 4)</b>   |            |            |            |            |            |
| 5. Total revenues (Line 8).....  | 46,621,810 | 44,466,170 | 43,075,290 | 42,128,062 | 39,957,422 |
| 6. Total medical and hospital expenses (Line 18).....  | 36,229,737 | 34,251,576 | 33,783,512 | 33,121,394 | 32,406,658 |
| 7. Claims adjustment expenses (Line 20).....   | 710,119    | 650,174    | 631,312    | 723,091    | 578,672    |
| 8. Total administrative expenses (Line 21).....  | 9,163,942  | 8,518,537  | 7,649,368  | 7,083,178  | 6,764,116  |
| 9. Net underwriting gain (loss) (Line 24).....   | 518,012    | 1,045,883  | 1,011,098  | 1,200,399  | 207,976    |
| 10. Net investment gain (loss) (Line 27).....  | 243,708    | 206,374    | 144,258    | 19,886     | 18,979     |
| 11. Total other income (Lines 28 plus 29).....   | 2,410      | 3,397      | 104        | 151        | 233        |
| 12. Net income or (loss) (Line 32).....  | 502,330    | 829,804    | 756,110    | 805,536    | 156,188    |
| <b>Cash Flow (Page 6)</b>  |            |            |            |            |            |
| 13. Net cash from operations (Line 11).....  | (49,325)   | 1,506,979  | 1,455,602  | 1,354,286  | 586,211    |
| <b>Risk-Based Capital Analysis</b>   |            |            |            |            |            |
| 14. Total adjusted capital.....  | 5,528,695  | 5,098,150  | 4,434,449  | 4,588,165  | 3,723,586  |
| 15. Authorized control level risk-based capital.....   | 1,401,554  | 1,279,645  | 1,228,246  | 1,225,682  | 1,194,751  |
| <b>Enrollment (Exhibit 1)</b>  |            |            |            |            |            |
| 16. Total members at end of period (Column 5, Line 7).....   | 173,548    | 169,993    | 168,053    | 167,380    | 170,034    |
| 17. Total member months (Column 6, Line 7).....  | 2,071,653  | 2,008,777  | 1,986,087  | 1,996,182  | 1,986,996  |
| <b>Operating Percentage (Page 4)</b><br><b>(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100 .0</b> |            |            |            |            |            |
| 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 (Line 18 plus Line 19).....                           | 77.7       | 77.0       | 78.4       | 78.6       | 81.1       |
| 20. Cost containment expenses.....   |            |            |            |            |            |
| 21. Other claims adjustment expenses.....  | 1.5        | 1.5        | 1.5        | 1.7        | 1.4        |
| 22. Total underwriting deductions (Line 23).....   | 98.9       | 97.6       | 97.7       | 97.1       | 99.5       |
| 23. Total underwriting gain (loss) (Line 24).....  | 1.1        | 2.4        | 2.3        | 2.9        | 0.5        |
| <b>Unpaid Claims Analysis (U&amp;I Exhibit, Part 2B)</b>   |            |            |            |            |            |
| 24. Total claims incurred for prior years (Line 13 Col. 5).....  | 2,226,339  | 2,398,894  | 1,792,105  | 1,676,264  | 1,502,880  |
| 25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]                                  | 2,225,420  | 2,461,146  | 1,998,717  | 1,787,650  | 1,237,865  |
| <b>Investments in Parent, Subsidiaries and Affiliates</b>  |            |            |            |            |            |
| 26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....  |            |            |            |            |            |
| 27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....                                     |            |            |            |            |            |
| 28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....  |            |            |            |            |            |
| 29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10)..... |            |            |            |            |            |
| 30. Affiliated mortgage loans on real estate.....  |            |            |            |            |            |
| 31. All other affiliated.....  |            |            |            |            |            |
| 32. Total of above Lines 26 to 31.....   | 0          | 0          | 0          | 0          | 0          |
| 33. Total investment in parent included in Lines 26 to 31 above.....                                       |            |            |            |            |            |

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

Yes [ ☐ ]    No [ ☐ ]

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

|             |  | 1             | Direct Business Only       |                      |                    |   |  |                             |                           |                        |
|-------------|--|---------------|----------------------------|----------------------|--------------------|---|--|-----------------------------|---------------------------|------------------------|
|             |  |               | 2                          | 3                    | 4                  | 5   | 6  | 7                           | 8                         | 9                      |
| State, Etc. |  | Active Status | Accident & Health Premiums | Medicare Title XVIII | Medicaid Title XIX | Federal Employees Health Benefits Plan Premiums | Life & Annuity Premiums and Other Considerations | Property/ Casualty Premiums | Total Columns 2 Through 7 | Deposit-Type Contracts |
| 1.          | Alabama.....AL   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 2.          | Alaska.....AK  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 3.          | Arizona.....AZ   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 4.          | Arkansas.....AR  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 5.          | California.....CA  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 6.          | Colorado.....CO  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 7.          | Connecticut.....CT   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 8.          | Delaware.....DE  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 9.          | District of Columbia.....DC                                    | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 10.         | Florida.....FL   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 11.         | Georgia.....GA   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 12.         | Hawaii.....HI  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 13.         | Idaho.....ID   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 14.         | Illinois.....IL  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 15.         | Indiana.....IN   | ...L.....     | .....48,779                |                      |                    |   |  |                             | .....48,779               |                        |
| 16.         | Iowa.....IA  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 17.         | Kansas.....KS  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 18.         | Kentucky.....KY  | ...L.....     | .....2,362,393             |                      |                    |   |  |                             | .....2,362,393            |                        |
| 19.         | Louisiana.....LA   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 20.         | Maine.....ME   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 21.         | Maryland.....MD  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 22.         | Massachusetts.....MA   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 23.         | Michigan.....MI  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 24.         | Minnesota.....MN   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 25.         | Mississippi.....MS   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 26.         | Missouri.....MO  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 27.         | Montana.....MT   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 28.         | Nebraska.....NE  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 29.         | Nevada.....NV  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 30.         | New Hampshire.....NH   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 31.         | New Jersey.....NJ  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 32.         | New Mexico.....NM  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 33.         | New York.....NY  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 34.         | North Carolina.....NC  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 35.         | North Dakota.....ND  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 36.         | Ohio.....OH  | ...L.....     | .....44,210,638            |                      |                    |   |  |                             | .....44,210,638           |                        |
| 37.         | Oklahoma.....OK  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 38.         | Oregon.....OR  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 39.         | Pennsylvania.....PA  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 40.         | Rhode Island.....RI  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 41.         | South Carolina.....SC  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 42.         | South Dakota.....SD  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 43.         | Tennessee.....TN   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 44.         | Texas.....TX   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 45.         | Utah.....UT  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 46.         | Vermont.....VT   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 47.         | Virginia.....VA  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 48.         | Washington.....WA  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 49.         | West Virginia.....WV   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 50.         | Wisconsin.....WI   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 51.         | Wyoming.....WY   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 52.         | American Samoa.....AS  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 53.         | Guam.....GU  | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 54.         | Puerto Rico.....PR   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 55.         | U.S. Virgin Islands.....VI                                     | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 56.         | Northern Mariana Islands.....MP                                | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 57.         | Canada.....CAN   | ...N.....     |                            |                      |                    |   |  |                             | .....0                    |                        |
| 58.         | Aggregate Other alien.....OT                                   | ...XXX.....   | .....0                     | .....0               | .....0             | .....0  | .....0   | .....0                      | .....0                    | .....0                 |
| 59.         | Subtotal.....  | ...XXX.....   | .....46,621,810            | .....0               | .....0             | .....0  | .....0   | .....0                      | .....46,621,810           | .....0                 |
| 60.         | Reporting entity contributions for Employee Benefit Plans..... | ...XXX.....   |                            |                      |                    |   |  |                             | .....0                    |                        |
| 61.         | Total (Direct Business).....                                   | (a).....3     | .....46,621,810            | .....0               | .....0             | .....0  | .....0   | .....0                      | .....46,621,810           | .....0                 |

| DETAILS OF WRITE-INS                                   |  |        |        |        |        |        |        |        |        |
|--|--|--------|--------|--------|--------|--------|--------|--------|--------|
| 58001. ....  |  |        |        |        |        |        |        | .....0 |        |
| 58002. ....  |  |        |        |        |        |        |        | .....0 |        |
| 58003. ....  |  |        |        |        |        |        |        | .....0 |        |
| 58998. Summary of remaining write-ins for line 58..... |  | .....0 | .....0 | .....0 | .....0 | .....0 | .....0 | .....0 | .....0 |
| 58999. Total (Lines 58001 thru 58003 + 58998).....     |  | .....0 | .....0 | .....0 | .....0 | .....0 | .....0 | .....0 | .....0 |

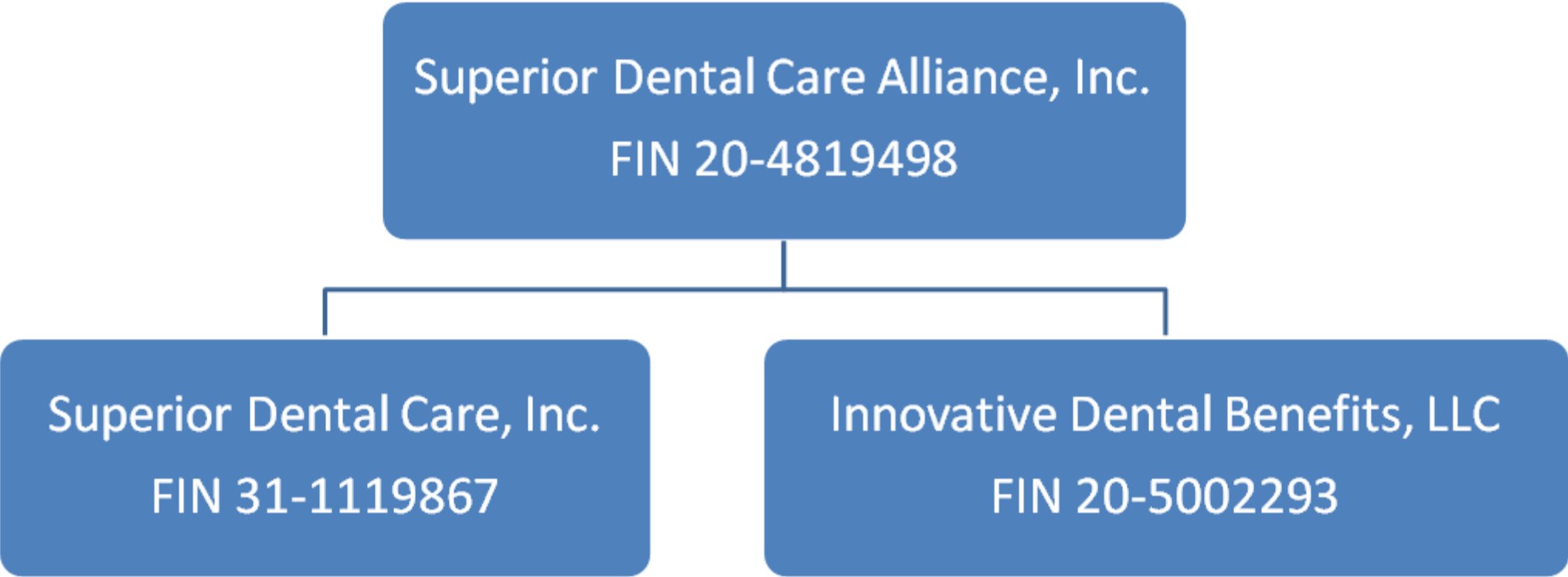
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to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

Explanation of basis of allocation by states, premiums by state, etc.  
Premium allocated based on state where earned

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

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

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2015 ALPHABETICAL INDEX  
HEALTH ANNUAL STATEMENT BLANK

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