



NAIC Group Code 04831 , 04831 NAIC Company Code 15284 Employer's ID Number 31-1431434
(Current Period) (Prior Period)

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

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

Incorporated/Organized	07/30/2013	Commenced Business	07/30/2013
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Statutory Home Office 225 Pictoria Dr STE 320, Cincinnati, OH, US 45246
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office		225 Pictoria Dr STE 320	
		(Street and Number)	
Cincinnati, OH, US 45246		513-551-1400	
(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	

Mail Address 225 Pictoria Dr STE 320, Cincinnati, OH, US 45246
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 1701 Mercy Health PL
 (Street and Number)
Cincinnati, OH, US 45237, 513-981-5300
 (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number) (Extension)

Internet Web Site Address	N/A
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Statutory Statement Contact Felicia C Browning, 216-479-5510
(Name) (Area Code) (Telephone Number) (Extension)
Felicia.browning@mercy.com 216-623-8793
(E-Mail Address) (Fax Number)

Name	Title	Name	Title
Jeffrey Copeland # _____,	President & CEO	David Nowiski _____,	Treasurer
_____, _____,	_____	_____, _____,	_____

Jeffrey Copeland	Walid Sidani MD	Bob Campbell	Allan Calonge
William Franks			

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

Jeffrey Copeland President & CEO	David Nowinski Treasurer
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Subscribed and sworn to before me this
day of _____,

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

b. If no:

1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	399,815		399,815	4,897,257
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$15,044,536 , Schedule E-Part 1), cash equivalents (\$4,602,335 , Schedule E-Part 2) and short-term investments (\$0 , Schedule DA).....	19,646,871		19,646,871	25,996,688
6. Contract loans (including \$ premium notes).....			0	0
7. Derivatives (Schedule DB).....	0		0	0
8. Other invested assets (Schedule BA)	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	20,046,686	0	20,046,686	30,893,945
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	15		15	1,060
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	235,566		235,566	229,988
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	2,005,393		2,005,393	4,506,311
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset.....			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	0
24. Health care (\$125,500) and other amounts receivable.....	1,529,922		1,529,922	308,918
25. Aggregate write-ins for other-than-invested assets	122,663	8,722	113,941	336,965
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	23,940,245	8,722	23,931,523	36,277,188
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	23,940,245	8,722	23,931,523	36,277,188
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Payment Innovation Receivable.....	113,941		113,941	336,965
2502. Prepaid Assets.....	0		0	0
2503. Other Assets	8,722	8,722	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	122,663	8,722	113,941	336,965

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	2,837,579		2,837,579	10,943,584
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	1,401,994		1,401,994	298,461
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act.....			0	3,158,000
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves.....			0	0
8. Premiums received in advance			0	469,235
9. General expenses due or accrued	1,371,627		1,371,627	4,301,256
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)).....			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	116,100		116,100	640,506
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	6,554,176		6,554,176	313,964
16. Derivatives.....		0	0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers).....			0	0
20. Reinsurance in unauthorized and certified (\$) companies.....			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans			0	0
23. Aggregate write-ins for other liabilities (including \$ current)	1,725,216	0	1,725,216	11,533,939
24. Total liabilities (Lines 1 to 23).....	14,006,692	0	14,006,692	31,658,945
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	345,755
26. Common capital stock	XXX	XXX	2,000,000	2,000,000
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	44,150,000	37,150,000
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other-than-special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	(36,225,169)	(34,877,512)
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		0
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	9,924,831	4,618,243
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	23,931,523	36,277,187
DETAILS OF WRITE-INS				
2301. Payment Innovations Accrued Claims.....			0	1,573,398
2302. Salaries, Wages and Related Liabilites.....	290,654		290,654	18,790
2303. Other Current Liabilities.....	352,944		352,944	933,967
2398. Summary of remaining write-ins for Line 23 from overflow page	1,081,618	0	1,081,618	9,007,784
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,725,216	0	1,725,216	11,533,939
2501. Special Surplus ACA Fee.....	XXX	XXX		345,755
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	345,755
3001. Prior Year Net Income.....	XXX	XXX		0
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	55,620	138,757
2. Net premium income (including \$0 non-health premium income).....	XXX	26,565,595	39,747,033
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	11,081,156	13,900,887
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	37,646,751	53,647,920
Hospital and Medical:			
9. Hospital/medical benefits		10,874,957	24,743,650
10. Other professional services		4,462,187	10,475,863
11. Outside referrals			10,020,750
12. Emergency room and out-of-area		1,493,609	601,161
13. Prescription drugs		5,210,542	10,321,753
14. Aggregate write-ins for other hospital and medical	0	0	686,847
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	0	22,041,295	56,850,024
Less:			
17. Net reinsurance recoveries		1,333,764	4,957,399
18. Total hospital and medical (Lines 16 minus 17)	0	20,707,531	51,892,625
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$0 cost containment expenses.....		343,650	0
21. General administrative expenses.....		15,009,098	26,451,573
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		(1,756,006)	3,158,000
23. Total underwriting deductions (Lines 18 through 22)	0	34,304,273	81,502,198
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	3,342,478	(27,854,278)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		16,871	29,066
26. Net realized capital gains (losses) less capital gains tax of \$			0
27. Net investment gains (losses) (Lines 25 plus 26)	0	16,871	29,066
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]		0	0
29. Aggregate write-ins for other income or expenses	0	(5,354,402)	(341,041)
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	(1,995,053)	(28,166,253)
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	(1,995,053)	(28,166,253)
DETAILS OF WRITE-INS			
0601. PPO Access Fee Revenue.....	XXX	6,453,055	8,914,031
0602. Payment Innovation Revenue.....	XXX		0
0603. Taxable Sales-LMS.....	XXX	91,257	96,477
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	4,536,844	4,890,379
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	11,081,156	13,900,887
0701. Prior Year.....	XXX		0
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401. Payment innovations claims expense.....			686,847
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	686,847
2901.			0
2902. Impairment of Assets.....			(341,041)
2903. Gain on Sale of Insurance Business.....		3,155,279	
2998. Summary of remaining write-ins for Line 29 from overflow page	0	(8,509,681)	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	(5,354,402)	(341,041)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	4,618,234	8,226,595
34. Net income or (loss) from Line 32	(1,995,053)	(28,166,253)
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	301,650	307,891
40. Change in unauthorized and certified reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	7,000,000	24,250,000
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	5,306,597	(3,608,362)
49. Capital and surplus end of reporting year (Line 33 plus 48)	9,924,831	4,618,234
DETAILS OF WRITE-INS		
4701.		0
4702.		0
4703.		0
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

Cash from Operations	1	2
	Current Year	Prior Year
1. Premiums collected net of reinsurance	22,362,615	39,637,803
2. Net investment income	17,795	23,646
3. Miscellaneous income	11,231,069	14,230,722
4. Total (Lines 1 through 3)	33,611,480	53,892,171
5. Benefit and loss related payments	24,556,612	46,992,157
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	23,738,525	23,119,997
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	48,295,137	70,112,154
11. Net cash from operations (Line 4 minus Line 10)	(14,683,657)	(16,219,983)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	4,497,563	0
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	4,497,563	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	0
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	4,497,563	0
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	7,000,000	24,250,000
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	(3,163,720)	8,605,783
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	3,836,280	32,855,783
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(6,349,814)	16,635,800
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	25,996,685	9,360,885
19.2 End of year (Line 18 plus Line 19.1)	19,646,871	25,996,685

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE HealthSpan Inc

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	26,565,595	26,565,595	0	0	0	0	0	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue.....	0									XXX
5. Aggregate write-ins for other health care related revenues.....	11,081,156	0	0	0	0	0	0	0	11,081,156	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6).....	37,646,751	26,565,595	0	0	0	0	0	0	11,081,156	0
8. Hospital/medical benefits	10,874,957	10,874,957								XXX
9. Other professional services	4,462,187	4,462,187								XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	1,493,609	1,493,609								XXX
12. Prescription drugs	5,210,542	5,210,542								XXX
13. Aggregate write-ins for other hospital and medical.....	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	0									XXX
15. Subtotal (Lines 8 to 14)	22,041,295	22,041,295	0	0	0	0	0	0	0	XXX
16. Net reinsurance recoveries	1,333,764	1,333,764								XXX
17. Total hospital and medical (Lines 15 minus 16)	20,707,531	20,707,531	0	0	0	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ cost containment expenses.....	343,650	343,650								
20. General administrative expenses	15,009,098	6,136,486							8,872,612	
21. Increase in reserves for accident and health contracts	(1,756,006)	(1,756,006)								XXX
22. Increase in reserves for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
23. Total underwriting deductions (Lines 17 to 22)	34,304,273	25,431,661	0	0	0	0	0	0	8,872,612	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	3,342,478	1,133,934	0	0	0	0	0	0	2,208,544	0
DETAILS OF WRITE-INS										
0501. PPO Access Fee Revenue.....	6,453,055								6,453,055	XXX
0502. Payment Innovation Revenue.....	0									XXX
0503. Taxable Sales-LMS.....	91,257								91,257	XXX
0598. Summary of remaining write-ins for Line 5 from overflow page.....	4,536,844	0	0	0	0	0	0	0	4,536,844	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	11,081,156	0	0	0	0	0	0	0	11,081,156	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	27,263,882		698,287	26,565,595
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 through 8)	27,263,882	.0	698,287	26,565,595
10. Life .....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	27,263,882	0	698,287	26,565,595

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE HealthSpan Inc

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Payments during the year:										
1.1 Direct	30,147,300	30,147,300								
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	3,834,682	3,834,682								
1.4 Net	26,312,618	26,312,618	0	0	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	2,837,579	2,837,579	0	0	0	0	0	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	2,837,579	2,837,579	0	0	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0									
6. Net healthcare receivables (a).....	0									
7. Amounts recoverable from reinsurers December 31, current year	2,005,393	2,005,393								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	10,943,584	10,943,584	0	0	0	0	0	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	10,943,584	10,943,584	0	0	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	4,506,311	4,506,311	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct	22,041,295	22,041,295	0	0	0	0	0	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	1,333,764	1,333,764	0	0	0	0	0	0	0	0
12.4 Net	20,707,531	20,707,531	0	0	0	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct	0									
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	0									
1.4. Net	0	0	0	0	0	0	0	0	0	0
2. Incurred but Unreported:										
2.1. Direct	2,837,579	2,837,579								
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	0									
2.4. Net	2,837,579	2,837,579	0	0	0	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct	0									
3.2. Reinsurance assumed	0									
3.3. Reinsurance ceded	0									
3.4. Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1. Direct	2,837,579	2,837,579	0	0	0	0	0	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4. Net	2,837,579	2,837,579	0	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	8,491,770	20,321,766	119,893	2,717,686	8,611,663	10,943,584
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).....	8,491,770	20,321,766	119,893	2,717,686	8,611,663	10,943,584
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)	8,491,770	20,321,766	119,893	2,717,686	8,611,663	10,943,584

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior0	.0	.0	.0	
2. 20120	.0	.0	.0	
3. 2013	XXX	.0	.0	.0	
4. 2014	XXX	XXX	12,085	4,179	
5. 2015	XXX	XXX	XXX	42,165	8,492
6. 2016	XXX	XXX	XXX	XXX	20,322

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior0	.0	.0	.0	
2. 20120	.0	.0	.0	
3. 2013	XXX	.0	.0	.0	
4. 2014	XXX	XXX	16,572	58,263	58,263
5. 2015	XXX	XXX	XXX	104,633	104,633
6. 2016	XXX	XXX	XXX	XXX	20,708

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012.....	.0	.0		.0	.0	.0			.0	.0
2. 2013.....	.0	.0		.0	.0	.0			.0	.0
3. 2014.....	19,262	.0		.0	.0	.0			.0	.0
4. 2015.....	39,747	8,492		.0	8,492	21.4	120		8,612	21.7
5. 2016	27,264	20,322	344	1.7	20,665	75.8	2,718	1,402	24,785	90.9

Pt 2C - Sn A - Paid Claims - MS

NONE

Pt 2C - Sn A - Paid Claims - DO

NONE

Pt 2C - Sn A - Paid Claims - VO

NONE

Pt 2C - Sn A - Paid Claims - FE

NONE

Pt 2C - Sn A - Paid Claims - XV

NONE

Pt 2C - Sn A - Paid Claims - XI

NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior0	.0	.0	.0	.0
2. 20120	.0	.0	.0	.0
3. 2013	XXX	.0	.0	.0	.0
4. 2014	XXX	XXX	12,085	4,179	.0
5. 2015	XXX	XXX	XXX	42,165	8,492
6. 2016	XXX	XXX	XXX	XXX	20,322

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior0	.0	.0	.0	.0
2. 20120	.0	.0	.0	.0
3. 2013	XXX	.0	.0	.0	.0
4. 2014	XXX	XXX	16,572	58,263	58,263
5. 2015	XXX	XXX	XXX	104,633	104,633
6. 2016	XXX	XXX	XXX	XXX	20,708

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 2013.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 2014.....	19,262	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 2015.....	39,747	8,492	.0	.0	8,492	21.4	120	.0	8,612	21.7
5. 2016	27,264	20,322	344	1.7	20,665	75.8	2,718	1,402	24,785	90.9

Pt 2C - Sn B - Incurred Claims - MS

NONE

Pt 2C - Sn B - Incurred Claims - DO

NONE

Pt 2C - Sn B - Incurred Claims - VO

NONE

Pt 2C - Sn B - Incurred Claims - FE

NONE

Pt 2C - Sn B - Incurred Claims - XV

NONE

Pt 2C - Sn B - Incurred Claims - XI

NONE

Part 2C - Sn C - Claims Expense Ratio MS
NONE

Part 2C - Sn C - Claims Expense Ratio DO
NONE

Part 2C - Sn C - Claims Expense Ratio VO
NONE

Part 2C - Sn C - Claims Expense Ratio FE
NONE

Part 2C - Sn C - Claims Expense Ratio XV
NONE

Part 2C - Sn C - Claims Expense Ratio XI
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.0								
2. Additional policy reserves (a).....	.0								
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income).....	.0								
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4)	0	0	0	0	0	0	0	0	0
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building)			707,910		707,910
2. Salaries, wages and other benefits		343,650	5,498,760		5,842,410
3. Commissions (less \$ceded plus \$assumed)			330,917		330,917
4. Legal fees and expenses			88,638		88,638
5. Certifications and accreditation fees			11,750		11,750
6. Auditing, actuarial and other consulting services			527,498		527,498
7. Traveling expenses			28,423		28,423
8. Marketing and advertising					0
9. Postage, express and telephone					0
10. Printing and office supplies			2,946		2,946
11. Occupancy, depreciation and amortization			28,674		28,674
12. Equipment					0
13. Cost or depreciation of EDP equipment and software					0
14. Outsourced services including EDP, claims, and other services			3,767,852		3,767,852
15. Boards, bureaus and association fees			42,661		42,661
16. Insurance, except on real estate			387,265		387,265
17. Collection and bank service charges					0
18. Group service and administration fees			1,188,552		1,188,552
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes			188,813		188,813
23.3 Regulatory authority licenses and fees			3,199		3,199
23.4 Payroll taxes			355,018		355,018
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	0	0	1,850,222	0	1,850,222
26. Total expenses incurred (Lines 1 to 25)	0	343,650	15,009,098	0	(a) 15,352,748
27. Less expenses unpaid December 31, current year		1,401,994	1,371,627		2,773,621
28. Add expenses unpaid December 31, prior year	0	298,461	4,301,256	0	4,599,717
29. Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	(759,883)	17,938,727	0	17,178,844
DETAILS OF WRITE-INS					
2501. Information Technology Services.....			15,177		15,177
2502. Shared Services.....			1,268,350		1,268,350
2503. ACA Health Insurer Fee and Exchange Fees.....			939,966		939,966
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	(373,271)	0	(373,271)
2599. Totals (Line 2501 through 2503 plus 2598) (Line 25 above)	0	0	1,850,222	0	1,850,222

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

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....16,871	.....16,871
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a).....	.....
1.3	Bonds of affiliates	(a).....0	.....
2.1	Preferred stocks (unaffiliated)	(b).....0	.....
2.11	Preferred stocks of affiliates	(b).....0	.....
2.2	Common stocks (unaffiliated) .....	.....0	.....
2.21	Common stocks of affiliates .....	.....0	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....	.....
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	16,871	16,871
11.	Investment expenses		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....0
17.	Net investment income (Line 10 minus Line 16)		16,871
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

(a) Includes \$121 accrual of discount less \$ amortization of premium and less \$0 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$0 paid for accrued dividends on purchases.
(c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....			.....0		
1.1	Bonds exempt from U.S. tax .....			.....0		
1.2	Other bonds (unaffiliated) .....			.....0		
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
3.	Mortgage loans .....	.....0	.....0	.....0	.....0	.....0
4.	Real estate .....	.....0	.....0	.....0		.....0
5.	Contract loans .....			.....0		
6.	Cash, cash equivalents and short-term investments .....			.....0	.....0	.....0
7.	Derivative instruments .....			.....0		
8.	Other invested assets .....	.....0	.....0	.....0	.....0	.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0	.....0
10.	Total capital gains (losses)	0	0	0	0	0
DETAILS OF WRITE-INS						
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets	8,722	46,421	37,699
12. Subtotals, cash and invested assets (Lines 1 to 11)	8,722	46,421	37,699
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	0	98,020	98,020
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable.....	0	165,931	165,931
25. Aggregate write-ins for other-than-invested assets	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	8,722	310,372	301,650
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	8,722	310,372	301,650
DETAILS OF WRITE-INS			
1101. Prepaid Expenses.....		37,699	37,699
1102. Other Assets.....	8,722	8,722	0
1103.		0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	8,722	46,421	37,699
2501.			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	9,573	3,774	3,053	2,341	1,918	37,951
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	2,757	2,682	1,753	2		17,669
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
7. Total	12,330	6,456	4,806	2,343	1,918	55,620
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies and Going Concern

a. Accounting Practices

The accompanying statutory financial statements of HealthSpan Inc. (“HealthSpan or the Company”) have been prepared in conformity with the National Association of Insurance Commissioners’ (“NAIC”) *Accounting Practices and Procedures* manual, (“NAIC SAP”), the NAIC Annual Statement Instructions, and other accounting practices as prescribed or permitted by the State of Ohio – Ohio Department of Insurance (ODI). There were no reported differences to net income, statutory surplus, or risk based capital for specific practices, prescribed or permitted by the State of Ohio, that deviate from NAIC SSAP in the reported periods.

	SSAP #	F/S Page	F/S Line #	Year Ended 12/31/16 (in thousands)	Year Ended 12/31/15 (in thousands)
NET INCOME					
(1) HealthSpan state basis (page 4, Line 32, Columns 2 & 3)				\$ (1,995)	\$ (28,166)
(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)				<u>\$ (1,995)</u>	<u>\$ (28,166)</u>
SURPLUS					
(5) HealthSpan state basis (page 3, Line 33, Columns 3 & 4)				\$ 9,925	\$ 4,618
(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)				<u>\$ 9,925</u>	<u>\$ 4,618</u>

b. Use of Management Estimates in the Preparation of the Financial Statements

The preparation of the statutory financial statements in conformity with NAIC SAP, the NAIC Annual Statement Instructions, and other accounting practices as prescribed or permitted by the ODI requires management to make estimates and assumptions that affect the reported amounts. The estimated fair value of investments; revenue accruals; ; the reserves for unpaid claims and claims adjustment expense; the premium deficiency reserves; legal liabilities; real estate, property, and equipment impairment and useful lives; and investment impairments represent significant estimates. Actual results could differ materially from those estimates.

c. Accounting Policies

Cash and Short Term Investments

Cash and short term investments – net include interest bearing deposits purchased with an original or remaining maturity of twelve months or less. Cash and investments that are restricted by contractual or regulatory requirements are classified as bonds and other invested assets and excluded from cash and short-term investments.

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies and Going Concern (continued)

c. Accounting Policies (continued)

Premiums and Health Care Receivables

Premiums and health care receivables exclude nonadmitted balances. Certain receivables are not admissible in accordance with the NAIC SAP. Nonadmitted amounts include all nongovernmental premiums and health care receivable greater than 90 days past due. In addition, when premiums and health care receivables greater than 90 days past due are more than a de minimus portion of the entire premiums and health care receivable balance, the entire premiums and health care receivable balance is nonadmitted.

Bonds and Other Invested Assets

Bonds and other invested assets include money market funds and U.S. Treasury securities. Recognized gains and losses are recorded on the specific identification basis. Interest income is included in net investment and other income.

Bonds are reported in accordance with NAIC Annual Statement Instructions (Statement Value). Accordingly, bonds that are designated highest quality, NAIC Designation 1 and 2, are reported at amortized cost using the effective interest method, and bonds that are classified as NAIC Designation 3 or lower are reported at lower of amortized cost or fair value.

Investments are regularly reviewed for impairment and a charge is recognized when the fair value is below cost basis and is judged to be other than temporary. Impairment is included in recognized losses.

The Company's investment transactions are recorded on a trade date basis.

HealthSpan is required to keep investments on deposit in the State of Ohio, where it is licensed. At December 31, 2016 and December 31, 2015, \$402 thousand and \$406 thousand, respectively, in long term U.S. Treasury notes were restricted to satisfy the state's regulatory requirements.

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies and Going Concern (continued)

c. Accounting Policies (continued)

Reserves for Claims Unpaid and Unpaid Claims Adjustment Expenses

The cost of health care services is recognized in the period in which services are provided. Reserves for unpaid claims and claims adjustment expense consists of unpaid health care expenses, which include an estimate of the cost of services provided to HealthSpan's members by third party providers that have been incurred but not reported. The estimate for incurred but not reported claims is based on actuarial projections of costs using historical paid claims and other relevant data. Estimates are monitored and reviewed and, as settlements are made or estimates are revised, adjustments are reflected in current operations. Such estimates are subject to the impact of changes in the regulatory environment and economic conditions. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. While the ultimate amount of paid claims is dependent on future developments, management is of the opinion that the reserves for unpaid claims and claims adjustment expense are adequate to cover such claims. Negative amounts reported for incurred claims related to prior years result from claims being adjudicated and paid for amounts less than originally estimated.

Receivables and Payables for Securities

Receivables and payables for securities represent current amounts for unsettled securities purchases or sales.

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies and Going Concern (continued)

c. Accounting Policies (continued)

Donations and Grants Made or Received

Donations and grants made are recognized at fair value in the period in which a commitment is made, provided the payment of the donation or grant is probable and the amount is determinable. Donations or grants received are recognized at fair value in the period the donation or grant was committed unconditionally by the grantor or in the period the donation or grant requirements are met, if later.

Revenue Recognition

Net premium income includes premiums from employer groups, and individuals. Revenue is recognized over the period in which the members are entitled to health care services.

Premiums collected in advance are deferred and recorded as premiums received in advance. Revenue is adjusted to reflect estimates of collectability, including retroactive membership adjustment trends and economic conditions. Revenue and related receivables are exclusive of charity care. A portion of revenues derived under contracts with the United States Office of Personnel Management is subject to audit and potential retrospective adjustments.

Pension and Other Postretirement Benefits

HealthSpan does not have defined benefit pension plans and does not offer postretirement benefits. HealthSpan offers a defined contribution plan.

Cost Allocations

For reporting lines of business activity, expenses are specifically identified or allocated using methodologies that yield the most accurate results.

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies and Going Concern (continued)

c. Accounting Policies (continued)

Going Concern

Effective February 29, 2016, HealthSpan entered into a definitive agreement with a buyer to transition its insurance business to buyer during 2016 with full exit by HealthSpan from the insurance business effective January 1, 2017 as follows:

- HealthSpan exited the employer group commercial business effective August 31, 2016 and endorsed buyer as the replacement carrier;
- HealthSpan exited the individual commercial line of business effective December 31, 2016.

HealthSpan has sufficient cash to fund run-out operations during 2017 and beyond, as needed, including claims payments related to services provided to covered members.

2. Accounting Changes and Corrections of Errors

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), to clarify revenue recognition principles. This guidance is intended to improve disclosure requirements and enhance the comparability of revenue recognition practices. Improved disclosures under the amended guidance relate to the nature, amount, timing and uncertainty of revenue that is recognized from contracts with customers. This guidance will be required to be applied retrospectively (either fully or on a modified approach). Although this guidance was originally expected to be effective for reporting periods beginning after December 15, 2016, the FASB issued ASU 2015-14 Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, to delay the effective date of ASU 2014-09 by one year (to reporting periods beginning after December 15, 2017) with early adoption permitted as of the original effective date. HealthSpan is currently evaluating the impact that ASU 2014-09 will have on its statutory-basis financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in ASU 2016-02 supersedes the lease recognition requirements in ASC Topic 840, Leases. ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. HealthSpan is currently evaluating the impact that ASU 2016-02 will have on its statutory-basis financial statements.

3. Business Combinations and Goodwill – None

4. Discontinued Operations – None

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

5. Investments

a. Mortgage Loans

As of December 31, 2016 and 2015, HealthSpan had no investments in mortgage loans.

b. Debt Restructuring

As of December 31, 2016 and 2015, HealthSpan had no investments in restructured debt.

c. Reverse Mortgages

As of December 31, 2016 and 2015, HealthSpan had no investments in reverse mortgages.

d. Loan Backed Securities

As of December 31, 2016 and 2015, HealthSpan had no investments in loan backed securities.

e. Repurchase Agreements and Securities Lending Transactions

As of December 31, 2016 and 2015, HealthSpan had no repurchase agreements or securities lending transactions.

f. Real Estate

As of December 31, 2016 and 2015, HealthSpan had no investments in real estate.

g. Investments in Low-Income Housing Tax Credits

As of December 31, 2016 and 2015, HealthSpan had no investments in low-income housing credits.

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

5. Investments (continued)

- h. Restricted Assets – HealthSpan is required to keep investments on deposit in the State of Ohio, where it is licensed. At December 31, 2016 and 2015, Healthspan maintained \$402 thousand and \$406 thousand, respectively, in restricted long-term U.S. Treasury notes to satisfy the state's regulatory requirements.

(in thousands)							
Restricted Asset Category		1 Total Gross Restricted from Current Year	2 Total Gross Restricted from Prior Year	3 Increase (Decrease) (1 minus 2)	4 Total Current Year Admitted Restricted	5 Percentage Gross Restricted to Total Assets	6 Percentage Admitted Restricted to Total Admitted Assets
a	Subject to contractual obligation for which liability is not shown						
b	Collateral held under security lending agreements						
c	Subject to repurchase agreements						
d	Subject to reverse repurchase agreements						
e	Subject to dollar repurchase agreements						
f	Subject to dollar reverse repurchase agreements						
g	Placed under option contracts						
h	Letter stock or securities restricted as to sale						
i	On deposit with states	\$ 400	\$ 400	\$ -	\$ 400	0.12%	0.12%
j	On deposit with other regulatory bodies						
k	Pledged as collateral not captured in other categories						
l	Other restricted assets						
m	Total Restricted Assets	400	400	-	400	0.12%	0.12%

- i. Working Capital Finance Investments

As of December 31, 2016 and 2015, HealthSpan had no working capital finance investments.

- j. Offsetting and Netting of Assets and Liabilities

As of December 31, 2016 and 2015, HealthSpan had no offsetting of derivative, repurchase, or securities borrowing and lending assets or liabilities.

- k. Structured Notes

As of December 31, 2016 and 2015, HealthSpan had no structured notes.

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

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

7. Investment Income

All investment income due and accrued is admitted at December 31, 2016 and 2015.

8. Derivative Instruments – None.

9. Income Taxes

As appropriate under the applicable accounting standards, no deferred tax assets or liabilities are required to be recognized at December 31, 2016 and 2015.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

In 2014, Mercy Health (formerly Catholic Health Partners, or CHP) sold all of the outstanding capital stock of HealthSpan, Inc. to HealthSpan Partners (HSP) for \$3,600,000 in the form of a promissory note due on December 31, 2023. HSP is a distinct, secular and tax-exempt organization with the primary objective of developing provider networks and insurance products. HSP is a partner organization of Mercy Health. Mercy Health is a Catholic health organization, supervising market delivery systems consisting of hospitals, nursing homes, and other organizations providing health-related services. The Company was issued its Certificate of Authority by the Ohio Department of Insurance in July 2013. In 2016 and 2015, HealthSpan, Inc. received \$7.0 million and \$24.25 million, respectively of contributed surplus from HSP.

HealthSpan incurs expenses for information technology, treasury, general management, administrative support, accounting, and accounts payable processing services provided by Mercy Health. For the twelve months ending December 31, 2016 and 2015, HealthSpan incurred expenses of \$2.0 million and \$5.3 million for services provided by Mercy Health, respectively.

The Company provides services to Mercy Health for medical management and provider network services related to Mercy Health's employee health benefit plans. The Company also provides Mercy Health services for the support of the Accountable Care Organization (ACO). Amounts reflected in the financial statements are reflective of current billings for these services. During 2016 HS Inc. paid \$8.5 million to Mercy Health for its self-insured employee benefit plans in its Toledo and Lorain markets and was paid in resolution of a dispute over shortfalls in network discounts obtained by HS Inc.

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties (Continued)

At December 31, 2016 and 2015, related party and affiliate balances were as follows (in thousands):

	<u>12/31/2016</u>	<u>12/31/2015</u>
Mercy Health	\$ (8,773)	\$ (952)
HealthSpan Partners	2,090	411
HealthSpan Physicians	-	-
HealthSpan Integrated Care	129	227
	<u>\$ (6,554)</u>	<u>\$ (314)</u>

11. Debt

As of December 31, 2015, HealthSpan does not have an agreement with the Federal Home Loan Bank or other third party lenders.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and other Postretirement Benefit Plans

As of December 31, 2016 and 2015, the Company has no retirement plans, deferred compensation, post-employment benefits and compensated absences, and post-retirement benefit plans.

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

13. Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations

HealthSpan is a nonprofit, charitable corporation and does not issue stock. HealthSpan Partners (HSP) is the sole corporate member of HealthSpan and no individual or entity has any ownership interest in HealthSpan. HealthSpan and HSP share certain corporate officers.

(1) – (2)

HealthSpan is a nonprofit, charitable organization and does not issue stock. HealthSpan Partners (HSP) is the sole corporate member of HealthSpan and no individual or entity has any ownership interest in HealthSpan. HealthSpan and HSP share certain corporate officers.

(3) – (6)

For the years ended December 31, 2016 and 2015, the Company paid no dividends. In accordance with the Ohio Revised Code, HealthSpan must receive approval from the ODI to pay a dividend or a distribution which, when combined with dividends or distributions paid within the preceding 12 months exceeds the greater of either; (a) 10% of HealthSpan's statutory capital and surplus at December 31, 2016 or (b) HealthSpan's net gain from operations on a statutory basis for the year ended December 31, 2016.

(7) – (8)

At December 31, 2016 and December 31, 2015, HealthSpan held no stock for special purpose and is not a mutual reciprocal entity.

(9)

As of December 31, 2015, HealthSpan has reclassified \$346 thousand from unassigned funds to special surplus, representing the Company's estimated Annual Fee on Health Insurers for the year ended December 31, 2016.

(10)

No portion of surplus is represented by cumulative unrealized gains or losses.

(11)

The Company has no surplus notes at December 31, 2016 and 2015.

(12) – (13)

HealthSpan did not undergo any quasi-reorganization in the years ended December 31, 2016 or 2015.

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

14. Liabilities, Contingencies and Assessments

A - Contingent commitments

As of December 31, 2016 and 2015, HealthSpan was not a guarantor, and had no commitments to a subsidiary, controlled or affiliated entity.

B – C Assessments and Gain Contingencies

As of December 31, 2016 and 2015, HealthSpan had no assessments or gain contingencies that could have a material effect on the financial statements.

D – Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

For the years ended December 31, 2016 and 2015, HealthSpan paid the following amounts in the reporting periods to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits (in thousands):

	<u>2016</u>	<u>2015</u>
Claims related ECO and bad faith losses paid during the reporting period:	\$ <u>-</u>	\$ <u>-</u>

The number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period were:

	(a)	(b)	(c)	(d)	(e)
	0 - 25 Claims	25 - 50 Claims	51 - 100 Claims	101 - 500 Claims	More than 500 Claims
2015	✕				
2014	✕				

The claim count information above is disclosed per claim.

E – Joint and Several Liabilities.

HealthSpan is involved in various legal proceedings arising in the ordinary course of business operations. Such litigation proceedings include: administrative litigation, employment litigation, breach of contract and other commercial and tort litigation, consistent with the health care industry.

In the opinion of management, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the financial position or results of operations of HealthSpan. Where appropriate, reserves have been established in accordance with SSAP No. 5R, *Liabilities, Contingencies, and Impairment of Assets*. The outcome of litigation and other legal and regulatory matters is inherently uncertain, however, and it is possible that one or more of the legal or regulatory matters currently pending or threatened could have a material adverse effect.

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

15. Leases

A – Operating Leases

- (1) HealthSpan leases primarily office space and equipment under various operating leases that expire through 2017. Certain leases contain rent escalation clauses and renewal options for additional periods.

Total operating lease expense for all operating leases except those with terms of a month or less that were not renewed was (in thousands):

	<u>2016</u>	<u>2015</u>
Minimum rentals	\$ 656	\$ 620
Contingent rentals	—	—
Less: Sublease rentals	—	—
	<u>\$ 656</u>	<u>\$ 620</u>

- (2) At December 31, 2016, minimum aggregate commitments under noncancelable operating leases extending beyond one year were as follows (in thousands):

Year Ending December 31	Operating Leases
2017	\$149
2018	—
2019	—
2020	—
Thereafter	—
Total	<u>\$149</u>

- (3) The Company is not involved in any material sales-leaseback transactions.

B – Lessor Leases

Leasing is not a material part of the Company's activities in terms of revenue, net income, or assets.

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

Financial instruments that potentially subject HealthSpan to concentrations of credit risk consist primarily of investment securities and accounts receivable. All investments in securities are managed within guidelines established by HealthSpan's management, which, as a matter of policy and procedure, limit the amounts that may be invested in each type of security, with any one issuer, and in various credit quality classifications. Concentrations of credit risk with respect to accounts receivable is limited due to the large number of payers comprising HealthSpan's customer base. Accordingly, HealthSpan does not believe any significant concentration of off-balance sheet or credit risk existed at December 31, 2016 or December 31, 2015.

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities – None

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

A-B – ASO and ASC Plans – None

C – Medicare or Similarly Structured Cost Based Reimbursement Contract - None

19. Direct Premium Written / Produced by Managing General Agents / Third Party Administrators - None

20. Fair Value Measurements

HealthSpan has no nonfinancial assets or liabilities that are required to be measured and reported at fair value on a recurring basis. Fair value is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. HealthSpan's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.
- Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement.

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

20. Fair Value Measurements (continued)

Investments, as discussed in the *Investments* note, are reported at lower of amortized cost or fair value, with impairment recorded if amortized cost is greater than fair value. The fair values of investments are based on quoted market prices, if available, or estimated using quoted market prices for similar investments. If listed prices or quotes are not available, fair value is based upon other observable inputs or models that primarily use market-based or independently sourced market parameters as inputs. In addition to market information, models also incorporate transaction details such as maturity. Fair value adjustments, including credit, liquidity, and other factors are included, as appropriate, to arrive at a fair value measurement.

Investments at statement value and estimated fair value at December 31, 2016 (in thousands).

Asset Description	Aggregate	Admitted	Level 1	Level 2	Level 3
	Fair Value	Assets			
U.S Treasury Bonds	\$ 402	\$ 400		\$ 402	\$ -
Industrial and miscellaneous Bonds	-	-		-	
Total Investments	\$ 402	\$ 400	\$ -	\$ 402	\$ -

Investments at statement value and estimated fair value at December 31, 2015 (in thousands).

Asset Description	Aggregate	Admitted	Level 1	Level 2	Level 3
	Fair Value	Assets			
U.S Treasury Bonds	\$ 4,901	\$ 4,897	\$ -	\$ 4,901	\$ -
Industrial and miscellaneous Bonds	-	-		-	
Total Investments	\$ 4,901	\$ 4,897	\$ -	\$ 4,901	\$ -

21. Other Items

- a. Extraordinary Items – Not Applicable
- b. Troubled Debt Restructuring – Not applicable
- c. Other Disclosure and Unusual Items – Not Applicable
- d. Business Interruption Insurance Recoveries – Not Applicable
- e. State Transferrable and Non-transferrable Tax Credits – Not applicable
- f. Subprime Mortgage Related Risk Exposure – Not applicable.
- g. Retained Assets – Not applicable

22. Subsequent Events - None

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

23. Reinsurance

In addition to the ACA reinsurance program, during 2016 and 2015, HealthSpan held a reinsurance contract with a third party reinsurer to protect itself against high-cost, catastrophic claims exposure for its comprehensive line of business. The reinsurance agreement is a non-proportional per risk excess of loss agreement whereby HealthSpan retains the first \$300 of loss per member plus 10% coinsurance for claims exceeding the retention. The reinsurance contract does not relieve HealthSpan of its primary obligation to pay member claims. In 2016 and 2015, HealthSpan ceded premium of \$631 and \$1,260, and has recorded \$508 and \$1,305, respectively, of reinsurance recoveries related to this contract as a reduction of claims expense.

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes () No (X)

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

Yes () No (X)

Section 2 – Ceded Reinsurance Report – Part A

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

Yes () No (X)

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

Yes () No (X)

Section 3 – Ceded Reinsurance Report – Part B

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

None

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

23. Reinsurance (continued)

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

Yes () No (X)

B. Uncollectible Reinsurance (None)

(1) The Company has written off in the current year reinsurance balances due (from the companies listed below) in the amount of: \$0.0, which is reflected as:

a. Losses incurred	\$	-
b. Loss adjustment expenses incurred	\$	-
c. Premiums earned	\$	-
d. Other	\$	-
e. Company	<u>Amount</u>	

C. Commutation of Ceded Reinsurance (None)

The Company has reported in its operations in the current year as a result of commutation of reinsurance below, amounts, which are reflected as:

a. Losses incurred	\$	-
b. Loss adjustment expenses incurred	\$	-
c. Premiums earned	\$	-
d. Other	\$	-
e. Company	<u>Amount</u>	

D. Certified Reinsurer Rating Downgraded or Status Subject To Revocation (None)

(1) Reporting Entity Ceding to Certified Reinsurer Whose Rating Was Downgraded or Status Subject to Revocation

Name of Certified Reinsurer	Relationship to Reporting Entity	Date of Action	Jurisdiction of Action	Collateral Percentage Requirement		Net Obligation Subject to Collateral	Collateral Required (but not Received)
				Before	After		
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

24. Retrospectively Rated Contracts

The ACA established risk sharing programs, known as risk adjustment, reinsurance, and risk corridors, to protect health insurers against the incurrence of high claims which may occur as a result of the guarantee issue rules of the ACA. Two of the programs, reinsurance and risk corridors, are temporary and conclude in 2016. The risk adjustment program is permanent.

The risk adjustment program shifts risk by transferring funds to individual and small group plans that report high risk based on the demographic factors and health status of each member as derived from current year medical diagnosis as reported throughout the year. This program transfers funds from lower risk plans to higher risk plans within similar plans in the same state. Under the risk adjustment program, a risk score is assigned to each covered member to determine an average risk score at the individual and small group level by legal entity in a particular market in a state. Additionally, an average risk score is determined for the entire subject population for each market in each state. Settlements are determined on a net basis by legal entity and state. Each health insurance issuer's average risk score is compared to the state's average risk score. Plans with an average risk score below the state average will pay into a pool, and health insurance issuers with an average risk score that is greater than the state average risk score will receive money from that pool. The Company's estimate of amounts receivable and/or payable under the risk adjustment program is based on our estimate of both our own and the state average risk scores. The amount estimated to be paid in 2017 to the risk adjustment program for 2016 is \$1,066 million as of December 31, 2016 (as of December 31, 2015, the risk adjustment reserve was \$7,451 million). HealthSpan paid \$4,206 million for risk adjustment during 2016 for the 2015 assessments which is reflected as a change in estimate within net premium revenue. HealthSpan has recorded contributions to the risk adjustment program as assessments which are included in the statement of admitted assets, liabilities, and surplus.

The risk corridor program limits issuer gains and losses for qualified health plans in the individual and small markets by comparing allowable medical costs to a target amount, each defined/prescribed by Department of Health and Human Services (HHS), and sharing the risk for allowable costs with the federal government. Allowable medical costs are adjusted for risk adjustment settlements, transitional reinsurance recoveries, and cost sharing reductions received from HHS. Variances from the target exceeding certain thresholds may result in HHS making additional payments to HealthSpan or require HealthSpan to refund HHS a portion of the premiums we received. HHS guidance provides that risk corridor collections over the life of the three year program will first be applied to any shortfalls from previous benefit years before application to current year obligations. For 2016 and 2015 HealthSpan had unrecorded receivables of \$13.0 million and \$12.8 million, respectively. During 2016, HealthSpan recognized \$251 thousand and collected \$205 thousand in income related to the 2014 Risk Corridor receivable. A balance of \$46 thousand, which represents the CMS indicated portion of the 2014 receivable to be paid from 2015 collections, is reflected in the statutory-basis financial statements at December 31, 2016. No receivable from 2015 or 2016 is reflected in the financial statements as the program is not funded and management has determined that the collectability is uncertain. The NAIC's position on the risk corridor requires that any receivable recorded be non-admitted on the statutory-basis financial statements. No risk corridor liability is anticipated for 2016.

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

24. Retrospectively Rated Contracts (Continued)

The reinsurance program requires HealthSpan to make reinsurance contributions for calendar years 2014 through 2016 to HHS based on a national contribution rate per covered member as determined by HHS. While all commercial medical plans, including self-funded plans, are required to fund the reinsurance entity, only fully-insured non-grandfathered plans compliant with the ACA in the individual commercial market will be eligible for recoveries if individual claims exceed a specified threshold. Accordingly, plan contributions are recorded as premium reductions and recoveries are recorded as a reduction of claim expense. For group members, the ACA reinsurance program is accounted for as an assessment because claims incurred for group members are not eligible for recovery under the program.

For individual members, who may incur high claim costs eligible for reimbursement, the ACA reinsurance program is accounted for as reinsurance. Accordingly, plan contributions are recorded as premium reductions and recoveries are recorded as a reduction of claim expense. For group members, the ACA reinsurance program is accounted for as an assessment because claims incurred for group members are not eligible for recovery under the program.

The following table summarizes the medical loss ratio rebates required pursuant to the Public Health Service Act.

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

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

24. Retrospectively Rated Contracts (Continued)

The following table summarizes the impacts of the risk sharing provisions of the ACA on admitted assets, liabilities and revenue of HealthSpan as of December 31, 2016 (*in thousands*):

a. Permanent ACA Risk Adjustment Program	<u>12/31/2016</u>
Assets	
1. Premium adjustments receivable	\$ -
Liabilities	
2. User fees payable	\$ 6
3. Premium adjustments payable	\$ 1,066
Operations	
4. Reported as revenue in premium for accident and health contracts (written / collected)	\$ 368
5. Reported in expenses user fees (incurred / paid)	\$ 8
b. Transitional ACA Reinsurance	
Assets	
1. Amount recoverable for claims paid	\$ 1,031
2. Amounts recoverable for claims unpaid	
3. amounts receivable relating to uninsured plans for contributions	
Liabilities	
4. Liabilities for contributions payable -not reported as ceded premium	
5. Ceded reinsurance premiums payable	\$ 66
6. Liabilities for amounts held under uninsured plans contributions for reinsurance (2).	
Operations	
7. Ceded reinsurance premiums due	\$ 79
8. Reinsurance recoveries (income statement) due to reinsurance payments or expected payments	\$ 1,624
9. Reinsurance contributions -not reported as ceded premium	\$ 48
c. Temporary ACA Risk Corridors Program	
Assets	
1. Accrued retrospective premium due (1)	\$ 46
Liabilities	
2. Reserve for rate credits or policy experience rating refunds (1)	\$ -
Operations	
3. Effect on net premium income (paid / received) (1)	\$ 251
4. Change in reserves for rate credits (1)	\$ -

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

24. Retrospectively Rated Contracts (continued)

	Accrued prior year on business written before December 31 of the prior year		Received or paid as of the current year on business written before December 31 of the prior year		Prior year accrued less payments col (1-3)	Prior year accrued less payments col (2-4)	To prior year balances	To prior year balances		Cumulative balance from prior years Col (1-3+7)	Cumulative balance from prior years Col (2-4+8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustment receivable	-	-	-	-	-	-	-	-	A	-	-
2. Premium adjustment (payable)	-	(7,451)	-	(7,215)	-	(236)	-	236	B	-	-
3. Subtotal ACA Permanent Risk Adjustment Program	-	(7,451)	-	(7,215)	-	(236)	-	236		-	-
Adjustment Program											
1. Amounts recoverable for claims paid	3,356	-	3,704		(347)	-	802	-	C	454	-
2. Amounts recoverable for claims unpaid (contra liability)	-	-	-	-	-	-	-	-	D	-	-
3. Amounts receivable relating to uninsured plans	-	-	-	-	-	-	-	-	E	-	-
4. liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	-	-	-	-	-	-	-	(114)	F	-	(114)
5. Ceded reinsurance premiums payable	-	(519)	-	(399)	-	(120)	-	120	G	-	-
6. Liability for amounts held under uninsured plans	-	-	-	-	-	-	-	-	H	-	-
7. Subtotal ACA transitional reinsurance program	3,356	(519)	3,704	(399)	(347)	(120)	802	6		454	(114)
c. Temporary ACA risk corridor program											
1. Accrued retrospective premium	-	-	754	-	(754)	-	800	-	I	46	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	J	-	-
3. Subtotal ACA risk corridors program	-	-	754	-	(754)	-	800	-		46	-
d. Total for ACA risk Sharing Provisions	3,356	(7,970)	4,458	(7,614)	(1,101)	(356)	1,602	242		500	(114)

Explanations

- A. Not applicable.
- B. Estimate was adjusted to Final CSR results
- C. Estimate was adjusted to Final CSR results
- D. Not applicable.
- E. Not applicable.
- F. Estimate was greater than actual
- G. Estimate was less than actual
- H. Not applicable
- I. Not applicable.
- J. Not applicable.

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

25. Retrospectively Rated Contracts (continued)

Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year

Risk Corridors Program Year	Accrued during the Prior Year on Business Written Before Dec 31 of the Prior Year		Received or Paid as of the Current Year on Balances Written Before Dec 31 of the Prior Year		Differences		Adjustments		Ref	Unadjusted Balances as of the Reporting Date	
					Prior year Accrued less Payments (Col. 1-3)	Prior year Accrued less Payments (Col. 2-4)	To Prior year Balances	To Prior year Balances		Cumulative Balance from Prior Years (Col 1-3+7)	Balance from Prior Years (COL 2-4+8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	Payable	Receivable	Payable	Receivable	Payable	Receivable	Payable		Receivable	Payable
a. 2014											
1. Accrued retrospective premium	\$ -	\$ -	\$ 754	\$ -	\$ (754)	\$ -	\$ 800	\$ -	A	\$ 46	\$ -
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	B	-	-
b. 2015											
1. Accrued retrospective premium	-	-	-	-	-	-	-	-	C	-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	D	-	-
c. 2016											
1. Accrued retrospective premium	-	-	-	-	-	-	-	-	E	-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	F	-	-
Total Risk Corridors	\$ -	\$ -	\$ 754	\$ -	\$ (754)	\$ -	\$ 800	\$ -		\$ 46	\$ -
Explanation of Adjustments											
A											
B											
C											
D											
E											
F											

ACA Risk Corridors Receivable as of Reporting Date

Risk Corridors Program year	1	2	3	4	5	6
	Estimated Amount to be Filed or Final Amount Filed with CMS	Non-Accrued Amounts for Impairment or Other Reasons	Amounts received from CMS	Asset Balance (Gross of Non-admission) (1-2-3)	Non-admitted Amount	Net Admitted Asset (4-5)
a. 2014	\$ 5,067	\$ 4,267	\$ 754	\$ 46	\$ -	\$ 46
b. 2015	8,659	8,659	-	-	-	-
c. 2016	27	27	-	-	-	-
d. Total (a+b+c)	\$ 13,753	\$ 12,953	\$ 754	\$ 46	\$ -	\$ 46

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

26. Change in Incurred Claims and Claim Adjustment Expenses

	<u>12/31/2016</u>	<u>12/31/2015</u>
Claims Payable:		
Balance beginning of period	\$ 11,242	\$ 4,487
Incurred Claims:		
Insured Events of Current Year	\$ 23,039	\$ 52,099
Increase (decrease) insured events of prior year	<u>(1,227)</u>	<u>(206)</u>
Total incurred claims	\$ 21,812	\$ 51,893
Payment of claims:		
Claims incurred in prior years	\$ 8,492	\$ 4,179
Claims incurred in current year	<u>20,322</u>	<u>40,959</u>
Total claims paid	\$ 28,814	\$ 45,138
Balance end of the period	<u>\$ 4,240</u>	<u>\$ 11,242</u>

27. Intercompany Pooling Arrangements

HealthSpan has no intercompany pooling arrangements.

28. Structured Settlements

Not applicable for health entities.

HealthSpan Inc.
Notes to Financial Statements
December 31, 2016

29. Health Care Receivables

a. Pharmaceutical Rebate Receivables

The Company accounts for pharmaceutical rebate receivables in accordance with SSAP No. 84, *Certain Health Care Receivables and Receivables under Government Insured Plans (SSAP No. 84)*. Included in health care receivables as of December 31, 2016 and 2015 are \$0.1 million and \$0.0 million, of pharmacy rebates, respectively. These are comprised of estimated pharmacy rebates for the current quarter as reported in the financial statements plus the pharmacy rebates invoiced/confirmed for the preceding quarter. Additional details are included in the table below:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates received Within 90 Days of Billing	Actual Rebates received Within 91 to 180 Days of Billing	Actual Rebates received More Than 180 Days of Billing
12/31/2016	\$ 125	\$ 125	\$ 29	\$ 44	\$ -
9/30/2016	\$ 189	\$ 189	\$ 41	\$ 39	\$ 7
6/30/2016	\$ 188	\$ 188	\$ 94	\$ 8	\$ 5
3/31/2016	\$ 156	\$ 156	\$ 70	\$ 34	\$ 26

30. Participating Policies - None

31. Premium Deficiency Reserves

Premium Deficiency Reserve (PDR) and the related expenses are recognized when it is probable that expected future health care and maintenance costs under a group of existing insurance contracts will exceed anticipated future premiums, current reserves and anticipated future reinsurance recoveries over the insurance contract period. The Company projects future premiums and losses using historical results to help determine future performance for both prepayments and claims. An estimated expense factor is then applied, and the result is discounted using a rate of return. This net present value, less any existing reserves, is recorded as a premium deficiency. Expected investment income and interest expense are included in the calculation of premium deficiency reserves, as appropriate. The premium deficiency reserve was \$3.2 million at December 31, 2015 and was actuarially determined. As of December 31, 2016 \$1.4 million of the PDR was reclassified to unpaid claims adjustment expenses on the balance sheet. Given the inherent variability of the reserve estimate, the actual liability could differ significant from the calculated amount.

32. Anticipated Salvage and Subrogation

HealthSpan had no salvage and subrogation included in as a reduction of loss reserves for the years ended December 31, 2016 and 2015, respectively.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐
- 1.3

State Regulating?

Ohio.....
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:

.....
- 3.1

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

.....12/31/2015
- 3.2

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

.....12/31/2015
- 3.3

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

.....01/30/2017
- 3.4

By what department or departments? Ohio Department of Insurance.....
- 3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☐ No ☐ N/A ☒
- 3.6

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

Yes ☐ No ☐ N/A ☒
- 4.1

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

4.11 sales of new business? Yes ☐ No ☒

4.12 renewals? Yes ☐ No ☒
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes ☐ No ☒

4.22 renewals? Yes ☐ No ☒
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 5.2

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

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

- 6.1

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

Yes ☐ No ☒
- 6.2

If yes, give full information
- 7.1

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

Yes ☐ No ☒
- 7.2

If yes,
- 7.21

State the percentage of foreign control

.....0.0
- 7.22

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

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

GENERAL INTERROGATORIES

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young LLP, 1900 Scripps Center, 312 Walnut Street, Cincinnati, Ohio 45202.....

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

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

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

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

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

10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Glenn A. Giese, Principal, FSA, MAAA, Oliver Wyman Consulting Actuaries, 411 East Wisconsin Ave., Suite 1300 Milwaukee, WI 53202....

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

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

0

\$.....

12.2 If yes, provide explanation

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

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

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

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

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

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.

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

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s)

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

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

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?
- Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?
- Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?
- Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?
- Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....
- 20.12 To stockholders not officers \$.....
- 20.13 Trustees, supreme or grand (Fraternal only) \$.....
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$.....
- 20.22 To stockholders not officers \$.....
- 20.23 Trustees, supreme or grand (Fraternal only) \$.....
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?
- Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$.....
- 21.22 Borrowed from others \$.....
- 21.23 Leased from others \$.....
- 21.24 Other \$.....
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?
- Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....
- 22.22 Amount paid as expenses \$.....
- 22.23 Other amounts paid \$.....
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- Yes [] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- \$.....

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)
- Yes [X] No []
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?
- Yes [] No [] NA [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.
- \$.....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.
- \$.....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?
- Yes [] No [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
- Yes [] No [] NA [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?
- Yes [] No [] NA [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....
- 24.103 Total payable for securities lending reported on the liability page \$.....

GENERAL INTERROGATORIES

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

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

25.21 Subject to repurchase agreements

25.22 Subject to reverse repurchase agreements

25.23 Subject to dollar repurchase agreements

25.24 Subject to reverse dollar repurchase agreements

25.25 Placed under option agreements

25.26 Letter stock or securities restricted as to sale – excluding FHLB Capital Stock

25.27 FHLB Capital Stock

25.28 On deposit with states

25.29 On deposit with other regulatory bodies

25.30 Pledged as collateral – excluding collateral pledged to an FHLB

25.31 Pledged as collateral to FHLB – including assets backing funding agreements

25.32 Other

\$.....

\$.....

\$.....

\$.....

\$.....

\$.....

\$.....

\$.....399,815

\$.....

\$.....

\$.....

\$.....

25.3 For category (25.26) provide the following:

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

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

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

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

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

28. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity’s offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [X] No []

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

1 Name of Custodian(s)	2 Custodian’s Address
State Street Bank and Trust.....	801 Pennsylvania, Kansas City, MO 64105.....
Fifth Third Bank.....	38 Fountain Square Plaza, Cincinnati, OH 45263.....

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

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

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

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

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

GENERAL INTERROGATORIES

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts"; "...handle securities"]

1 Name of Firm or Individual	2 Affiliation
.....
.....
.....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) manage more than 10% of the reporting entity’s assets? Yes [] No []

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity’s assets? Yes [] No []

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of “A” (affiliated) or “U” (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
.....
.....
.....

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....
.....
.....
29.2999 TOTAL		0

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	399,815	401,876	2,061
30.2 Preferred Stocks.....	0		0
30.3 Totals	399,815	401,876	2,061

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

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

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

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

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

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

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

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

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

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2 If yes, indicate premium earned on U.S. business only.

\$0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$0

1.62 Total incurred claims

\$0

1.63 Number of covered lives

.....0

All years prior to most current three years:

1.64 Total premium earned

\$0

1.65 Total incurred claims

\$0

1.66 Number of covered lives

.....0

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$0

1.72 Total incurred claims

\$0

1.73 Number of covered lives

.....0

All years prior to most current three years:

1.74 Total premium earned

\$0

1.75 Total incurred claims

\$0

1.76 Number of covered lives

.....0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$26,565,595	\$	.....39,747,033
2.2	Premium Denominator	\$26,565,595	\$	.....39,747,033
2.3	Premium Ratio (2.1/2.2)	.....1.000		.....1.000
2.4	Reserve Numerator	\$2,837,579	\$	.....14,101,584
2.5	Reserve Denominator	\$2,837,579	\$	.....14,101,584
2.6	Reserve Ratio (2.4/2.5)	.....1.000		.....1.000

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

Yes [] No [X]

3.2 If yes, give particulars:

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

Yes [X] No []

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

Yes [] No [X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical

\$300,000

5.32 Medical Only

\$

5.33 Medicare Supplement

\$

5.34 Dental and Vision

\$

5.35 Other Limited Benefit Plan

\$

5.36 Other

\$

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

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

Yes [X] No []

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

.....33,053

8.2 Number of providers at end of reporting year

.....34,862

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

Yes [] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

.....

9.22 Business with rate guarantees over 36 months

.....

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

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

Yes [] No [X]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....

10.22 Amount actually paid for year bonuses

\$.....

10.23 Maximum amount payable withholds

\$.....

10.24 Amount actually paid for year withholds

\$.....

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes [] No [X]

11.13 An Individual Practice Association (IPA), or,

Yes [] No [X]

11.14 A Mixed Model (combination of above) ?

Yes [] No [X]

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

Yes [X] No []

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

Ohio.....

11.4 If yes, show the amount required.

\$.....2,658,862

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

Yes [] No [X]

11.6 If the amount is calculated, show the calculation

200% of ACL from RBC calculation

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

1
Name of Service Area
Adams.....
Allen.....
Aulaize.....
Brown.....
Butler.....
Champaign.....
Clark.....
Clermont.....
Clinton.....
Cuyahoga.....
Fulton.....
Geauga.....
Hamilton.....
Henry.....
Highland.....
Lake.....
Lorain.....
Lucas.....
Mahoning.....
Medina.....
Mercer.....
Ottawa.....
Portage.....
Preble.....
Putnam.....
Shelby.....
Stark.....
Summit.....
Trumbull.....
Van Wert.....
Wayne.....
Wood.....

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

Yes [] No [X]

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

\$.....

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

Yes [] No [X]

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

\$.....

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

Yes [] No [X N/A []

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

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

15. Provide the following for Individual ordinary life insurance* policies (U.S. business Only) for the current year:

15.1 Direct Premium Written (prior to reinsurance ceded)

\$.....

15.2 Total incurred claims

\$.....

15.3 Number of covered lives

.....

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

FIVE - YEAR HISTORICAL DATA

	1 2016	2 2015	3 2014	4 2013	5 2012
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	23,931,523	36,277,188	18,106,588	8,669,703	0
2. Total liabilities (Page 3, Line 24)	14,006,692	31,658,945	9,879,992	1,848,436	0
3. Statutory minimum capital and surplus requirement	2,658,862	5,799,484	2,500,000	2,500,000	0
4. Total capital and surplus (Page 3, Line 33)	9,924,831	4,618,243	8,226,593	6,821,267	0
Income Statement (Page 4)					
5. Total revenues (Line 8)	37,646,751	53,647,920	31,890,362	4,574,819	0
6. Total medical and hospital expenses (Line 18)	20,707,531	51,892,625	16,572,405	0	0
7. Claims adjustment expenses (Line 20)	343,650	0	0	0	0
8. Total administrative expenses (Line 21)	15,009,098	26,451,573	18,528,570	7,277,547	0
9. Net underwriting gain (loss) (Line 24)	3,342,478	(27,854,278)	(3,210,613)	(2,702,728)	0
10. Net investment gain (loss) (Line 27)	16,871	29,066	29,069	14,000	0
11. Total other income (Lines 28 plus 29)	(5,354,402)	(341,041)	0	0	0
12. Net income or (loss) (Line 32)	(1,995,053)	(28,166,253)	(3,181,544)	(2,688,728)	0
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	(14,683,657)	(16,219,983)	(1,246,876)	(2,306,018)	0
Risk-Based Capital Analysis					
14. Total adjusted capital.....	9,924,831	4,618,243	8,226,593	6,821,267	0
15. Authorized control level risk-based capital	1,329,431	2,899,742	1,578,870	14,162	0
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	1,918	12,330	15,083	0	0
17. Total members months (Column 6, Line 7)	55,620	138,757	48,716	0	0
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	77.9	130.6	86.0	0.0	0.0
20. Cost containment expenses	0.0	0.0	0.0	0.0	0.0
21. Other claims adjustment expenses	1.3	0.0	0.0	0.0	0.0
22. Total underwriting deductions (Line 23)	129.1	205.1	182.2	0.0	0.0
23. Total underwriting gain (loss) (Line 24)	12.6	(70.1)	(16.7)	0.0	0.0
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	8,611,663	4,281,310	0	0	0
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	10,943,584	4,487,466	0	0	0
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31.....	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above	0	0	0	0	0

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

If no, please explain

.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

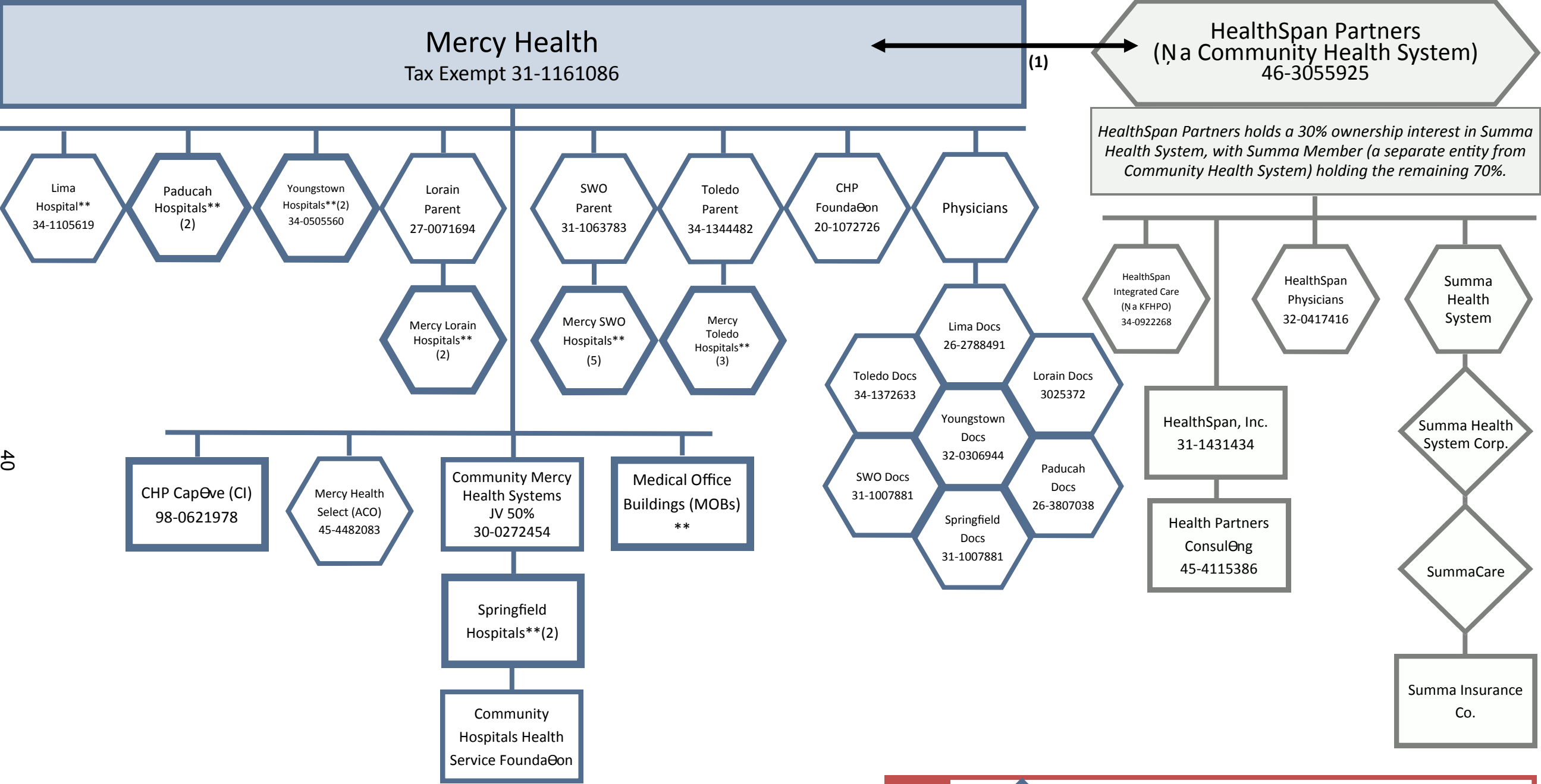
Allocated by States and Territories

			1	Direct Business Only							
			2	3	4	5	6	7	8	9	
State, Etc.			Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Consideration s	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama	AL								.0	.0
2.	Alaska	AK								.0	.0
3.	Arizona	AZ								.0	.0
4.	Arkansas	AR								.0	.0
5.	California	CA								.0	.0
6.	Colorado	CO								.0	.0
7.	Connecticut	CT								.0	.0
8.	Delaware	DE								.0	.0
9.	District of Columbia	DC								.0	.0
10.	Florida	FL								.0	.0
11.	Georgia	GA								.0	.0
12.	Hawaii	HI								.0	.0
13.	Idaho	ID								.0	.0
14.	Illinois	IL								.0	.0
15.	Indiana	IN								.0	.0
16.	Iowa	IA								.0	.0
17.	Kansas	KS								.0	.0
18.	Kentucky	KY								.0	.0
19.	Louisiana	LA								.0	.0
20.	Maine	ME								.0	.0
21.	Maryland	MD								.0	.0
22.	Massachusetts	MA								.0	.0
23.	Michigan	MI								.0	.0
24.	Minnesota	MN								.0	.0
25.	Mississippi	MS								.0	.0
26.	Missouri	MO								.0	.0
27.	Montana	MT								.0	.0
28.	Nebraska	NE								.0	.0
29.	Nevada	NV								.0	.0
30.	New Hampshire	NH								.0	.0
31.	New Jersey	NJ								.0	.0
32.	New Mexico	NM								.0	.0
33.	New York	NY								.0	.0
34.	North Carolina	NC								.0	.0
35.	North Dakota	ND								.0	.0
36.	Ohio	OH	L	27,263,882						27,263,882	.0
37.	Oklahoma	OK								.0	.0
38.	Oregon	OR								.0	.0
39.	Pennsylvania	PA								.0	.0
40.	Rhode Island	RI								.0	.0
41.	South Carolina	SC								.0	.0
42.	South Dakota	SD								.0	.0
43.	Tennessee	TN								.0	.0
44.	Texas	TX								.0	.0
45.	Utah	UT								.0	.0
46.	Vermont	VT								.0	.0
47.	Virginia	VA								.0	.0
48.	Washington	WA								.0	.0
49.	West Virginia	WV								.0	.0
50.	Wisconsin	WI								.0	.0
51.	Wyoming	WY								.0	.0
52.	American Samoa	AS								.0	.0
53.	Guam	GU								.0	.0
54.	Puerto Rico	PR								.0	.0
55.	U.S. Virgin Islands	VI								.0	.0
56.	Northern Mariana Islands	MP								.0	.0
57.	Canada	CAN								.0	.0
58.	Aggregate other alien	OT	.XXX	.0	.0	.0	.0	.0	.0	.0	.0
59.	Subtotal.....		.XXX	27,263,882	.0	.0	.0	.0	.0	27,263,882	.0
60.	Reporting entity contributions for Employee Benefit Plans.....		.XXX							.0	
61.	Total (Direct Business)	(a)	1	27,263,882	0	0	0	0	0	27,263,882	0
DETAILS OF WRITE-INS											
58001.			.XXX								
58002.			.XXX								
58003.			.XXX								
58998.	Summary of remaining write-ins for Line 58 from overflow page.....		.XXX	.0	.0	.0	.0	.0	.0	.0	.0
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)		.XXX	0	0	0	0	0	0	0	

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

Explanation of basis of allocation by states, premiums by state, etc. Direct Identification

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



MH Org Chart 2_20_2015
Note: Ownership is based on 100% ownership or membership interest unless otherwise noted. All entities are domiciled in Ohio except as noted.
(1): The relationship between Mercy and HSP is based on the HealthSpan Partners Loan Agreement (previously filed with ODI) and common board members.

KEY

NON
PROFIT
TAXABLE

TAX
EXEMPT

FOR
PROFIT

**
Refer to p.2 of
document

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