

# QUARTERLY STATEMENT

OF THE

## Sequent Midwest Business Health Fund

RECEIVED  
MAY 16 2016  
OFFICE OF RISK  
ASSESSMENT

Of

RECEIVED  
~~MAY 13 2016~~  
OFFICE OF RISK  
ASSESSMENT

Columbus

in the state of OH

to the Insurance Department

of the State of

For the Period Ended

March 31, 2016

2016



W<sup>h</sup> Commission Ex parte  
STATE OF OHIO  
FOR THE  
NOTARY PUBLIC  
COURTEN E CONRAD

October 31, 2013



Statement as of March 31, 2016 of the **Sequent Midwest Business Health Fund**  
**ASSETS**

	Current Statement Date			4 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....				.....C.....
2. Stocks:				
2.1 Preferred stocks.....				.....C.....
2.2 Common stocks.....				.....C.....
3. Mortgage loans on real estate:				
3.1 First liens.....				.....C.....
3.2 Other than first liens.....				.....C.....
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....				.....C.....
4.2 Properties held for the production of income (less \$.....0 encumbrances).....				.....C.....
4.3 Properties held for sale (less \$.....0 encumbrances).....				.....C.....
5. Cash (\$....2,921,187), cash equivalents (\$.....0) and short-term investments (\$.....0).....	2,921,187		2,921,187	.....2,983,546
6. Contract loans (including \$.....0 premium notes).....				.....C.....
7. Derivatives.....				.....C.....
8. Other invested assets.....				.....C.....
9. Receivables for securities.....				.....C.....
10. Securities lending reinvested collateral assets.....				.....C.....
11. Aggregate write-ins for invested assets.....	C	C	C	.....C.....
12. Subtotals, cash and invested assets (Lines 1 to 11).....	2,921,187	.....C	2,921,187	.....2,983,546
13. Title plants less \$.....0 charged off (for Title insurers only).....				.....C.....
14. Investment income due and accrued.....				.....C.....
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....				.....C.....
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....				.....C.....
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....				.....C.....
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	134,167		134,167	.....
16.2 Funds held by or deposited with reinsured companies.....				.....C.....
16.3 Other amounts receivable under reinsurance contracts.....				.....C.....
17. Amounts receivable relating to uninsured plans.....				.....C.....
18.1 Current federal and foreign income tax recoverable and interest thereon.....				.....C.....
18.2 Net deferred tax asset.....				.....C.....
19. Guaranty funds receivable or on deposit.....				.....C.....
20. Electronic data processing equipment and software.....				.....C.....
21. Furniture and equipment, including health care delivery assets (\$.....0).....				.....C.....
22. Net adjustment in assets and liabilities due to foreign exchange rates.....				.....C.....
23. Receivables from parent, subsidiaries and affiliates.....	10,489		10,489	.....3,606
24. Health care (\$.....0) and other amounts receivable.....				.....C.....
25. Aggregate write-ins for other than invested assets.....	173,000	.....C	173,000	.....173,000
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	3,238,843	.....C	3,238,843	.....3,160,152
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....				.....C.....
28. Total (Lines 26 and 27).....	3,238,843	.....C	3,238,843	.....3,160,152

DETAILS OF WRITE-INS

1101. ....				.....C.....
1102. ....				.....C.....
1103. ....				.....C.....
1198. Summary of remaining write-ins for Line 11 from overflow page.....	C	.....C	.....C	.....C.....
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	C	.....C	.....C	.....C.....
2501. Deposit.....	173,000		173,000	.....173,000
2502. ....				.....C.....
2503. ....				.....C.....
2598. Summary of remaining write-ins for Line 25 from overflow page.....	C	.....C	.....C	.....C.....
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	173,000	.....C	173,000	.....173,000

# Sequent Midwest Business Health Fund

## LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	1,129,020		1,129,020	1,013,409
2. Accrued medical incentive pool and bonus amounts.....				C.....
3. Unpaid claims adjustment expenses.....				C.....
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....				C.....
5. Aggregate life policy reserves.....				C.....
6. Property/casualty unearned premium reserve.....				C.....
7. Aggregate health claim reserves.....				C.....
8. Premiums received in advance.....				C.....
9. General expenses due or accrued.....	20,252		20,252	52,353
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses)).....				C.....
10.2 Net deferred tax liability.....				C.....
11. Ceded reinsurance premiums payable.....				C.....
12. Amounts withheld or retained for the account of others.....				C.....
13. Remittances and items not allocated.....				C.....
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....				C.....
15. Amounts due to parent, subsidiaries and affiliates.....				C.....320
16. Derivatives.....				C.....
17. Payable for securities.....				C.....
18. Payable for securities lending.....				C.....
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and certified \$.....0 reinsurers).....				C.....
20. Reinsurance in unauthorized and certified (\$.....0) companies.....				C.....
21. Net adjustments in assets and liabilities due to foreign exchange rates.....				C.....
22. Liability for amounts held under uninsured plans.....				C.....
23. Aggregate write-ins for other liabilities (including \$.....0 current).....	C	C	C	69,017
24. Total liabilities (Lines 1 to 23).....	1,149,272	C	1,149,272	1,135,099
25. Aggregate write-ins for special surplus funds.....	XXX.....	XXX.....	C.....	C.....
26. Common capital stock.....	XXX.....	XXX.....		
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.....	C.....	C.....
31. Unassigned funds (surplus).....	XXX.....	XXX.....	2,089,570	2,025,052
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.....	2,089,570	2,025,052
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX.....	XXX.....	3,238,842	3,160,151

## DETAILS OF WRITE-INS

2301. Transitional Re-Insurance Fee.....				C.....	69,017
2302. ....				C.....	
2303. ....				C.....	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	C.....	C.....	C.....	C.....	C.....
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	C.....	C.....	C.....	C.....	69,017
2501. ....					
2502. ....					
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX.....	XXX.....	C.....	C.....	C.....
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	XXX.....	XXX.....	C.....	C.....	C.....
3001. ....					
3002. ....					
3003. ....					
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX.....	XXX.....	C.....	C.....	C.....
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	XXX.....	XXX.....	C.....	C.....	C.....

## **STATEMENT OF REVENUE AND EXPENSES**

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member months.....	XXX.....	22,721	.....	20,713
2. Net premium income (including \$.....0 non-health premium income).....	XXX.....	2,661,783	.....	2,306,476
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.....	.....C	.....C	.....C
7. Aggregate write-ins for other non-health revenues.....	XXX.....	.....C	.....C	.....C
8. Total revenues (Lines 2 to 7).....	XXX.....	2,661,783	.....C	2,306,476
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits.....	.....	1,502,590	.....	1,259,783
10. Other professional services.....	.....	166,373	.....	258,226
11. Outside referrals.....	.....	.....	.....	.....
12. Emergency room and out-of-area.....	.....	130,804	.....	143,165
13. Prescription drugs.....	.....	478,610	.....	573,752
14. Aggregate write-ins for other hospital and medical.....	.....C	.....C	.....C	.....C
15. Incentive pool, withhold adjustments and bonus amounts.....	.....	.....	.....	.....
16. Subtotal (Lines 9 to 15).....	.....C	2,278,377	.....C	2,234,926
<b>Less:</b>				
17. Net reinsurance recoveries.....	.....	151,373	.....	69,402
18. Total hospital and medical (Lines 16 minus 17).....	.....C	2,127,004	.....C	2,165,524
19. Non-health claims (net).....	.....	.....	.....	.....
20. Claims adjustment expenses, including \$....44,456 cost containment expenses.....	.....	44,456	.....	47,246
21. General administrative expenses.....	.....	425,806	.....	509,241
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only).....	.....	.....	.....	.....
23. Total underwriting deductions (Lines 18 through 22).....	.....C	2,597,266	.....C	2,722,011
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX.....	64,517	.....C	.....(415,535)
25. Net investment income earned.....	.....	.....	.....	.....
26. Net realized capital gains (losses) less capital gains tax of \$.....0.....	.....	.....	.....	.....
27. Net investment gains or (losses) (Lines 25 plus 26).....	.....C	.....C	.....C	.....C
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....	.....	.....	.....	.....
29. Aggregate write-ins for other income or expenses.....	.....C	.....C	.....C	.....C
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX.....	64,517	.....C	.....(415,535)
31. Federal and foreign income taxes incurred.....	XXX.....	.....	.....	.....
32. Net income (loss) (Lines 30 minus 31).....	XXX.....	64,517	.....C	.....(415,535)

### **DETAILS OF WRITE-INS**

0601.	XXX			
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page.	XXX	C	C	C
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).	XXX	C	C	C
0701.	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page.	XXX	C	C	C
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above).	XXX	C	C	C
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page.	C	C	C	C
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).	C	C	C	C
2901.				
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page.	C	C	C	C
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).	C	C	C	C

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

<b>CAPITAL AND SURPLUS ACCOUNT</b>	<b>1 Current Year to Date</b>	<b>2 Prior Year To Date</b>	<b>3 Prior Year Ended December 31</b>
33. Capital and surplus prior reporting year.....	2,025,054		
34. Net income or (loss) from Line 32.....	64,517		(415,535)
35. Change in valuation basis of aggregate policy and claim reserves.....			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0.....			
37. Change in net unrealized foreign exchange capital gain or (loss).....			
38. Change in net deferred income tax.....			
39. Change in nonadmitted assets.....			
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.....			2,440,589
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.....	C	C	C
48. Net change in capital and surplus (Lines 34 to 47).....	64,517	C	2,025,054
49. Capital and surplus end of reporting period (Line 33 plus 48).....	2,089,571	C	2,025,054

**DETAILS OF WRITE-INS**

4701. ....			
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page.....	C	C	C
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above).....	C	C	C

Statement as of March 31, 2016 of the **Sequent Midwest Business Health Fund**  
**CASH FLOW**

	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>CASH FROM OPERATIONS</b>			
1. Premiums collected net of reinsurance.....	2,661,783		2,306,476
2. Net investment income.....			
3. Miscellaneous income.....			
4. Total (Lines 1 through 3).....	2,661,783	C	2,306,476
5. Benefit and loss related payments.....	2,145,560		1,152,115
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions.....	571,380		435,117
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....			
10. Total (Lines 5 through 9).....	2,716,940	C	1,587,232
11. Net cash from operations (Line 4 minus Line 10).....	(55,157)	C	719,244
<b>CASH FROM INVESTMENTS</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....			
12.2 Stocks.....			
12.3 Mortgage loans.....			
12.4 Real estate.....			
12.5 Other invested assets.....			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....			
12.7 Miscellaneous proceeds.....			
12.8 Total investment proceeds (Lines 12.1 to 12.7).....		C	C
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....			
13.2 Stocks.....			
13.3 Mortgage loans.....			
13.4 Real estate.....			
13.5 Other invested assets.....			
13.6 Miscellaneous applications.....			
13.7 Total investments acquired (Lines 13.1 to 13.6).....		C	C
14. Net increase or (decrease) in contract loans and premium notes.....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....		C	C
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....			
16.2 Capital and paid in surplus, less treasury stock.....			2,440,589
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).....	(7,203)		(176,286)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	(7,203)	C	2,264,303
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	(62,360)	C	2,983,547
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	2,983,547		
19.2 End of period (Line 18 plus Line 19.1).....	2,921,187	C	2,983,547

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

20.0001 .....			
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Inside Amount input area:

9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....

**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
<b>Total Members at End of:</b>										
1. Prior Year.....	7,115		2,238		1,073	1,202				2,602
2. First Quarter.....	C									
3. Second Quarter.....	C									
4. Third Quarter.....	C									
5. Current Year.....	7,637		2,462		1,272	1,364				2,539
6. Current Year Member Months.....	22,721		7,332		3,791	4,080				7,518
<b>Total Member Ambulatory Encounters for Period:</b>										
7. Physician.....	60		60							
8. Non-Physician.....	3,573		3,573							
9. Total.....	3,633	C	3,633	C	C	C	C	C	C	C
10. Hospital Patient Days Incurred.....	77		77							
11. Number of Inpatient Admissions.....	21		21							
12. Health Premiums Written (a).....	3,267,435		2,964,835		38,892	231,455				32,253
13. Life Premiums Direct.....	C									
14. Property/Casualty Premiums Written.....	C									
15. Health Premiums Earned.....	3,267,435		2,964,835		38,892	231,455				32,253
16. Property/Casualty Premiums Earned.....	C									
17. Amount Paid for Provision of Health Care Services.....	1,684,155		1,684,155							
18. Amount Incurred for Provision of Health Care Services.....	2,278,377		2,278,377							

(a) For health premiums written: Amount of Medicare Title XVIII exempt from state taxes or fees \$.....0.

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**CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**

Claims Unpaid (Reported)	Account	Aging Analysis of Unpaid Claims						Total
		1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Over 120 Days	7	
0399999. Unreported Claims and Other Claim Reserves.....								1,129,020
0399999. Total Claims Unpaid.....								1,129,020

**UNDERWRITING AND INVESTMENT EXHIBIT**

## Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical).....	872,929	1,138,464	227,712	901,308	1,100,641	1,013,409
2. Medicare Supplement.....					0	0
3. Dental only.....					0	0
4. Vision only.....					0	0
5. Federal Employees Health Benefits Plan.....					0	0
6. Title XVIII - Medicare.....					0	0
7. Title XIX - Medicaid.....					0	0
8. Other health.....					0	0
9. Health subtotal (Lines 1 to 8).....	872,929	1,138,464	227,712	901,308	1,100,641	1,013,409
10. Healthcare receivables (a).....					0	0
11. Other non-health.....					0	0
12. Medical incentive pools and bonus amounts.....					0	0
13. Totals (Lines 9-10+11+12).....	872,929	1,138,464	227,712	901,308	1,100,641	1,013,409

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

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**NOTES TO FINANCIAL STATEMENTS****NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN****A. Accounting Practices**

	State of Domicile	Current Period	Prior Year
<b>NET INCOME</b>			
(1) Sequent Midwest Business Health Fund state basis (Page 4, Line 32, Columns 2 & 4)	OH	\$ 64,517	\$ (415,535)
(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	\$ 64,517	\$ (415,535)
<b>SURPLUS</b>			
(5) Sequent Midwest Business Health Fund state basis (Page 3, line 33, Columns 3 & 4)	OH	\$ 2,089,570	\$ 2,025,052
(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	\$ 2,089,570	\$ 2,025,052

**C. Accounting Policy**

Plan obligations at March 31, 2016 for health claims incurred but not reported are estimated by the Plan's actuary in accordance with accepted actuarial principles based on claims data provided by the Plan's third-party claims administrators. These amounts are paid by the plan only if claims are submitted and approved for payments. The total health claims incurred but not reported as of March 31, 2016 were \$874,950.

**NOTE 2 – ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS**

No significant changes

**NOTE 3 – BUSINESS COMBINATIONS AND GOODWILL**

None

**NOTE 4 – DISCONTINUED OPERATIONS**

None

**NOTE 5 – INVESTMENTS**

None

**NOTE 6 – JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES**

None

**NOTE 7 – INVESTMENT INCOME**

None

**NOTE 8 – DERIVATIVE INSTRUMENTS**

None

**NOTE 9 – INCOME TAXES**

None

**NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES**

No significant changes

**NOTE 11 – DEBT**

None

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

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## **NOTES TO FINANCIAL STATEMENTS**

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None

### **NOTE 13 – CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS**

None

### **NOTE 14 – LIABILITIES, CONTINGENCIES AND ASSESSMENTS**

None

### **NOTE 15 – LEASES**

None

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

No significant changes

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

None

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

Not applicable

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

Not applicable

### **NOTE 20 – FAIR VALUE MEASUREMENTS**

None

### **NOTE 21 – OTHER ITEMS**

No significant changes

### **NOTE 22 – EVENTS SUBSEQUENT**

None

### **NOTE 23 – REINSURANCE**

No significant changes

### **NOTE 24 – RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION**

None

### **NOTE 25 – CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES**

None

### **NOTE 26 – INTERCOMPANY POOLING ARRANGEMENTS**

None

### **NOTE 27 – STRUCTURED SETTLEMENTS**

Not Applicable for Health Entities

### **NOTE 28 – HEALTH CARE RECEIVABLES**

No significant changes

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## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 29 – PARTICIPATING POLICIES**

None

### **NOTE 30 – PREMIUM DEFICIENCY RESERVES**

None

### **NOTE 31 – ANTICIPATED SALVAGE AND SUBROGATION**

None

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

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

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 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? Yes [ ] No [X]  
If yes, complete Schedule Y, Parts 1 and 1A.

3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]

3.3 If the response to 3.2 is yes, provide a brief description of those changes.

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

4.2 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 NAIC Company Code	3 State of Domicile
Name of Entity		

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?  
If yes, attach an explanation.

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

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

6.2 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.

6.3 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).

6.4 By what department or departments?

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

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

7.1 Has this 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]

7.2 If yes, give full information:

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 location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

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

- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:

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

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

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

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

**FINANCIAL**

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

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

Yes [X] No [ ]

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

\$ 10,489

**INVESTMENT**

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes [ ] No [X]

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$ 0

13. Amount of real estate and mortgages held in short-term investments:

\$ 0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes [ ] No [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$ 0	\$ 0
14.22 Preferred Stock	0	0
14.23 Common Stock	0	0
14.24 Short-Term Investments	0	0
14.25 Mortgage Loans on Real Estate	0	0
14.26 All Other	0	0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$ 0	\$ 0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$ 0	\$ 0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes [ ] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes [ ] No [ ]

If no, attach a description with this statement.

16. For the reporting entity's security lending program, state the amount of the following as of current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 0

16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 0

16.3 Total payable for securities lending reported on the liability page: \$ 0

17. 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 [X]17.1 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian Address

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

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

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?

Yes [ ] No [X]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address

18.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed?

Yes [X] No [ ]

18.2 If no, list exceptions:

Statement as of March 31, 2016 of the **Sequent Midwest Business Health Fund**  
**GENERAL INTERROGATORIES (continued)**

**PART 2 - HEALTH**

1. Operating Percentages:

1.1 A&H loss percent	66.5 %
1.2 A&H cost containment percent	1.4 %
1.3 A&H expense percent excluding cost containment expenses	13.0 %

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

Yes  No

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

0

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

Yes  No

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

0

Statement as of March 31, 2016 of the **Sequent Midwest Business Health Fund**  
**SCHEDULE E - PART 1 - CASH**

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	

Open Depositories

JP Morgan Chase Bank N/A.....	100 E. Broad St. 10th Floor Columbus, OH 43215-0170				.....2,682,311	.....2,920,087	.....2,921,187	XXX
0199999. Total Open Depositories.....		XXX	XXX	.....0	.....0	.....2,682,311	.....2,920,087	.....2,921,187
0399999. Total Cash on Deposit.....		XXX	XXX	.....0	.....0	.....2,682,311	.....2,920,087	.....2,921,187
0599999. Total Cash.....		XXX	XXX	.....0	.....0	.....2,682,311	.....2,920,087	.....2,921,187

**SCHEDULE S - CEDED REINSURANCE**

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Type of Reinsurer	8 Certified Reinsurer Rating (1 through 6)	9 Effective Date of Certified Reinsurer Rating
<b>A&amp;H Non-Affiliates</b>								
10345.....	311440175.....	01/01/2015	Anthem Blue Cross Blue Shield.....	OH.....	OTH/G.....	Authorized.....	.....	.....
79413.....	362739571.....	01/01/2015	BP-United Healthcare Insurance Company.....	CT.....	ASL/G.....	Authorized.....	.....	.....
79413.....	362739571.....	01/01/2015	BP-United Healthcare Insurance Company.....	CT.....	SSL/G.....	Authorized.....	.....	.....

## SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

State, Etc.	Active Status	Direct Business Only								Deposit-Type Contracts
		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7	8 Property/Casualty Premiums	9 Total Columns 2 through 7	
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 ..N.								0	
16. Iowa.....	IA ..N.								0	
17. Kansas.....	KS ..N.								0	
18. Kentucky.....	KY ..N.								0	
19. Louisiana.....	LA ..N.								0	
20. Maine.....	ME ..N.								0	
21. Maryland.....	MD ..N.								0	
22. Massachusetts.....	MA ..N.								0	
23. Michigan.....	M ..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.....	N ..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.	3,235,182					32,253		3,267,435	
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.....	W ..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 ..XX	0	0	0	0	0	0	0	0	
59. Subtotal.....	XX	3,235,182	0	0	0	32,253	0	3,267,435	0	
60. Reporting entity contributions for Employee Benefit Plans.....	XX								0	
61. Total (Direct Business).....	(a) ..1	3,235,182	0	0	0	32,253	0	3,267,435	0	

## DETAILS OF WRITE-INS

58001. ....									0	
58002. ....									0	
58003. ....									0	
58998. Summary of remaining write-ins for line 58 from overflow page.....		0	0	0	0	0	0	0	0	
58999. Total (Lines 58001 thru 58003 plus 58998) (Line 58 above).....		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.

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



**SCHEDULE Y****PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Public Traded (U.S. or International)	Name of Parent, Subsidiaries or Affiliates	Domi-ciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*

Q16

5/12/2016 10:12:56 AM

## **SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

Response

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

NO

**Explanation:**

1. The data for this supplement is not required to be filed.

**Bar Code:**



\* 0 0 1 2 1 2 0 1 6 3 6 5 0 0 0 1 \*