

# QUARTERLY STATEMENT

OF THE

## Sequent Midwest Business Health Fund

RECEIVED

Of

AUG 12 2016

OFFICE OF RISK  
ASSESSMENT

Columbus  
in the state of OH

to the Insurance Department  
of the State of Ohio

For the Period Ended

June 30, 2016

2016



Statement as of June 30, 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 (\$....3,033,374), cash equivalents (\$.....0) and short-term investments (\$.....0).....	.....3,033,374		.....3,033,374	.....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).....	.....3,033,374	.....C	.....3,033,374	.....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.....	.....649,842		.....649,842	
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.....	.....1,342		.....1,342	.....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).....	.....3,857,558	.....C	.....3,857,558	.....3,160,152
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....				.....C.....
28. Total (Lines 26 and 27).....	.....3,857,558	.....C	.....3,857,558	.....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).....	1,712,173		1,712,173	1,013,409
2. Accrued medical incentive pool and bonus amounts.....			.....C	.....C
3. Unpaid claims adjustment expenses.....			.....C	.....C
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....			.....C	.....C
5. Aggregate life policy reserves.....			.....C	.....C
6. Property/casualty unearned premium reserve.....			.....C	.....C
7. Aggregate health claim reserves.....			.....C	.....C
8. Premiums received in advance.....			.....C	.....C
9. General expenses due or accrued.....	23,739		23,739	52,353
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses)).....			.....C	.....C
10.2 Net deferred tax liability.....			.....C	.....C
11. Ceded reinsurance premiums payable.....			.....C	.....C
12. Amounts withheld or retained for the account of others.....			.....C	.....C
13. Remittances and items not allocated.....			.....C	.....C
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			.....C	.....C
15. Amounts due to parent, subsidiaries and affiliates.....	44		44	320
16. Derivatives.....			.....C	.....C
17. Payable for securities.....			.....C	.....C
18. Payable for securities lending.....			.....C	.....C
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and certified \$.....0 reinsurers).....			.....C	.....C
20. Reinsurance in unauthorized and certified (\$.....0) companies.....			.....C	.....C
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			.....C	.....C
22. Liability for amounts held under uninsured plans.....			.....C	.....C
23. Aggregate write-ins for other liabilities (including \$.....0 current).....	.....C	.....C	.....C	69,017
24. Total liabilities (Lines 1 to 23).....	1,735,956	.....C	1,735,956	1,135,099
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	.....C	.....C
26. Common capital stock.....	XXX	XXX	.....C	.....C
27. Preferred capital stock.....	XXX	XXX	.....C	.....C
28. Gross paid in and contributed surplus.....	XXX	XXX	.....C	.....C
29. Surplus notes.....	XXX	XXX	.....C	.....C
30. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	.....C	.....C
31. Unassigned funds (surplus).....	XXX	XXX	2,121,602	2,025,052
32. Less treasury stock, at cost:				
32.1 ....0.000 shares common (value included in Line 26 \$.....0).....	XXX	XXX	.....C	.....C
32.2 ....0.000 shares preferred (value included in Line 27 \$.....0).....	XXX	XXX	.....C	.....C
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	2,121,602	2,025,052
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	3,857,558	3,160,151

## DETAILS OF WRITE-INS

2301. Transitional Re-Insurance Fee.....			.....C	.....69,017
2302. ....			.....C	.....C
2303. ....			.....C	.....C
2398. Summary of remaining write-ins for Line 23 from overflow page.....	.....C	.....C	.....C	.....C
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	.....C	.....C	.....C	69,017
2501. ....				
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page.....	....XXX	....XXX	.....C	.....C
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	....XXX	....XXX	.....C	.....C
3001. ....				
3002. ....				
3003. ....				
3098. Summary of remaining write-ins for Line 30 from overflow page.....	....XXX	....XXX	.....C	.....C
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	....XXX	....XXX	.....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.....	45,816		20,713
2. Net premium income (including \$.....0 non-health premium income).....	XXX.....	2,731,462		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.....	2,731,462	C	2,306,476
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits.....		2,177,080		1,259,783
10. Other professional services.....		227,289		258,226
11. Outside referrals.....				
12. Emergency room and out-of-area.....		159,896		143,165
13. Prescription drugs.....		545,957		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	3,110,222	C	2,234,926
<b>Less:</b>				
17. Net reinsurance recoveries.....		840,318		69,402
18. Total hospital and medical (Lines 16 minus 17).....	C	2,269,904	C	2,165,524
19. Non-health claims (net).....				
20. Claims adjustment expenses, including \$....35,762 cost containment expenses.....		35,762		47,246
21. General administrative expenses.....		393,764		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	2,699,430	C	2,722,011
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX.....	32,032	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.....	32,032	C	(415,535)
31. Federal and foreign income taxes incurred.....	XXX.....			
32. Net income (loss) (Lines 30 minus 31).....	XXX.....	32,032	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

**Sequent Midwest Business Health Fund**  
**STATEMENT OF REVENUE AND EXPENSES (Continued)**

CAPITAL AND SURPLUS ACCOUNT	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
33. Capital and surplus prior reporting year.....	2,025,054		
34. Net income or (loss) from Line 32.....	32,032		(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.....	64,516		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).....	96,548	.C	2,025,054
49. Capital and surplus end of reporting period (Line 33 plus 48).....	2,121,602	.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
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above).....		.C	.C

Statement as of June 30, 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.....	.....2,731,462	.....	.....2,306,476
2. Net investment income.....	.....	.....	.....
3. Miscellaneous income.....	.....	.....	.....
4. Total (Lines 1 through 3).....	.....2,731,462	.....C	.....2,306,476
5. Benefit and loss related payments.....	.....2,220,982	.....	.....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.....	.....527,157	.....	.....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).....	.....2,748,139	.....C	.....1,587,232
11. Net cash from operations (Line 4 minus Line 10).....	.....(16,677)	.....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	.....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	.....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	.....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.....	.....64,516	.....	.....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).....	.....1,988	.....	.....(176,286)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	.....66,504	.....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).....	.....49,827	.....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).....	.....3,033,374	.....C	.....2,983,547

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

20.0001 .....	.....	.....	.....
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Line No.	Description	Source Page / ID / Line / Col., Col.	Increase	Decrease	Net Amount	Adjustment	Total
The Cash Flow workpaper uses the earned and incurred numbers from page 4 as a starting point and then backs off any non-cash items, such as changes in accruals from pages 2 and 3 and the amortization of premium and accrual of discount for investment income.							
Items in italics listed in the Source column are references to last year's annual statement that must be input manually because the detail is not available in the quarterly statement							
Not every line of pages 2, 3 and 4 are picked up by this workpaper because not every line has an impact on cash. Lines not picked up are as follows							
Page 2, Assets, Lines 1-4.3, 8, 13, 18.2 and 27; (the cash effect of line 1-4.3 and 8 are picked up from their respective investment schedules in this wkpr.)							
Page 3, Liabilities - Lines 4, 5, 6, 7, 10.2, 20, 26, 27, 28 and 31. The cash effect for line 26, 27 and 28 are picked up from page 5 lines 44.1 and 45.1. Page 4 and 5, Statement of Rev. and Exp. - Lines 1, 3, 22, 26, 35-43, 44.2, 44.3, 45.2 and 45.3							
Formula lines are not picked up from pages 2, 3 and 4 except for Agg. Write-in lines.							
The NAIC Instructions are not followed verbatim in this worksheet primarily because many items having no impact on cash are picked up in the NAIC Instructions and consequently it will be more difficult to get back to cash on a line-for-line basis and therefore reconcile back to Cash, line 5 of page 2							
<b>CASH FROM OPERATIONS</b>							
<b>1</b>	<b>Premiums Collected Net of Reinsurance:</b>						
101	Net Premium Income.....	H04 REVEX1 02 02	.....,2,731,462				
101.1	ACA Risk Adjustment.....	H03 LIAB 04 03, 04 (in part)					
102	Premiums Received in Advance.....	H03 LIAB 08 03, 04					
103	Ceded Reinsurance Premiums Payable.....	H03 LIAB 11 03, 04					
104	Uncoll. Prem. and Agents' Bal. in Course of Collection.....	H02 ASSETS 15.1 01PY, 01CY					
105	Deferred Premiums, Agents' Balances & Installments .....	H02 ASSETS 15.2 01PY, 01CY					
106	Accrued Retrospective Premiums.....	H02 ASSETS 15.3 01PY, 01CY					
199		Adjusting Entry					
		<b>Totals for Line 1</b>	.....,2,731,462	.....,0	.....,2,731,462	.....,0	.....,2,731,462
Note: - The NAIC Inst. picks up line 16.2 and 16.3 (in part) of page 2 for amounts relating to earned premiums. All of line 16.2 and 16.3 are reflected in line 5 of this workpaper. If line 16.2 and 16.3 of page 2 contain amounts related to earned premiums, reclass them from line 5 below.							
- The NAIC Instr. pick up lines 4, 5 and 6 from page 3 as well as line 35 from page 4. These lines have no impact on cash and the change in the liabilities is recorded on separate lines on page 4 and 5, therefore these lines are not picked up in this wkpr.							
<b>2</b>	<b>Net Investment Income:</b>						
201	Net Investment Income Earned.....	H04 REVEX1 25 02					
202	Interest on Indebtedness (inset 2).....	H03 LIABI 14 02					
203	Interest on Indebtedness (inset 2).....	PY H03 LIABI 14 02					
204	Net Adj. in assets and liabilities due to foreign exh. rates.....	H03 LIAB 21 03, 04					
205	Investment Income Due and Accrued.....	H02 ASSETS 14 01PY, 01CY					
206	Net Adj. in assets and liabilities due to foreign exh. rates.....	H02 ASSETS 22 01PY, 01CY					
207	Investment Income General Expense Accrual.....	H14 EXEXP 27 4: 28 4					
208	Accrual of Bond and Preferred Stock Discount.....	SI01 SCDVER 03 01					
209	Amortization of Bond and Preferred Stock Premium.....	SI01 SCDVER 07 01					
210	Accrual of Mortgage Loan Discount.....	SI01 SCBVER 04 01					
211	Amortization of Mortgage Loan Premium.....	SI01 SCBVER 08 01					
212	Accrual of Derivative Instruments Discount.....	H15 EXNETINV F0000006 01					
213	Amortization of Derivative Instruments Premium.....	H15 EXNETINV F0000006 02					
214	Depreciation on Real Estate and Other Inv. Assets.....	SI01 SCAVER 08 01					
215	Accrual of Discount on Other Invested Assets.....	SI01 SCBAVER 04 01					
216	Depr. and Amort. of Prem. on Other Invested Assets.....	SI01 SCBAVER 08 01					
299		Adjusting Entry					
		<b>Totals for Line 2</b>	.....,0	.....,0	.....,0	.....,0	.....,0
Note: - Amounts from page 2 line 22 and page 3 line 21, foreign exchange, are picked up here. If the change in the foreign exchange accrual affect lines other than investment income, reclass the appropriate amounts to the respective lines in this workpaper using the adjustment column.							
- Investment Expenses Accrued are picked up here from page 14 and are backed out of Other Expense Accrual in line 7 below. The NAIC Instructions pick up investment expense accrual from lines 9 (in part) of page 3, here.							
- The change in interest on borrowed money, is picked up here because interest expense is deducted from Inv. Inc. Earned in the Net Inv. Inc. Exhibit. (See line 16.3)							
<b>3</b>	<b>Miscellaneous Income:</b>						
301	Fee-for-Service.....	H04 REVEX1 04 02					
302	Risk Revenue.....	H04 REVEX1 05 02					
303	Aggregate Write-Ins for Other Health Care Related Rev. ....	H04 REVEX1 06 02					
304	Agg. Write-Ins for Other Non-Health Revenue.....	H04 REVEX1 07 02					
399		Adjusting Entry					
		<b>Totals for Line 3</b>	.....,0	.....,0	.....,0	.....,0	.....,0
Note: - Page 2, Line 16.2 and 16.3 (in part) are picked up here by the NAIC Instructions, this workpaper picks them up in line 5.							
- The NAIC instructions pick up line 24 (in part) from page 2. This wkpr. picks up line 24 in line 16.6 below.							
- Make sure that the amount for Page 4 line 6 and 7, Agg. Write-ins for ... is cash only. Back out any changes in accruals that may be in these numbers using the adjustment column.							
<b>4</b>	<b>Total (Lines 1 through 3)</b>						.....,2,731,462

Line No.	Description	Source Page / ID / Line / Col., Col.	Increase	Decrease	Net Amount	Adjustment	Total
5	<b>Benefits and Loss Related Payments:</b>						
501	Total Hospital and Medical.....	H04 REVEX1 18 02	.....2,269,904				
502	Non-Health Claims.....	H04 REVEX1 19 02	.....				
503	Claims Unpaid.....	H03 LIAB 01 04, 03	.....1,013,409	.....1,712,173			
504	Accrued Medical Incentive Pool and Bonus Amounts.....	H03 LIAB 02 04, 03	.....				
505	Aggregate Health Claim Reserves.....	H03 LIAB 07 04, 03	.....				
506	Amounts Recoverable From Reinsurers.....	H02 ASSETS 16.1 01CY, 01PY	.....649,842	.....			
507	Funds Held By or Deposited With Reinsured Companies.....	H02 ASSETS 16.2 01CY, 01PY	.....				
508	Other Amounts Receivable Under Rein. Contracts.....	H02 ASSETS 16.3 01CY, 01PY	.....				
509	Health Care and Other Amounts Receivable.....	H02 ASSETS 24 01CY, 01PY	.....				
599		Adjusting Entry	.....				
		<b>Totals for Line 5</b>	.....3,933,155	.....1,712,173	.....2,220,982	.....0	.....2,220,982

**Note:** - The NAIC Instructions pick up line 22 from page 4, which includes the change in aggregate reserves. Because the change in reserves does not impact cash and it is recorded on a line by itself on page 4, it is not picked up on the workpaper. The same is true for line 35 of page 4.

- The NAIC Instructions pick up only line 16.1 from page 2 here, this workpaper picks up 16.1, 16.2 and 16.3 from page 2. Because Amounts Due From Reinsurers could be a combination of premiums, commissions and claims, etc., you may want to reclassify some of the change in line 16.1, 16.2 and 16.3, to another line

- The NAIC Instructions pick up line 24 (in part) from page 2 here. This wkpr. picks up line 24, page 2 in line 16.6 below.

- The NAIC Instructions pick up line 7 from page 3, this workpaper does not, because this line represents changes in reserves which has no impact on Cash

6	<b>Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts:</b>						
699		Adjusting Entry	.....	.....	.....	.....	.....0
		<b>Totals for Line 6</b>	.....	.....	.....	.....0	.....0
7	<b>Commissions, Expenses Paid and Aggregate Write-ins for Deductions:</b>						
701	Claims Adjustment Expenses.....	H04 REVEX1 20 02	.....35,762	.....	.....	.....	.....
702	General Administrative Expenses.....	H04 REVEX1 21 02	.....393,764	.....	.....	.....	.....
703	Net Gain or Loss from Agent's Prem. Bal. Chgd. Off.....	H04 REVEX1 28 02 x -1	.....	.....	.....	.....	.....
704	Agg. Write-ins for Other Income and Expense.....	H04 REVEX1 29 02 x -1	.....	.....	.....	.....	.....
705	Unpaid Claims Adjustment Expenses.....	H03 LIAB 03 04, 03	.....	.....	.....	.....	.....
706	General Expenses Due or Accrued.....	H03 LIAB 09 04, 03	.....52,353	.....23,739	.....	.....	.....
707	Investment Income General Expense Accrual.....	H14 EXEXP 27 4: 28 4	.....	.....	.....	.....	.....
708	Liability for Amounts Held Under Uninsured A & H Plans.....	H03 LIAB 22 04, 03	.....	.....	.....	.....	.....
709	Aggregate Write-ins for Other Liabilities.....	H03 LIAB 23 04, 03	.....69,017	.....	.....	.....	.....
710	Amounts Receivable Relating to Uninsured Plans.....	H02 ASSETS 17 01CY, 01PY	.....	.....	.....	.....	.....
711	Guaranty Funds Receivable or on Deposit.....	H02 ASSETS 19 01CY, 01PY	.....	.....	.....	.....	.....
799		Adjusting Entry	.....	.....	.....	.....	.....
		<b>Totals for Line 7</b>	.....550,896	.....23,739	.....527,157	.....0	.....527,157

**Note:** - The Investment expense accrual from page 14 is reclassified to line 2 for Net Investment Income.

- Lines 28 and 29 from page 4 are multiplied by a negative 1 to change their sign. This allows their respective increase or decrease to be picked up correctly

- Amounts for page 4 line 29 may need to be allocated to line 3, Misc. Income, depending on whether the amounts represent income or expense amounts or both

- The NAIC instructions pick up line 16.3 (in part) from page 2 here. This wkpr. picks up line 16.3 of page 2 in line 5 above.

- Journal entries affecting the Guaranty Fund Assessment may not affect cash, and consequently may need to be reversed out of this line

8	<b>Dividends Paid to Policyholders:</b>						
899		Adjusting Entry	.....	.....	.....	.....	.....0
		<b>Totals for Line 8</b>	.....	.....	.....	.....0	.....0
9	<b>Federal and Foreign Income Taxes Paid (recovered) \$....Net Tax on Capital Gains (Losses):</b>						
901	Federal and Foreign Income Taxes Incurred.....	H04 REVEX1 31 02	.....	.....	.....	.....	.....
902	Capital Gains Tax on Realized Capital Gains (inset).....	H04 REVEX1 26 01	.....	.....	.....	.....	.....
903	Current Federal Income Taxes Payable.....	H03 LIAB 10.1 04, 03	.....	.....	.....	.....	.....
904	Current Federal & Foreign Income Taxes Recoverable .....	H02 ASSETS 18.1 01CY, 01PY	.....	.....	.....	.....	.....
999		Adjusting Entry	.....	.....	.....	.....	.....
		<b>Totals for Line 9</b>	.....0	.....0	.....0	.....0	.....0

**Note:** - The NAIC Instructions indicate picking up and tax amounts from line 26, 36 and 37 (in part) of page 4 and 5, the workpaper does not.

If line 37 does include tax amounts affecting cash, you will need to pick up the tax amount included in these lines.

- The NAIC Instructions indicate to pick up line 38 of page 4, Change in Deferred Income Tax, line 18.2 of page 2 (DTA) and 10.2 of page 3 (DTL). The changes in these amounts are noncash and are recorded on a separate line on page 5 and therefore do not need to be picked up in this wkpr.

9 inset	\$.....net of tax on capital gains (losses).....	Company Records	.....	.....	.....	.....	.....
<b>Note:</b> Enter the tax on capital gains (losses) here. This amount will be transferred from the workpaper to the Cash Flow Page. This will eliminate the need to enter this amount manually on the Cash Flow Page.							
10	<b>Total (Lines 5 through 9)</b>	.....	.....	.....	.....	.....	.....2,748,139
11	<b>Net Cash From Operations (Line 4 minus Line 10)</b>	.....	.....	.....	.....	.....	.....(16,677)

#### CASH FROM INVESTMENTS

12	<b>Proceeds From Investments Sold, Matured Or Repaid</b>						
12.1	<b>Bonds:</b>						
12.101	Bonds (current quarter).....	E05 SCDPT4 8399999 07	.....	.....	.....	.....	.....
12.102	Bonds (previous quarter) (used in 2nd - 4th qtrs. only).....	5W CASHWKPR 12.199 01	.....	.....	.....	.....	.....
12.199		Adjusting Entry	.....	.....	.....	.....	.....
		<b>Totals for Line 12.1</b>	.....0	.....	.....0	.....0	.....0

Line No.	Description	Source Page / ID / Line / Col., Col.	Increase	Decrease	Net Amount	Adjustment	Total
12.2	<b>Stocks:</b>						
12.201	Stocks (current quarter).....	E05 SCDPT4 9899999 07					
12.202	Stocks (previous quarter) (used in 2nd - 4th qtrs. only).....	5W CASHWKPR 12.299 01					
12.299		Adjusting Entry					
		<b>Totals for Line 12.2</b>	0		0	0	0
12.3	<b>Mortgage Loans:</b>						
12.301	Amounts Received on Disposals.....	SI01 SCBVER 07 01					
12.302	Mortgages Transferred.....	E02 SCBPT3 0499999 15					
12.303	Mort. Trans. to R/E (prev. qtr.) (2nd & 3rd qtrs. only).....	5W CASHWKPR 12.399 02					
12.399		Adjusting Entry					
		<b>Totals for Line 12.3</b>	0	0	0	0	0
12.4	<b>Real Estate:</b>						
12.401	Amounts Received on Disposals.....	SI01 SCAVER 05 01					
12.402	CY Change In Encum. (neg. amts. from col. 13 (x -1)).....	E01 SCAPT1 F0000001 1					
12.403	CY Change In Encum. (neg. amts. from col. 11 (x -1)).....	E03 SCAPT3 F0000001 1					
12.499		Adjusting Entry					
		<b>Totals for Line 12.4</b>	0		0	0	0
Note: For line 12.402 and 03, see Schedule A Pt. 1 and Pt. 3 footnotes for details. See line 13.4 of this workpaper as well.							
12.5	<b>Other Invested Assets :</b>						
12.501	Amounts Received on Disposals.....	SI01 SCBAVER 07 01					
12.599		Adjusting Entry					
		<b>Totals for Line 12.5</b>	0		0	0	0
12.6	<b>Net Gains or (Losses) on Cash, Cash Equivalents and Short-Term Investments:</b>						
12.601	Realized Gain (Loss) - Cash, Cash Equiv. & ST Inv.....	H15 EXCAPGLOSS 06 01					
12.699		Adjusting Entry					
		<b>Totals for Line 12.6</b>	0	0	0	0	0
Note: - Amounts from EXCAPGLOSS 06 02 are not picked up here because OTTI entries do not affect cash.							
12.7	<b>Miscellaneous Proceeds: (See Lin 13.6)</b>						
12.701	Payable for Securities (Inc. Only).....	H03 LIAB 17 03, 04					
12.702	Derivatives (Dec. Only).....	H02 ASSETS 07 01PY, 01CY					
12.703	Receivable for Securities (Dec. Only).....	H02 ASSETS 09 01PY, 01CY					
12.704	Securities Lending Reinvested Coll. Assets (Dec. only).....	H02 ASSETS 10 01PY, 01CY					
12.705	Agg. Write-ins for Inv. Assets (Dec. Only).....	H02 ASSETS 11 01PY, 01CY					
12.799		Adjusting Entry					
		<b>Totals for Line 12.7</b>	0		0	0	0
Note: - Line 12.7 and 13.6 are reciprocals of each other. Therefore the same lines from pages 2 and 3 are picked up in line 12.7 and 13.6 and the location of the change is determined depending on if the change is an increase or decrease. The formulas in the "Net Amount" column calculates the change - The journal entries that make up both payable and receivable for securities may not affect cash and consequently, may need to be reversed out of this line - Noncash entries for derivatives will need to be reversed out using the adjustments column.							
12.8	<b>Total Investment Proceeds (Lines 12.1 to 12.7)</b>						0
13	<b>Cost of Investments Acquired (Long-Term Only):</b>						
13.1	<b>Bonds:</b>						
13.101	Bonds (current quarter).....	E04 SCDPT3 8399999 07					
13.102	Bonds (previous quarter) (used in 2nd - 4th qtrs. only).....	5W CASHWKPR 13.199 01					
13.199		Adjusting Entry					
		<b>Totals for Line 13.1</b>	0		0	0	0
13.2	<b>Stocks:</b>						
13.201	Stocks (current quarter).....	E04 SCDPT3 9899999 07					
13.202	Stocks (previous quarter) (used in 2nd - 4th qtrs. only).....	5W CASHWKPR 13.299 01					
13.299		Adjusting Entry					
		<b>Totals for Line 13.2</b>	0		0	0	0
13.3	<b>Mortgage Loans:</b>						
13.301	Actual Cost At Time of Acquisition.....	SI01 SCBVER 02.1 01					
13.302	Additional Investment Made After Acquisition.....	SI01 SCBVER 02.2 01					
13.399		Adjusting Entry					
		<b>Totals for Line 13.3</b>	0	0	0	0	0
13.4	<b>Real Estate:</b>						
13.401	Actual Cost at Time of Acquisitions.....	SI01 SCAVER 02.1 01					
13.402	Additional Investment Made After Acquisition.....	SI01 SCAVER 02.2 01					
13.403	Mortgages Transferred.....	E02 SCBPT3 0499999 15					
13.404	Mort. Trans. to R/E (prev. qtr.) (2nd & 3rd qtrs. only).....	5W CASHWKPR 13.499 02					
13.405	CY Change In Encumbrance (pos. amts. from col. 13).....	E01 SCAPT1 F0000002 1					
13.406	CY Change In Encumbrance (pos. amts. from col. 11).....	E03 SCAPT3 F0000002 1					
13.499		Adjusting Entry					
		<b>Totals for Line 13.4</b>	0	0	0	0	0
Note: For line 13.404 and 05, see Schedule A Pt. 1 and Pt. 3 footnotes for details. See line 12.4 of this workpaper as well.							
13.5	<b>Other Invested Assets:</b>						
13.501	Actual Cost At Time of Acquisition.....	SI01 SCBAVER 02.1 01					
13.502	Additional Investment Made After Acquisitions.....	SI01 SCBAVER 02.2 01					
13.599		Adjusting Entry					
		<b>Totals for Line 13.5</b>	0		0	0	0

Line No.	Description	Source Page / ID / Line / Col., Col.	Increase	Decrease	Net Amount	Adjustment	Total
13.6	<b>Miscellaneous Applications: (See Line 12.7)</b>						
13.601	Payable for Securities (Dec. Only).....	H03 LIAB 17 03, 04	.....	.....	0		
13.602	Derivatives (Inc. Only).....	H02 ASSETS 07 01PY, 01CY	.....	.....	0		
13.603	Receivable for Securities (Inc. Only).....	H02 ASSETS 09 01PY, 01CY	.....	.....	0		
13.604	Securities Lending Reinvested Coll. Assets (Inc. only).....	H02 ASSETS 10 01PY, 01CY	.....	.....	0		
13.605	Agg. Write-ins for Inv. Assets (Inc. Only).....	H02 ASSETS 11 01PY, 01CY	.....	.....	0		
13.699		Adjusting Entry					
		<b>Totals for Line 13.6</b>			0		0

Note: - Line 12.7 and 13.6 are reciprocals of each other. Therefore the same lines from pages 2 and 3 are picked up in line 12.7 and 13.6 and the location of the change is determined depending on if the change is an increase or decrease. The formulas in the "Net Amount" column calculates the change  
 - The journal entries that make up both payable and receivable for securities may not affect cash and consequently, may need to be reversed out of this line  
 - Noncash entries for derivatives will need to be reversed out using the adjustments column.

13.7	<b>Total Investments Acquired (Lines 13.1 to 13.6)</b>						0
14	<b>Net Increase (Decrease) in Contract Loans and Premium Notes:</b>						
1401	Contract Loans.....	H02 ASSETS 06 01PY, 01CY	.....	.....	.....	.....	
1499		Adjusting Entry					
		<b>Totals for Line 14</b>	0	0	0	0	0
15	<b>Net Cash From Investments (Line 12.8 Minus Lines 13.7 and 14)</b>						0

Cash from Financing and Miscellaneous Sources							
16	Cash Provided (Applied)						
16.1	<b>Surplus Notes, Capital Notes:</b>						
16.101	Surplus Notes.....	H03 LIAB 29 03, 04	.....	.....	.....	.....	
16.199		Adjusting Entry					
		<b>Totals for Line 16.1</b>	0	0	0	0	0
16.2	<b>Capital and Paid In Surplus, Less Treasury Stock:</b>						
16.201	Capital Paid In.....	H05 REVEX2 44.1 01	.....64,516	.....	.....	.....	
16.202	Surplus Paid In.....	H05 REVEX2 45.1 01	.....	.....	.....	.....	
16.203	Common Treasury Stock.....	H03 LIAB 32.1 04, 03	.....	.....	.....	.....	
16.204	Preferred Treasury Stock.....	H03 LIAB 32.2 04, 03	.....	.....	.....	.....	
16.299		Adjusting Entry					
		<b>Totals for Line 16.2</b>	64,516	0	64,516	0	64,516

Note: - The NAIC Instructions pick up the change in capital from page 3 line 26 and 27 and the change in Surplus Paid In from line 26. This wkpr. picks up the change in capital and surplus from page 5 line 44.1 and 45.1, respectively. This is done to avoid picking up increases in capital that may be due to stock dividends

16.3	<b>Borrowed Funds Received:</b>						
16.301	Borrowed Money.....	H03 LIAB 14 03, 04	.....	.....	.....	.....	
16.302	Interest on Indebtedness (inset 2).....	H03 LIABI 14 02	.....	.....	.....	.....	
16.303	Interest on Indebtedness (inset 2).....	PY H03 LIABI 14 02	.....	.....	.....	.....	
16.399		Adjusting Entry					
		<b>Totals for Line 16.3</b>	0	0	0	0	0

Note: - Interest on Indebtedness is backed off the change in Borrowed Money so only the actual cash received is picked up here. The NAIC Instructions do not pick up the change in this accrual.  
 - The change in interest on borrowed money, is backed off here because interest expense is deducted from Inv. Inc. Earned in the A/S Net Inv. Inc. Exhibit (See line 2 above.)

16.4	<b>Net Deposits on Deposit-Type Contracts and Other Insurance Liabilities:</b>						
16.499		Adjusting Entry					
		<b>Totals for Line 16.3</b>			0	0	0
16.5	<b>Dividends To Stockholders:</b>						
16.501	Dividends To Stockholders.....	H05 REVEX2 46 01 x -1	.....	.....	.....	.....	
16.599		Adjusting Entry					
		<b>Totals for Line 16.5</b>	0	0	0	0	0

Note: - Be sure and reverse out and change in Dividends Payable that may be included in Write-in Line 23, of Page 3 for Other Liabilities. The whole of line 23 of page 3 is picked up in line 7 of this wkpr.

16.6	<b>Other Cash Provided (Applied):</b>						
16.601	Amounts Withheld or Retained for the Account of Others.....	H03 LIAB 12 03, 04	.....	.....	.....	.....	
16.602	Remittances and Items Not Allocated.....	H03 LIAB 13 03, 04	.....	.....	.....	.....	
16.603	Amounts Due to Parent, Subsidiaries and Affiliates.....	H03 LIAB 15 03, 04	.....44	.....320	.....	.....	
16.604	Derivatives.....	H03 LIAB 16 03, 04	.....	.....	.....	.....	
16.605	Payable for Securities Lending.....	H03 LIAB 18 03, 04	.....	.....	.....	.....	
16.606	Funds Held Under Reinsurance Treaties ... .....	H03 LIAB 19 03, 04	.....	.....	.....	.....	
16.607	Agg. Write-ins for Special Surplus Funds.....	H03 LIAB 25 03, 04	.....	.....	.....	.....	
16.608	Agg. Write-ins for Other Than Special Surplus Funds.....	H03 LIAB 30 03, 04	.....	.....	.....	.....	
16.609	EDP Equipment and Software.....	H02 ASSETS 20 01PY, 01CY	.....	.....	.....	.....	
16.610	Furniture and Equipment, Incl. Health Care Del. Assets.....	H02 ASSETS 21 01PY, 01CY	.....	.....	.....	.....	
16.611	Receivables from Parent, Subsidiaries or Affiliates.....	H02 ASSETS 23 01PY, 01CY	.....3,606	.....1,342	.....	.....	
16.612	Aggregate Write-ins For Other Than Invested Assets.....	H02 ASSETS 25 01PY, 01CY	.....173,000	.....173,000	.....	.....	
16.699		Adjusting Entry					
		<b>Totals for Line 16.6</b>	176,650	174,662	1,988	0	1,988

Note: - The NAIC Instructions pick up Page 5, Line 47, Agg. Write-Ins for Gains and Losses to Surplus. This wkpr. does not pick up this line because it does not affect cash  
 - The NAIC Instructions pick up page 3 line 23 (in part) here, this wkpr. picks it up in line 7 above.  
 - The NAIC Instructions pick up Page 2, Line 25 (in part), Agg. Write-ins for Other Than Invested Assets in line 5 above, this workpaper picks up the change here  
 - The amounts brought in for Agg. Write-in Line 25 may include noncash items. If so, use the adjustment column to reverse them out  
 - Noncash entries for derivatives will need to be reversed out using the adjustments column.

17	<b>Net Cash From Financing and Miscellaneous Sources (Line 16.1 to 16.4 minus Line 16.5 plus Line 16.6)</b>						66,504
----	---	--	--	--	--	--	--------

Line No.	Description	Source Page / ID / Line / Col., Col.	Increase	Decrease	Net Amount	Adjustment	Total
<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)						.....49,827
19	Cash, Cash Equivalents and Short-Term Investments:						
19.1	Beginning of Year	H02 ASSETS 05 01PY		.....2,983,546			Difference
19.2	End of Period (Line 18 Plus Line 19.1):	H02 ASSETS 05 01CY	.....3,033,374	(19.1-19.2=18) >	.....49,828		.....1

**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.....	7,770		2,524		1,267	1,371				2,608
4. Third Quarter.....	C									
5. Current Year.....	C									
6. Current Year Member Months.....	45,816		14,762		7,569	8,147				15,338
<b>Total Member Ambulatory Encounters for Period:</b>										
7. Physician.....	7C		.7C							
8. Non-Physician.....	3,804		3,804							
9. Total.....	3,874	C	3,874	C	C	C	C	C	C	C
10. Hospital Patient Days Incurred.....	81		81							
11. Number of Inpatient Admissions.....	14		14							
12. Health Premiums Written (a).....	3,325,111		3,023,512		38,316	230,497				32,786
13. Life Premiums Direct.....	C									
14. Property/Casualty Premiums Written.....	C									
15. Health Premiums Earned.....	3,325,111		3,023,512		38,316	230,497				32,786
16. Property/Casualty Premiums Earned.....	C									
17. Amount Paid for Provision of Health Care Services.....	1,981,113		1,981,113							
18. Amount Incurred for Provision of Health Care Services.....	3,110,222		3,110,222							

(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	
05999999. Unreported Claims and Other Claim Reserves.....								1,712,173
07999999. Total Claims Unpaid.....								1,712,173

**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).....	962,919	608,221	16,563	1,695,610	979,482	1,013,409
2. Medicare Supplement.....					0	
3. Dental only.....					0	
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).....	962,919	608,221	16,563	1,695,610	979,482	1,013,409
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).....	962,919	608,221	16,563	1,695,610	979,482	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	\$ 32,032	\$ (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	\$ 32,032	\$ (415,535)
<b>SURPLUS</b>			
(5) Sequent Midwest Business Health Fund state basis (Page 3, line 33, Columns 3 & 4)	OH	\$ 2,121,602	\$ 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	\$ 2,121,602	\$ 2,025,052

B. Use of Estimates in the Preparation of the Financial Statement: The preparation of financial statements in conformity with the accounting principles prescribed or permitted by the Insurance Department of the State of Ohio requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## C. Accounting Policy

The financial statements are prepared using accounting principles prescribed or permitted by the Insurance Department of the State of Ohio. Under this method, the Fund does not record prepaid expenses or recognize income on unbilled exit assessments.

Claims payments are recorded when paid by the third-party claims processor. Amounts due to claims processors that have yet to be reimbursed by the Plan are recorded as payable to claims administrators in the accompanying statements.

Plan obligations at June 30, 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 June 30, 2016 were \$1,013,613.

Administrative expenses are paid from Plan assets.

**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**

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## **NOTES TO FINANCIAL STATEMENTS**

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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**

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**

No significant changes

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

No significant changes

**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

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## **NOTES TO FINANCIAL STATEMENTS**

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

None

### **Note 27 –Structured Settlements**

Not Applicable for Health Entities

### **Note 28 – Health care receivables**

No significant changes

### **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.

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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 Name of Entity	2 NAIC Company Code	3 State of Domicile
---------------------	------------------------------	---------------------------

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 [ ]

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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?

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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:

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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.

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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
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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:

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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).

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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).

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**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:

\$ 1,342

**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:

14.21 Bonds  
 14.22 Preferred Stock  
 14.23 Common Stock  
 14.24 Short-Term Investments  
 14.25 Mortgage Loans on Real Estate  
 14.26 All Other  
 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)  
 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above

1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
\$ 0	\$ 0
0	0
0	0
0	0
0	0
0	0
\$ 0	\$ 0
\$ 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:

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

## 1. Operating Percentages:

1.1 A&H loss percent	69.0 %
1.2 A&H cost containment percent	1.1 %
1.3 A&H expense percent excluding cost containment expenses	11.8 %

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

Yes  No 

69.0 %

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 

1.1 %

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

0

**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	100 E. Broad St, 10th Floor. Columbus, OH 43215-0170					3,063,429	2,804,969	3,033,374	XXX
JP Morgan Chase Bank N/A.....	.....	.....	.....	.....	.....	3,063,429	2,804,969	3,033,374	XXX
0199999. Total Open Depositories.....	XXX	XXX	0	0	3,063,429	2,804,969	3,033,374	XXX	
0399999. Total Cash on Deposit.....	XXX	XXX	0	0	3,063,429	2,804,969	3,033,374	XXX	
0599999. Total Cash.....	XXX	XXX	0	0	3,063,429	2,804,969	3,033,374	XXX	

**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.....	.....	.....

# Sequent Midwest Business Health Fund

## SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

State, Etc.	1 Active Status	Direct Business Only							9 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 Property/Casualty Premiums	8 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..	3,292,325					32,786	3,325,111	
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 ..XX..	0	0	0	0	0	0	0	
59. Subtotal.....	XX ..	3,292,325	0	0	0	32,786	3,325,111	0	
60. Reporting entity contributions for Employee Benefit Plans.....	XX ..							0	
61. Total (Direct Business).....	(a) ..1..	3,292,325	0	0	0	0	32,786	3,325,111	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 – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
PART 1 – ORGANIZATIONAL CHART

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**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

## **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:

