

ANNUAL STATEMENT FOR THE YEAR **2016** OF **THE** AultCare Health Insuring Corporation
Amended Explanation Page

On 5/26/2017 an amended 2016 Annual Statement was filed for AultCare Health Insuring Company. The following pages were amended: Notes to Financial Statement (page 26).



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ANNUAL STATEMENT

For the Year Ending DECEMBER 31, 2016
OF THE CONDITION AND AFFAIRS OF THE

AultCare Health Insuring Corporation

NAIC Group Code (Current Period)	4805	NAIC Company Code	15461	Employer's ID Number	46-3305099
Organized under the Laws of		Ohio	State of Domicile or Port of Entry		OH
Country of Domicile					
United States of America					
Licensed as business type:	Life, Accident & Health <input type="checkbox"/>	Property/Casualty <input type="checkbox"/>	Hospital, Medical & Dental Service or Indemnity <input type="checkbox"/>		
	Dental Service Corporation <input type="checkbox"/>	Vision Service Corporation <input type="checkbox"/>	Health Maintenance Organization <input checked="" type="checkbox"/>		
	Other <input type="checkbox"/>	Is HMO Federally Qualified? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/>			
Incorporated/Organized	07/11/2013		Commenced Business	01/01/2015	
Statutory Home Office	2600 Sixth Street SW (Street and Number)		Canton, OH, 44710 (City or Town, State, Country and Zip Code)		
Main Administrative Office	2600 Sixth Street SW (Street and Number)		Canton, OH, 44710 (330)363-4057 (Area Code) (Telephone Number)		
Mail Address	2600 Sixth Street SW (Street and Number or P.O. Box)		Canton, OH, 44710 (330)363-4057 (Area Code) (Telephone Number)		
Primary Location of Books and Records	2600 Sixth Street SW (Street and Number)		2600 Sixth Street SW (Street and Number)		
	Canton, OH, 44710 (City or Town, State, Country and Zip Code)		(330)363-4057 (Area Code) (Telephone Number)		
Internet Website Address	www.aultcare.com				
Statutory Statement Contact	Jeffrey Alan Scheatzle (Name)		(330)363-4057 (Area Code)(Telephone Number)(Extension)		
	jscheatzle@aultcare.com (E-Mail Address)		(330)363-5012 (Fax Number)		

OFFICERS

Name	Title
Rick L. Haines	President
Joseph J. Feltes	Secretary
Mark D. Wright	Treasurer
Edward J. Roth III	Executive Vice President

OTHERS

DIRECTORS OR TRUSTEES

William Wallace M.D.
Edward J. Roth III
Michael A. Rich M.D.
John B. Humphrey Jr., M.D.
Allen Royner M.D.
Mark N. Rose M.D.
Gregory A. Haban M.D.
Rick L. Haines
Mark D. Wright
Darryl J. Dillenback
Joseph J. Feltes Esq.
Barbara Hammontree-Bennett #

State of Ohio
County of Stark ss

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

(Signature)
Rick L. Haines
(Printed Name)
1.
President
(Title)

(Signature)
Joseph J. Feltes
(Printed Name)
2.
Secretary
(Title)

(Signature)
Mark D. Wright
(Printed Name)
3.
Treasurer
(Title)

Subscribed and sworn to before me this
____ day of _____, 2017

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

Yes [] No [X]
1
05/26/2017
13

(Notary Public Signature)

Notes to Financial Statements

SECTION A

1. Summary of Significant Accounting Policies

A. The accompanying financial statements of AultCare Health Insuring Corporation are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Ohio.

	2016	2015
NET INCOME		
1) AultCare Insurance Company State Basis	\$5,060,871	\$(3,928,339)
2) State Prescribed Practices that increase/(decrease) NAIC SAP	\$0	\$0
3) State Permitted Practices that increase/(decrease) NAIC SAP	\$0	\$0
4) NAIC SAP (1-2-3=4)	\$5,060,871	\$(3,928,339)
SURPLUS		
5) AultCare Insurance Company State Basis	\$76,893,498	\$64,552,899
6) State Prescribed Practices that increase/(decrease) NAIC SAP	\$0	\$0
7) State Permitted Practices that increase/(decrease) NAIC SAP	\$0	\$0
8) NAIC SAP (1-2-3=4)	\$76,893,498	\$64,552,899

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

C. Accounting Policy

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds were stated at amortized cost using the straight-line method.
- (3) Common stock is stated at market value.
- (4) The Company had no preferred stock during the periods reported.
- (5) The Company had no mortgage loans during the periods reported.
- (6) The Company had no loan backed securities during the periods reported.
- (7) The Company has investments in subsidiaries and affiliates with a book adjusted carrying value totaling \$44,316,621. Of this amount, \$42,748,927 is invested in AultCare Insurance Company. This represents the statutory equity of AultCare Insurance Company. The Company also has an investment in West Tuscarawas Property Management in the amount of \$1,567,694, carried at GAAP equity.
- (8) The Company had no investments in joint ventures, partnerships, or limited liability companies during the periods reported.
- (9) The Company had no derivatives during the periods reported.
- (10) The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
- (11) Claims unpaid and claim adjustment expenses include an amount based on individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported (IBNR). Such liabilities are necessarily based on assumptions and estimates. While management believes the amounts to be adequate, the ultimate liabilities may be in excess of or less

Notes to Financial Statements

than the amounts provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined. The Company obtains an estimate of the liabilities for unpaid losses from its independent actuary calculations quarterly.

- (12) The Company has not modified its capitalization policy from the prior period.
- (13) The Company uses current year received pharmacy rebates as a percentage of current year claim expense to estimate current rebate receivable off of the most recent quarter's pharmacy claim expense in accordance with SSAP. 84.

D. Going Concern

Management has concluded that there is no substantial doubt of the Company's ability to continue as a going concern.

2. Accounting Changes and Corrections of Errors

- A. The Company had no change in accounting principles and/or correction of errors during the periods reported.

3. Business Combinations and Goodwill

- A. The Company had no business combinations accounted for under the statutory purchase method during the periods reported.
- B. The Company was not part of any merger during the periods reported.
- C. The Company had no assumption of reinsurance during the periods reported.
- D. An impairment loss was not recognized during the periods reported.

4. Discontinued Operations

- A-D. The Company did not discontinue any operations during the periods reported.

5. Investments

- A. The Company had no investment in Mortgage Loan during the periods reported.
- B. The Company had no investments in Restructured Loans during the periods reported.
- C. The Company had no investments in Reverse Mortgages during the periods reported.
- D. The Company had no investments in Loan-Backed Securities during the periods reported.
- E. The Company had no investments in Repurchase Agreements during the periods reported.
- F. The Company also owns \$1,567,694 worth of shares in West Tuscarawas Property Management, an affiliate company that hold certain real estate properties for the production of income.
- G. The Company has no investments in Low-Income Housing Tax Credits.
- H. None of the Company's assets was restricted during the periods reported.
- I. The Company had no Working Capital Finance Investments during the periods reported.
- J. The Company was not involved in any Offsetting and Netting of Assets and Liabilities during the periods reported.
- K. The Company had no Structured Notes during the periods reported.
- L. The Company had no 5*Securities during the periods reported.

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company had no investments in joint ventures, partnerships or limited liability companies during the periods reported.
- B. The Company had no impaired investments in joint ventures, partnerships or limited liability companies during the periods reported.

7. Investment Income

- A-B. The Company did not exclude any investment income due and accrued during the periods reported.

8. Derivative Instruments

- A-F. The Company did not own derivative financial instruments during the periods reported.

9. Income Taxes

- A. The components of the net deferred tax asset/ (liability) at December 31, 2016 are as follows:

1. (reported in thousands)	12/31/2016	12/31/2015	Change
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Notes to Financial Statements

		(1) Ordinary	(2) Capital	(3) Col 1+2 Total	(4) Ordinary	(5) Capital	(6) Col 4+5 Total	(7) Col 1-4 Ordinary	(8) Col 2-5 Capital	(9) Col 7+8 Total
(a)	Gross Deferred Tax Assets	\$ -	\$ -	\$ -	\$ 78	\$ -	\$ 78	\$ (78)	\$ -	\$ (78)
(b)	Statutory Valuation Allowance Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(c)	Adjusted Gross Deferred Tax Assets(1a-1b)	\$ -	\$ -	\$ -	\$ 78	\$ -	\$ 78	\$ (78)	\$ -	\$ (78)
(d)	Deferred Tax Assets Nonadmitted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(e)	Subtotal (Net Deferred Tax Assets) (1c-1d)	\$ -	\$ -	\$ -	\$ 78	\$ -	\$ 78	\$ (78)	\$ -	\$ (78)
(f)	Deferred Tax Liabilities	\$ 24	\$ -	\$ 24	\$ -	\$ -	\$ -	\$ 24	\$ -	\$ 24
(g)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f)	\$(24)	\$ -	\$(24)	\$ 78	\$ -	\$ 78	\$(102)	\$ -	\$(102)
2. (reported in thousands)				12/31/2016			12/31/2015			Change
Admission Calculation Components SSAP No. 101		(1) Ordinary	(2) Capital	(3) Col 1+2 Total	(4) Ordinary	(5) Capital	(6) Col 4+5 Total	(7) Col 1-4 Ordinary	(8) Col 2-5 Capital	(9) Col 7+8 Total
(a)	Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$(24)	\$ -	\$(24)	\$ 78	\$ -	\$ 78	\$(102)	\$ -	\$(102)
(b)	Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Assets from 2(a) above) After Application of the Threshold Limitation. (The lesser of 2(b)1 and 2(b)2 Below)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Cont. Note 9 A 2

	1 Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2 Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	\$11,527	XXX	XXX	\$ 9,671	XXX	XXX	\$ 1,856
(c)	Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(d)	Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	\$ (24)	\$ -	\$ (24)	\$ 78	\$ 78	\$ -	\$ -	\$ -	\$ -
3. (reported in thousands)			2016		2015					
(a)	Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount		15%		15%					
(b)	Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 Above		\$ 76,846		\$ 64,475					
4. (reported in thousands)			12/31/2016		12/31/2015					Change
Impact of Tax Planning Strategies		(1) Ordinary	(2) Capital	(3) Col 1+2 Total	(4) Ordinary	(5) Capital	(6) Col 4+5 Total	(7) Col 1-4 Ordinary	(8) Col 2-5 Capital	(9) Col 7+8 Total
(a)	Adjusted Gross DTA's (% of total adjusted gross DTA's)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b)	Net Admitted Adjusted Gross DTA's (% of total net admitted adjusted gross DTA's)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(c)	Does the Company's Tax Planning Strategies Include the Use of Reinsurance?	Yes	No	X						

B. Not Applicable

C. Current Income Taxes Incurred consist of the following major components:

1. Current Income Tax		(1) 12/31/2016	(2) 12/13/2015	(3) (Col 1-2) Change
(a)	Federal	\$ 2,672,653	\$ (2,034,018)	\$ 4,706,671
(b)	Foreign	\$ -	\$ -	\$ -
(c)	Subtotal	\$ 2,672,653	\$ (2,034,018)	\$ 4,706,671
(d)	Federal Income Tax on Net Capital Gains	\$ -	\$ -	\$ -
(e)	Utilization of Capital Loss Carry-Forwards	\$ -	\$ -	\$ -
(f)	Other	\$ -	\$ -	\$ -
(g)	Federal and Foreign Income Taxes Incurred	\$ 2,672,653	\$ (2,034,018)	\$ 4,706,671
2. Deferred Tax Assets				
(a)	Ordinary			
(1)	Discounting of Unpaid Losses	\$ -	\$ -	\$ -
(2)	Unearned Premium Reserve	\$ -	\$ -	\$ -
(3)	Policyholder Reserves	\$ -	\$ -	\$ -
(4)	Investments	\$ -	\$ -	\$ -

Notes to Financial Statements

(5)	Deferred Acquisition Costs	\$ -	\$ -	\$ -
(6)	Policyholder Dividends Accrual	\$ -	\$ -	\$ -
(7)	Fixed Assets	\$ -	\$ -	\$ -
(8)	Compensation and Benefits Accrual	\$ -	\$ -	\$ -
(9)	Pension Accrual	\$ -	\$ -	\$ -
(10)	Receivables – Allowance	\$ -	\$ -	\$ -
(11)	Net Operating Loss Carry-Forward	\$ -	\$ -	\$ -
(12)	Tax Credit Carry-Forward	\$ -	\$ -	\$ -
(13)	Other (including items <5% of total ordinary tax assets)	\$ (24,017)	\$ 78,238	\$ (102,255)

Cont. Note 9 C 2

	(14) Subtotal	\$ (24,017)	\$ 78,238	\$ (102,255)
(b)	Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(c)	Nonadmitted	\$ -	\$ -	\$ -
(d)	Admitted ordinary deferred tax assets (2a14- 2b-2c)	\$ (24,017)	\$ 78,238	\$ (102,255)
(e)	Capital			
	(1) Net Capital Loss Carry-Forward	\$ -	\$ -	\$ -
	(2) Subtotal	\$ -	\$ -	\$ -
(f)	Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(g)	Nonadmitted	\$ -	\$ -	\$ -
(h)	Admitted capital deferred tax assets (2e2 - 2f - 2g)	\$ -	\$ -	\$ -
(i)	Admitted deferred tax assets (2d + 2h)	\$ (24,017)	\$ 78,238	\$ (102,255)
3.	Deferred Tax Liabilities			
(a)	Ordinary			
	(1) Investments	\$ -	\$ -	\$ -
	(2) Subtotal	\$ -	\$ -	\$ -
(b)	Capital	\$ -	\$ -	\$ -
	(1) Investments	\$ -	\$ -	\$ -
	(2) Subtotal	\$ -	\$ -	\$ -
(c)	Deferred tax liabilities (3a2 + 3b2)	\$ -	\$ -	\$ -
4.	Net deferred tax assets/liabilities (2i - 3c)	\$ (24,017)	\$ 78,238	\$ (102,255)

D. Among the more significant book to tax adjustments were the following:

	12/31/2016	Effective Tax Rate
Provision computed at statutory rate	\$ 2,613,267	34.0%
Change in nonadmitted assets	\$ (66,629)	-0.9%
Tax exempt income, net of proration	\$ -	0.0%
Dividends received deduction, net of proration	\$ -	0.0%
Nondeductible expenses	\$ 27,200	0.4%
Elimination of IMR Amortization	\$ -	0.0%
Small Life Insurance Company Deduction	\$ -	0.0%
Prior year under (over) accrual	\$ -	0.0%
Other	\$ -	0.0%
Total statutory income tax expense (benefit)	\$ 2,573,838	33.5%
	12/31/2016	Effective Tax Rate
Federal and foreign income taxes incurred	\$2,774,908	36.1%
Realized capital gains (losses) tax	\$ -	0.0%
Change in net deferred income taxes	\$ (102,255)	-1.3%
Total statutory income tax expense (benefit)	\$2,672,653	34.8%

E. Operating Loss and Tax Credit Carry forwards and Protective Tax Deposits

- (1) At December 31, 2016, the Company had no net operating loss carry forwards available to offset against future taxable income.
- (2) The Company had no income taxes in current or prior years
- (3) The Company did not have any deposits admitted under Section 6603 of the Internal Revenue Service Code.

F. The Company is included in a consolidated federal income tax return with its parent company, AultCare Holding Company. The Company is consolidated with the following Subsidiaries, AultCare Insurance Company; Aultra Administrative Group; North Central Medical Resources; Aultman Medical Group, Inc.; and MainSite Solutions ASO, LLC.

Notes to Financial Statements

The Company has a written agreement, approved by the Company's Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each entity in which is a party to the consolidation. In the event any federal Tax Benefit Item of the AultCare Companies for any taxable period after they cease being Members of the Consolidated Group is eligible to be carried back to a taxable period while the AultCare Companies were Members of the Consolidated Group, the AultCare Companies shall, where possible, elect to carry such amounts forward to subsequent taxable periods. If the AultCare Companies are required by law to carry back any such federal Tax Benefit Item, the AultCare Companies shall be entitled to a payment at the time and to the extent that such Tax Benefit Item reduces the federal income Tax liability of the Consolidated Group. For purposes of computing the amount of the payment described in this section, one or more federal Tax Benefit Items shall be considered to have reduced the Consolidated Group's federal income Tax liability in a given taxable period by an amount equal to the difference, if any, between (i) the amount of the Consolidated Group's federal income Tax liability for the taxable period computed without regard to such federal Tax Benefit Item or Items and (ii) the amount of the Consolidated Group's federal income Tax liability for the taxable period computed with regard to such federal Tax Benefit Item or Items. For the avoidance of doubt, if the AultCare Companies are required to carry back a federal Tax Benefit Item, such federal Tax Benefit Item shall reduce the Consolidated Group's federal income Tax liability only after all federal Tax Benefit Items of AultCare Holdings have been applied to reduce the Consolidated Group's federal income Tax liability in such taxable period. Appropriate reconciliation payments shall be made in the event that it is subsequently determined that a Tax Benefit Item did not reduce the Consolidated Group's federal income Tax liabilities, including by reason of any such Tax Benefit Item being subsequently disallowed in whole or in part or by reason of other Tax benefits becoming available.

G. Federal or Foreign Income Tax Loss Contingencies

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

10. Information Concerning Parent, Subsidiaries and Affiliates

A, B, C, The Company had the following transactions with affiliates.

The Company has a capitation arrangement with Aultman Hospital for their Medicare enrollees and has paid \$66,575,500 and \$65,556,789 in capitated claims for its Medicare enrollees in 2016 and 2015, respectively.

The Company has a management services agreement with Aultman Health Foundation, the ultimate controlling entity and AultCare Corporation, an affiliate that allows various administrative, marketing, and claims processing services to be completed on behalf of the Company. The Company paid \$454,923 and \$474,333 to Aultman Health Foundation and \$14,544,258 and \$13,172,743 to AultCare Corporation for management services in 2016 and 2015, respectively.

The Company has an operating lease for office space and paid \$308,027 and \$312,786 to Aultman Health Foundation for rent in 2016 and 2015, respectively.

D. The Company reported \$1,895,599 and \$461,482 due to an affiliate, AultCare Corporation in 2016 and 2015, respectively. This is due to AultCare Corporation for administrative services covered under a management services agreement. The balance is settled monthly.

The Company has an intercompany revolving credit facility in place with AultCare Insurance Company, a subsidiary. The Company owes \$1,824,965 and \$691,572 in 2016 and 2015, respectively.

Notes to Financial Statements

The Company also has a capitation arrangement with Aultman Hospital for anticipation of future services. As of December 31, 2016, the Company has paid \$5,400,000 Aultman Hospital for these future services.

- E. The Company did not make any guarantees or undertakings, written or otherwise, for the benefit of an affiliate or related party which resulted in a material contingent exposure of the Company's assets to any liabilities during the periods reported.
- F. Both Aultman Health Foundation, the ultimate controlling entity, and AultCare Corporation, an affiliate, provided various administrative, marketing, and claims processing services for the Company.
- G. The Company has no common stock outstanding.
- H. The Company did not own any shares, directly or indirectly, of an upstream intermediate entity or ultimate parent during the periods reported.
- I. The Company owns 100% of SCA entity AultCare Insurance Company which is carried at statutory equity as presented in AultCare Insurance Company's annual statement. AultCare Insurance Company has assets valued at \$86,057,430, liabilities valued at \$43,308,503, and results from operations of \$42,748,927.
- J. The Company did not realize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.
- K. The Company does not have an investment in a foreign insurance subsidiary.
- L. The Company did not hold an investment in a downstream non insurance holding company during the periods reported.
- M. The Company did not hold any other SCA Investments.
- N. The Company did not hold any insurance SCA investments that departed from NAIC statutory accounting practices and procedures during the periods reported.

11. Debt

- A-B. The Company did not have any debt including capital notes.

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

- A-D. The Company had no defined benefit plans.
- E. The Company participates in a defined contribution plan sponsored by Aultman Health Foundation. Contributions of 3% of each employee's compensation are made each year to the plan. The Company's contributions for the defined contribution plan were \$263,183 and \$249,564 for 2016 and 2015 respectively.
- F-I. The Company had no multiemployer plans, consolidated company plans, post-employment plans, compensated absences, or postretirement benefit plans during the periods reported.

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

- (1) The Company has no common stock outstanding.
- (2) The Company had no preferred stock outstanding.
- (3) Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, Ohio, to an amount that is based on restrictions relating to statutory surplus and net income.
- (4) The Company paid no dividends in 2016.
- (5) There were no restrictions placed on the Company's profits that may be paid as ordinary dividends to stock holders.
- (6) There were no restrictions placed on the Company's surplus.
- (7) The Total Amount of advances to surplus not repaid is \$0.
- (8) The Amounts of stock held by the Company, including stock of affiliated companies, for special purposes was:
For conversion of preferred stock: 0 shares.
 - A. For employee stock options: 0 shares.
 - B. For stock purchase warrants: 0 shares.
- (9) The Company did not have changes in the balances of any special surplus funds.
- (10) The Company did not have any surplus funds represented that were reduced
- (11) The Company had no outstanding surplus debentures or similar obligations during the periods reported.
- (12) The Company had no restatements due to quasi-reorganizations during the periods reported.

Notes to Financial Statements

(13) The Company was not involved in a quasi-reorganization during the periods reported.

14. Contingencies

- A. The Company is not aware of any material contingent commitments.
- B. The Company is not subject to any Guaranty Fund Assessments.
- C. The Company had no Gain Contingencies.
- D-F. Contingent liabilities arising from litigation, income taxes and other matters were not considered material in relation to the financial position of the Company.

15. Leases

- A. Lessee Operating Lease
 - (1) The Company leases office space in buildings from Aultman Health Foundation through operating lease agreements that will expire December 31, 2017. In 2016 and 2015 respectively, the company paid \$308,027 and \$312,786 to Aultman Health Foundation for rent expense. Certain rental commitments have renewal options extending through the year 2019. Some of these renewals are subject to adjustments in future periods.
 - (2) At January 1, 2017, the minimum aggregate rental commitments are as follows:

Year Ending December 31	Operating Leases
1. 2017	\$ 292,608
- B. Leasing is not a significant part of the lessor's business 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

- A. The Company had no financial instruments with off-balance sheet risk during the periods reported.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. The Company had no transfers of receivables reported as sales.
- B. The Company had no transfers of financial assets.
- C. The Company had no wash sales.

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

- A-C. The Company had no Uninsured A&H Plans or Uninsured Portion of Partially Insured Plans during the periods reported.

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

- A. The Company had no direct premium written or produced by managing general agents or third party administrators during the periods reported.

20. Fair Value Measurement

- A. The Company has assets that are measured at fair value on a recurring basis.

Fair Value Measurements at Reporting Date				
(1) Description	(2) (Level 1)	(3) (Level 2)	(4) (Level 3)	(5) Total
a. Assets at fair value				
Common Stock	\$ 7,443,887	\$ -	\$ -	\$ 7,443,887
Total assets at fair value	\$ 7,443,887	\$ -	\$ -	\$ 7,443,887

- (2) The Company had no assets with fair value measurements using significant unobservable inputs.
- (3) The Company uses the valuation technique that is based on the quoted prices in the active markets.
- (4) The Company has no Level 2 or Level 3 assets.
- (5) The Company does not have any derivative assets or liabilities.
- B. The Company does not have any other fair value assets to disclose.
- C. Fair Value Measurement

Notes to Financial Statements

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets (Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$18,118,893	\$18,212,877	\$18,118,893		
Industrial and Misc.	\$8,557,885	\$8,538,668	\$8,557,885		
Common Stock	\$7,443,887	\$7,443,887	\$7,443,887		

D. The Company had no fair value instruments or classes of financial instruments where it was not practicable to estimate the fair value at either December 31, 2016 or 2015.

21. Other Items

- A. The Company did not experience an extraordinary event or transaction that resulted in a gain or loss.
- B. The Company had no troubled debt to restructure.
- C. There are no other applicable disclosures.
- D. The Company did not have any Business Interruption Insurance Recoveries.
- E. The Company did not have any State Transferable Tax Credits.
- F. The Company had no Subprime Mortgage Related Risk Exposure.
- G. The Company had no Retained Assets.
- H. The Company has no Insurance Linked Securities.

22. Events Subsequent

- A. As of March 1, 2017, there have been no Type I events subsequent to December 31, 2016, which would have a material effect on the financial condition of the Company or on the financial statement issued March 1, 2017.
- B. As of March 1, 2017, there have been no Type II events subsequent to Dec 31, 2016, which would have a material effect on the financial condition of the Company or on the financial statement issued March 1, 2017.

Description	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?	No	
B. ACA fee assessment payable for the upcoming year	\$ -	\$ -
C. ACA fee assessment paid	\$ -	\$ -
D. Premium written subject to ACA 9010 assessment	\$ -	\$ -
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	\$ -	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ -	
G. Authorized Control Level (Five-Year Historical Line 15)	\$ -	
H. Would reporting the ACA assessment as of December 31, 2016 have triggered an RBC action level (YES/NO)?	No	

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

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

Yes () No (X)

- (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 credits?

Yes () No (X)

- (2) Does the company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may

Notes to Financial Statements

result in a payment to the reinsurer of amounts which, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurers 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 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. \$0

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year this statement, to included 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. The Company did not write off any uncollectible reinsurance during the periods reported.
- C. The Company did not have any commutation of ceded reinsurance during the periods reported
- D. The Company did not have a Reinsurer Rating Downgrade or Status Subject to Revocation during the periods reported.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. The Company's participation in the Medicare Advantage program involves a risk-sharing provision with CMS. The Company estimates accrued retrospective premium adjustments for its Medicare Advantage product through a prescribed formula approach. CMS adjusts its payments to the Company based on how actual benefit cost varied from estimated benefits costs included in the Company Medicare Advantage bid.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. Net Premiums Written subject to retrospective rating features were \$0 and \$0 in 2016 and 201 respectively.
- D. The Company has no paid or payable medical loss rebates.
- E. The Company writes no business subject to the risk-sharing provisions of the Affordable Care Act.

25. Change in Incurred Claims and Claims Adjustment Expenses

- A. Reserves as of December 31, 2015 were \$13,237,802. As of December 31, 2016, \$9,961,452 had been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$0. Therefore, there has been \$3,276,350 in favorable prior-year development since December 31, 2015. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

- A-G. The Company had no intercompany pooling arrangements.

27. Structured Settlements

- A. The Company had no structured settlements.

28. Health Care Receivables

- A.

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 After Billing
12/31/2016	\$793,005	\$359,524	\$ -	\$ -	\$ -
9/30/2016	\$742,354	\$ -	\$ -	\$ -	\$ -
6/30/2016	\$742,354	\$ -	\$ -	\$1,386,700	\$ -
3/31/2016	\$742,354	\$ -	\$ -	\$1,244,136	\$ -

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Notes to Financial Statements

12/31/2015	\$742,354	\$ -	\$ -	\$287,490	\$ -
9/30/2015	\$742,354	\$ -	\$ -	\$207,569	\$ -
6/30/2015	\$ -	\$ -	\$ -	\$312,761	\$ -
3/31/2015	\$ -	\$ -	\$ -	\$382,280	\$ -

B. The Company did not have any risk sharing receivables during the periods reported.

29. Participating Policies

A. The Company does not have participating policies or policyholder dividends.

30. Premium Deficiency Reserves

A. The Company does not have Premium Deficiency Reserves.

1. Liability carried for premium deficiency reserves \$ 0
2. Date of the most recent evaluation of this liability 12/31/2016

3. Was anticipated investment income utilized in the calculation? (Yes / No) _____ No _____

31. Anticipated Salvage and Subrogation

A. The Company did not have anticipated salvage and subrogation included as a reduction of loss reserves.