



ANNUAL STATEMENT

For the Year Ended December 31, 2016
of the Condition and Affairs of the

Medical Mutual of Ohio

NAIC Group Code.....730, 730 (Current Period) (Prior Period)	NAIC Company Code..... 29076	Employer's ID Number..... 34-0648820
Organized under the Laws of OH	State of Domicile or Port of Entry OH	Country of Domicile US
Licensed as Business Type.....Property/Casualty	Is HMO Federally Qualified? Yes [] No []	
Incorporated/Organized..... March 30, 1934	Commenced Business..... January 1, 1934	
Statutory Home Office	2060 East Ninth Street..... Cleveland OH US 44115-1355 (Street and Number) (City or Town, State, Country and Zip Code)	
Main Administrative Office	2060 East Ninth Street..... Cleveland OH US 44115-1355 (Street and Number) (City or Town, State, Country and Zip Code)	216-687-7000 (Area Code) (Telephone Number)
Mail Address	2060 East Ninth Street..... Cleveland OH US 44115-1355 (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)	
Primary Location of Books and Records	2060 East Ninth Street..... Cleveland OH US 44115-1355 (Street and Number) (City or Town, State, Country and Zip Code)	216-687-7000 (Area Code) (Telephone Number)
Internet Web Site Address	www.MedMutual.com	
Statutory Statement Contact	Sharon Matonis (Name) Sharon.Matonis@medmutual.com (E-Mail Address)	216-687-6049 (Area Code) (Telephone Number) (Extension) 216-360-4073 (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Richard Alan Chiricosta	Chairman, President & CEO	2. Patricia Bunn Decensi #	Secretary
3. Raymond Karl Mueller	Treasurer & CFO	4.	

OTHER

Jared Paul Chaney	EVP	Kathleen Rose Golovan	EVP
John Steven Kish #	EVP	Steffany Matticola Larkins	EVP
Raymond Karl Mueller	EVP	Susan Marie Tyler	EVP

DIRECTORS OR TRUSTEES

Charles Arthur Bryan	Richard Alan Chiricosta	Frederick David DiSanto	Terrance Callahan Egger
Robert John King Jr.	Samuel Henry Miller	Dennis John Roche	Greta Jane Russell
David Joseph Young			

State of..... Ohio
County of..... Cuyahoga

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

(Signature) Richard Alan Chiricosta	(Signature) Patricia Bunn Decensi	(Signature) Raymond Karl Mueller
1. (Printed Name) Chairman, President & CEO	2. (Printed Name) Secretary	3. (Printed Name) Treasurer & CFO
(Title)	(Title)	(Title)
Subscribed and sworn to before me This _____ day of _____ 2017	a. Is this an original filing? b. If no	Yes [X] 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).....	1,049,282,862		1,049,282,862	965,311,542
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	336,245,028		336,245,028	217,673,240
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....101,247,641, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....69,898,181, Schedule DA).....	171,145,822		171,145,822	257,114,027
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....	274,771,977	4,500,000	270,271,977	295,510,604
9. Receivables for securities.....	1,016,250		1,016,250	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,832,461,939	4,500,000	1,827,961,939	1,735,609,413
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	6,778,593		6,778,593	7,241,398
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	17,266,251		17,266,251	9,111,825
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....9,256,800).....	9,256,800		9,256,800	3,496,449
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	16,430,999		16,430,999	20,844,796
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....	8,710,879		8,710,879	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....	15,372,710		15,372,710	12,409,304
19. Guaranty funds receivable or on deposit.....	2,027,706		2,027,706	5,770,792
20. Electronic data processing equipment and software.....	7,011,892	2,879,364	4,132,528	
21. Furniture and equipment, including health care delivery assets (\$.....0).....	6,779,469	6,779,469	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	37,012,489		37,012,489	11,801,840
24. Health care (\$.....34,265,302) and other amounts receivable.....	44,716,528	10,451,226	34,265,302	31,140,202
25. Aggregate write-ins for other-than-invested assets.....	30,753,877	18,448,574	12,305,303	15,798,638
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	2,034,580,132	43,058,633	1,991,521,499	1,853,224,657
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	2,034,580,132	43,058,633	1,991,521,499	1,853,224,657

DETAILS OF WRITE-INS

1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Note Receivable - Rose Building.....			0	4,702,682
2502. Cash Surrender Value - Life Insurance.....	8,972,411		8,972,411	8,853,814
2503. Other Assets.....	825,977	643,093	182,884	248,806
2598. Summary of remaining write-ins for Line 25 from overflow page.....	20,955,489	17,805,481	3,150,008	1,993,336
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	30,753,877	18,448,574	12,305,303	15,798,638

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....3,283,326 reinsurance ceded).....	264,555,818		264,555,818	191,255,450
2. Accrued medical incentive pool and bonus amounts.....	4,950,180		4,950,180	5,853,700
3. Unpaid claims adjustment expenses.....	5,589,100		5,589,100	4,849,113
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....	50,166,986		50,166,986	21,041,272
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserves.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	72,888,267		72,888,267	74,143,341
9. General expenses due or accrued.....	99,937,512		99,937,512	100,953,643
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....	3,388,023		3,388,023	7,543,540
10.2 Net deferred tax liability.....			0	
11. Ceded reinsurance premiums payable.....			0	
12. Amounts withheld or retained for the account of others.....	11,633		11,633	
13. Remittances and items not allocated.....	1,515,903		1,515,903	874,695
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....			0	
16. Derivatives.....			0	
17. Payable for securities.....	5,614		5,614	40,326
18. Payable for securities lending.....			0	
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers).....			0	
20. Reinsurance in unauthorized and certified (\$.....0) companies.....			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
22. Liability for amounts held under uninsured plans.....			0	
23. Aggregate write-ins for other liabilities (including \$.....16,062,326 current).....	92,724,083	0	92,724,083	93,829,647
24. Total liabilities (Lines 1 to 23).....	595,733,119	0	595,733,119	500,384,727
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	37,641,000
26. Common capital stock.....	XXX	XXX		
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX		
29. Surplus notes.....	XXX	XXX		
30. Aggregate write-ins for other-than-special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	1,395,788,380	1,315,198,930
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 \$.....0).....	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 \$.....0).....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	1,395,788,380	1,352,839,930
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	1,991,521,499	1,853,224,657

DETAILS OF WRITE-INS

2301. Accrued Postemployment Benefits Other Than Pension.....	50,144,938		50,144,938	53,008,310
2302. Building Lease Liability.....	5,917,200		5,917,200	7,200,137
2303. Other Liabilities.....	24,611,737		24,611,737	19,655,102
2398. Summary of remaining write-ins for Line 23 from overflow page.....	12,050,208	0	12,050,208	13,966,098
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above).....	92,724,083	0	92,724,083	93,829,647
2501. Estimated 2016 Health Insurer Fee.....	XXX	XXX		37,641,000
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	XXX	XXX	0	37,641,000
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX	XXX	0	0
3099. Totals (Lines 3001 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	12,335,520	12,075,664
2. Net premium income (including \$.....0 non-health premium income).....	XXX	2,368,348,818	2,146,944,662
3. Change in unearned premium reserves and reserve for rate credits.....	XXX		
4. Fee-for-service (net of \$.....0 medical expenses).....	XXX		
5. Risk revenue.....	XXX		
6. Aggregate write-ins for other health care related revenues.....	XXX	.0	.0
7. Aggregate write-ins for other non-health revenues.....	XXX	.0	.0
8. Total revenues (Lines 2 to 7).....	XXX	2,368,348,818	2,146,944,662
Hospital and Medical:			
9. Hospital/medical benefits.....		1,327,022,337	1,109,570,389
10. Other professional services.....		103,416,471	95,593,680
11. Outside referrals.....		16,899,028	12,490,437
12. Emergency room and out-of-area.....		208,426,740	190,288,807
13. Prescription drugs.....		323,273,758	291,214,460
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		2,819,431	4,364,684
16. Subtotal (Lines 9 to 15).....	.0	1,981,857,765	1,703,522,457
Less:			
17. Net reinsurance recoveries.....		13,246,570	25,616,005
18. Total hospital and medical (Lines 16 minus 17).....	.0	1,968,611,195	1,677,906,452
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.....30,292,561 cost containment expenses.....		72,601,170	55,975,724
21. General administrative expenses.....		246,151,640	257,161,989
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....		28,559,000	21,000,000
23. Total underwriting deductions (Lines 18 through 22).....	.0	2,315,923,005	2,012,044,165
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	52,425,813	134,900,497
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		32,058,623	30,875,464
26. Net realized capital gains or (losses) less capital gains tax of \$.....1,570,700.....		(5,733,941)	(1,507,807)
27. Net investment gains or (losses) (Lines 25 plus 26).....	.0	26,324,682	29,367,657
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....			
29. Aggregate write-ins for other income or expenses.....	.0	(2,864,825)	34,654
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	75,885,670	164,302,808
31. Federal and foreign income taxes incurred.....	XXX	18,006,044	37,553,120
32. Net income (loss) (Lines 30 minus 31).....	XXX	57,879,626	126,749,688

DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	XXX	.0	.0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above).....	XXX	.0	.0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	.0	.0	.0
2901. (Other Expense), net of Other Income.....		(2,864,825)	34,654
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page.....	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	.0	(2,864,825)	34,654

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	.....1,352,839,930	.....1,279,901,811
34. Net income or (loss) from Line 32.....	.....57,879,626	.....126,749,688
35. Change in valuation basis of aggregate policy and claim reserves.....	.....	.....
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....7,084,000.....	.....(29,213,447)	.....(54,419,038)
37. Change in net unrealized foreign exchange capital gain or (loss).....	.....	.....
38. Change in net deferred income tax.....	.....11,702,406	.....(24,470,194)
39. Change in nonadmitted assets.....	.....(494,135)	.....23,970,663
40. Change in unauthorized and certified reinsurance.....	.....	.....
41. Change in treasury stock.....	.....	.....
42. Change in surplus notes.....	.....	.....
43. Cumulative effect of changes in accounting principles.....	.....	.....
44. Capital changes:		
44.1 Paid in.....	.....	.....
44.2 Transferred from surplus (Stock Dividend).....	.....	.....
44.3 Transferred to surplus.....	.....	.....
45. Surplus adjustments:		
45.1 Paid in.....	.....	.....
45.2 Transferred to capital (Stock Dividend).....	.....	.....
45.3 Transferred from capital.....	.....	.....
46. Dividends to stockholders.....	.....	.....
47. Aggregate write-ins for gains or (losses) in surplus.....	.....3,074,000	.....1,107,000
48. Net change in capital and surplus (Lines 34 to 47).....	.....42,948,450	.....72,938,119
49. Capital and surplus end of reporting period (Line 33 plus 48).....	.....1,395,788,380	.....1,352,839,930

DETAILS OF WRITE-INS		
4701. Decrease in Unrecognized Postretirement Benefit Costs.....	.....3,074,000	.....1,107,000
4702. ....	.....	.....
4703. ....	.....	.....
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).....	.....3,074,000	.....1,107,000

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	2,353,745,682	2,135,898,672
2. Net investment income.....	37,083,864	34,613,602
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	2,390,829,546	2,170,512,274
5. Benefit and loss related payments.....	1,896,549,434	1,693,805,584
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	323,237,991	311,621,514
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....1,570,700 tax on capital gains (losses).....	18,302,341	34,266,000
10. Total (Lines 5 through 9).....	2,238,089,766	2,039,693,098
11. Net cash from operations (Line 4 minus Line 10).....	152,739,780	130,819,176
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	271,060,598	166,122,887
12.2 Stocks.....	18,442,470	21,634,829
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....	1,876,878	28,110,290
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	291,379,946	215,868,006
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	355,534,276	229,221,851
13.2 Stocks.....	139,282,064	33,176,873
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....	9,223,356	5,192,058
13.6 Miscellaneous applications.....	1,050,962	459,674
13.7 Total investments acquired (Lines 13.1 to 13.6).....	505,090,658	268,050,456
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(213,710,712)	(52,182,450)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(24,997,273)	(1,412,531)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(24,997,273)	(1,412,531)
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).....	(85,968,205)	77,224,195
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	257,114,027	179,889,832
19.2 End of year (Line 18 plus Line 19.1).....	171,145,822	257,114,027

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

20.0001		
---------------	--	--

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
		Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plans	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
	Total									
1. Net premium income.....	2,368,348,818	2,012,927,492	30,040,347	16,804,361	3,601,857	29,198,534	145,859,966		129,916,261	
2. Change in unearned premium reserves and reserve for rate credit.....	0									
3. Fee-for-service (net of \$.....0 medical expenses).....	0									XXX
4. Risk revenue.....	0									XXX
5. Aggregate write-ins for other health care related revenues.....	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6).....	2,368,348,818	2,012,927,492	30,040,347	16,804,361	3,601,857	29,198,534	145,859,966	0	129,916,261	0
8. Hospital/medical benefits.....	1,327,022,337	1,084,642,456	16,502,784	520,417	109,739	25,813,589	108,665,488		90,767,864	XXX
9. Other professional services.....	103,416,471	81,946,640	2,208,237	10,492,883	2,819,828		5,948,883			XXX
10. Outside referrals.....	16,899,028	10,654,744	1,088,723				5,155,561			XXX
11. Emergency room and out-of-area.....	208,426,740	201,327,556	996,251		1,894		6,101,039			XXX
12. Prescription drugs.....	323,273,758	292,587,840	371,304			5,399,153	24,896,891		18,570	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.....	2,819,431	2,765,375	9				52,362		1,685	XXX
15. Subtotal (Lines 8 to 14).....	1,981,857,765	1,673,924,611	21,167,308	11,013,300	2,931,461	31,212,742	150,820,224	0	90,788,119	XXX
16. Net reinsurance recoveries.....	13,246,570	11,232,362				2,014,208				XXX
17. Total hospital and medical (Lines 15 minus 16).....	1,968,611,195	1,662,692,249	21,167,308	11,013,300	2,931,461	29,198,534	150,820,224	0	90,788,119	XXX
18. Non-health claims (net).....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$.....30,292,561 cost containment expenses.....	72,601,170	63,367,942	1,048,954	1,440,466	34,593		6,399,963		309,252	
20. General administrative expenses.....	246,151,640	213,317,808	3,963,639	980,968	210,851		21,561,733		6,116,641	
21. Increase in reserves for accident and health contracts.....	28,559,000	(11,369,000)					39,928,000			XXX
22. Increase in reserve for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22).....	2,315,923,005	1,928,008,999	26,179,901	13,434,734	3,176,905	29,198,534	218,709,920	0	97,214,012	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23).....	52,425,813	84,918,493	3,860,446	3,369,627	424,952	0	(72,849,954)	0	32,702,249	0

DETAILS OF WRITE-INS

[illegible]

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).....	2,007,024,799	6,910,038	1,007,345	2,012,927,492
2.	Medicare supplement.....	30,040,347			30,040,347
3.	Dental only.....	16,804,361			16,804,361
4.	Vision only.....	3,601,857			3,601,857
5.	Federal employees health benefits plan.....	34,351,216		5,152,682	29,198,534
6.	Title XVIII - Medicare.....	145,859,966			145,859,966
7.	Title XIX - Medicaid.....				0
8.	Other health.....	129,916,261			129,916,261
9.	Health subtotal (Lines 1 through 8).....	2,367,598,807	6,910,038	6,160,027	2,368,348,818
10.	Life.....				0
11.	Property/casualty.....				0
12.	Totals (Lines 9 to 11).....	2,367,598,807	6,910,038	6,160,027	2,368,348,818

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE 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. Payments during the year:										
1.1 Direct.....	1,912,013,248	1,623,745,085	21,718,878	10,884,783	2,943,235	27,140,158	134,110,040		91,471,069	
1.2 Reinsurance assumed.....	7,548,419	7,548,419								
1.3 Reinsurance ceded.....	25,111,142	25,111,142								
1.4 Net.....	1,894,450,525	1,606,182,362	21,718,878	10,884,783	2,943,235	27,140,158	134,110,040	0	91,471,069	0
2. Paid medical incentive pools and bonuses.....	3,722,951	3,700,348	9				19,962		2,632	
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	266,599,458	234,969,301	2,600,678	1,043,000	3,000	4,072,584	20,713,711		3,197,184	
3.2 Reinsurance assumed.....	1,239,686	1,239,686								
3.3 Reinsurance ceded.....	3,283,326	1,269,118				2,014,208				
3.4 Net.....	264,555,818	234,939,869	2,600,678	1,043,000	3,000	2,058,376	20,713,711	0	3,197,184	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	0									
4.2 Reinsurance assumed.....	0									
4.3 Reinsurance ceded.....	0									
4.4 Net.....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	4,950,180	4,912,022					32,400		5,758	
6. Net healthcare receivables (a).....	6,372,926	2,285,022	30,460	2,483	4,774		4,055,889		(5,702)	
7. Amounts recoverable from reinsurers December 31, current year.....	16,430,999	16,430,999								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	193,201,446	185,270,128	3,121,797	912,000	10,000				3,887,521	
8.2 Reinsurance assumed.....	938,204	938,204								
8.3 Reinsurance ceded.....	2,884,200	2,884,200								
8.4 Net.....	191,255,450	183,324,132	3,121,797	912,000	10,000	0	0	0	3,887,521	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct.....	0									
9.2 Reinsurance assumed.....	0									
9.3 Reinsurance ceded.....	0									
9.4 Net.....	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	5,853,700	5,846,995							6,705	
11. Amounts recoverable from reinsurers December 31, prior year.....	20,844,796	20,844,796								
12. Incurred benefits:										
12.1 Direct.....	1,979,038,334	1,671,159,236	21,167,299	11,013,300	2,931,461	31,212,742	150,767,862	0	90,786,434	0
12.2 Reinsurance assumed.....	7,849,901	7,849,901	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded.....	21,096,471	19,082,263	0	0	0	2,014,208	0	0	0	0
12.4 Net.....	1,965,791,764	1,659,926,874	21,167,299	11,013,300	2,931,461	29,198,534	150,767,862	0	90,786,434	0
13. Incurred medical incentive pools and bonuses.....	2,819,431	2,765,375	9	0	0	0	52,362	0	1,685	0

(a) Excludes \$.....0 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 (Medical and Hospital)	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.....	266,599,458	234,969,301	2,600,678	1,043,000	3,000	4,072,584	20,713,711		3,197,184	
2.2 Reinsurance assumed.....	1,239,686	1,239,686								
2.3 Reinsurance ceded.....	3,283,326	1,269,118				2,014,208				
2.4 Net.....	264,555,818	234,939,869	2,600,678	1,043,000	3,000	2,058,376	20,713,711	0	3,197,184	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.....	266,599,458	234,969,301	2,600,678	1,043,000	3,000	4,072,584	20,713,711	0	3,197,184	0
4.2 Reinsurance assumed.....	1,239,686	1,239,686	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	3,283,326	1,269,118	0	0	0	2,014,208	0	0	0	0
4.4 Net.....	264,555,818	234,939,869	2,600,678	1,043,000	3,000	2,058,376	20,713,711	0	3,197,184	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).....	138,588,504	1,472,007,656	(1,379,031)	236,318,900	137,209,473	183,324,132
2. Medicare supplement.....	3,091,940	18,626,938	15,000	2,585,678	3,106,940	3,121,797
3. Dental only.....	926,560	9,958,223	1,000	1,042,000	927,560	912,000
4. Vision only.....	12,505	2,930,730		3,000	12,505	10,000
5. Federal employees health benefits plan.....		27,140,158		2,058,376	0	
6. Title XVIII - Medicare.....		134,110,040		20,713,711	0	
7. Title XIX - Medicaid.....					0	
8. Other health.....	3,990,200	87,480,868		3,197,184	3,990,200	3,887,521
9. Health subtotal (Lines 1 to 8).....	146,609,709	1,752,254,613	(1,363,031)	265,918,849	145,246,678	191,255,450
10. Healthcare receivables (a).....	60,988	11,360,709		33,294,831	60,988	38,343,602
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....	2,389,866	1,333,085	1,138,541	3,811,639	3,528,407	5,853,700
13. Totals (Lines 9 - 10 + 11 + 12).....	148,938,587	1,742,226,989	(224,490)	236,435,657	148,714,097	158,765,548

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	189,227	186,151	184,299	182,776	182,776
2. 2012.....	1,794,446	2,024,497	2,021,853	2,020,356	2,019,824
3. 2013.....	XXX	1,887,967	2,097,235	2,094,760	2,093,109
4. 2014.....	XXX	XXX	1,631,908	1,803,814	1,802,423
5. 2015.....	XXX	XXX	XXX	1,536,481	1,689,055
6. 2016.....	XXX	XXX	XXX	XXX	1,753,588

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. Prior.....	(9,525)	(12,138)	(14,147)	(15,580)	(15,289)
2. 2012.....	2,049,215	2,022,648	2,020,421	2,020,071	2,019,824
3. 2013.....	XXX	2,090,790	2,097,314	2,094,288	2,091,761
4. 2014.....	XXX	XXX	1,817,393	1,806,385	1,801,285
5. 2015.....	XXX	XXX	XXX	1,693,723	1,691,254
6. 2016.....	XXX	XXX	XXX	XXX	1,978,662

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....	2,372,803	2,019,824	69,503	3.4	2,089,327	88.1			2,089,327	88.1
2. 2013.....	2,473,581	2,093,109	62,268	3.0	2,155,377	87.1	(1,348)		2,154,029	87.1
3. 2014.....	2,238,112	1,802,423	59,901	3.3	1,862,324	83.2	(1,138)		1,861,186	83.2
4. 2015.....	2,146,945	1,689,055	54,171	3.2	1,743,226	81.2	2,261	.51	1,745,538	81.3
5. 2016.....	2,368,349	1,753,588	65,812	3.8	1,819,400	76.8	269,731	5,538	2,094,669	88.4

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED 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. Prior.....	184,642	181,617	179,799	178,302	178,302
2. 2012.....	1,702,209	1,926,593	1,923,998	1,922,528	1,922,005
3. 2013.....	XXX	1,788,725	1,992,236	1,989,804	1,988,181
4. 2014.....	XXX	XXX	1,515,898	1,680,864	1,679,497
5. 2015.....	XXX	XXX	XXX	1,426,677	1,571,166
6. 2016.....	XXX	XXX	XXX	XXX	1,473,320

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. Prior.....	(8,480)	(11,667)	(13,645)	(15,057)	(14,760)
2. 2012.....	1,951,097	1,925,226	1,922,585	1,922,242	1,922,005
3. 2013.....	XXX	1,986,105	1,992,776	1,989,332	1,986,850
4. 2014.....	XXX	XXX	1,695,721	1,683,427	1,678,373
5. 2015.....	XXX	XXX	XXX	1,576,877	1,573,317
6. 2016.....	XXX	XXX	XXX	XXX	1,673,726

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....	2,240,519	1,922,005	68,152	3.5	1,990,157	88.8			1,990,157	88.8
2. 2013.....	2,335,287	1,988,181	61,186	3.1	2,049,367	87.8	(1,331)		2,048,036	87.7
3. 2014.....	2,088,843	1,679,497	58,310	3.5	1,737,807	83.2	(1,124)		1,736,683	83.1
4. 2015.....	1,979,841	1,571,166	50,573	3.2	1,621,739	81.9	2,213	51	1,624,003	82.0
5. 2016.....	2,012,928	1,473,320	57,288	3.9	1,530,608	76.0	240,094	5,008	1,775,710	88.2

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	2,544	2,493	2,459	2,435	2,435
2. 2012.....	15,919	18,229	18,180	18,156	18,148
3. 2013.....	XXX	15,848	18,316	18,277	18,251
4. 2014.....	XXX	XXX	16,459	19,296	19,274
5. 2015.....	XXX	XXX	XXX	18,864	22,012
6. 2016.....	XXX	XXX	XXX	XXX	18,627

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

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. Prior.....	(299)	(319)	(371)	(390)	(390)
2. 2012.....	18,628	18,293	18,161	18,156	18,148
3. 2013.....	XXX	18,316	18,416	18,277	18,236
4. 2014.....	XXX	XXX	18,664	19,304	19,261
5. 2015.....	XXX	XXX	XXX	21,477	22,055
6. 2016.....	XXX	XXX	XXX	XXX	20,682

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....	26,002	18,148	904	5.0	19,052	73.3			19,052	73.3
2. 2013.....	26,198	18,251	734	4.0	18,985	72.5	(15)		18,970	72.4
3. 2014.....	27,370	19,274	658	3.4	19,932	72.8	(13)		19,919	72.8
4. 2015.....	31,115	22,012	768	3.5	22,780	73.2	43		22,823	73.4
5. 2016.....	30,040	18,627	920	4.9	19,547	65.1	2,586	56	22,189	73.9

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	920	920	920	920	920
2. 2012.....	11,970	13,255	13,255	13,255	13,255
3. 2013.....	XXX	10,891	11,879	11,879	11,879
4. 2014.....	XXX	XXX	10,414	11,251	11,251
5. 2015.....	XXX	XXX	XXX	10,535	11,462
6. 2016.....	XXX	XXX	XXX	XXX	9,958

SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY

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. Prior.....	237	830	826	826	826
2. 2012.....	13,021	12,696	13,255	13,255	13,255
3. 2013.....	XXX	11,618	11,323	11,879	11,879
4. 2014.....	XXX	XXX	11,035	11,251	11,251
5. 2015.....	XXX	XXX	XXX	11,183	11,463
6. 2016.....	XXX	XXX	XXX	XXX	10,734

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....	16,930	13,255	204	1.5	13,459	79.5			13,459	79.5
2. 2013.....	17,165	11,879	83	0.7	11,962	69.7			11,962	69.7
3. 2014.....	16,743	11,251	392	3.5	11,643	69.5			11,643	69.5
4. 2015.....	18,286	11,462	445	3.9	11,907	65.1	1		11,908	65.1
5. 2016.....	16,804	9,958	1,318	13.2	11,276	67.1	1,042	24	12,342	73.4

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - VISION ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	.....29	.....29	.....29	.....29	.....29
2. 2012.....	.....2,677	.....2,693	.....2,693	.....2,693	.....2,693
3. 2013.....	.....XXX	.....2,628	.....2,641	.....2,641	.....2,641
4. 2014.....	.....XXX	.....XXX	.....2,775	.....2,795	.....2,795
5. 2015.....	.....XXX	.....XXX	.....XXX	.....2,876	.....2,889
6. 2016.....	.....XXX	.....XXX	.....XXX	.....XXX	.....2,931

SECTION B - INCURRED HEALTH CLAIMS - VISION ONLY

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. Prior.....	.....4	.....4	.....29	.....29	.....29
2. 2012.....	.....2,706	.....2,701	.....2,693	.....2,693	.....2,693
3. 2013.....	.....XXX	.....2,603	.....2,625	.....2,641	.....2,641
4. 2014.....	.....XXX	.....XXX	.....2,742	.....2,795	.....2,795
5. 2015.....	.....XXX	.....XXX	.....XXX	.....2,819	.....2,889
6. 2016.....	.....XXX	.....XXX	.....XXX	.....XXX	.....2,862

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....	.....1,926	.....2,693	.....236	.....8.8	.....2,929	.....152.1			.....2,929	.....152.1
2. 2013.....	.....2,049	.....2,641	.....249	.....9.4	.....2,890	.....141.0			.....2,890	.....141.0
3. 2014.....	.....2,029	.....2,795	.....97	.....3.5	.....2,892	.....142.5			.....2,892	.....142.5
4. 2015.....	.....2,221	.....2,889	.....82	.....2.8	.....2,971	.....133.8			.....2,971	.....133.8
5. 2016.....	.....3,602	.....2,931	.....35	.....1.2	.....2,966	.....82.3	.....3		.....2,969	.....82.4

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....					
2. 2012.....					
3. 2013.....	XXX				
4. 2014.....	XXX	XXX			
5. 2015.....	XXX	XXX	XXX		
6. 2016.....	XXX	XXX	XXX	XXX	27,140

SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

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. Prior.....					
2. 2012.....					
3. 2013.....	XXX				
4. 2014.....	XXX	XXX			
5. 2015.....	XXX	XXX	XXX		
6. 2016.....	XXX	XXX	XXX	XXX	29,199

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....				0.0	0	0.0			0	0.0
2. 2013.....				0.0	0	0.0			0	0.0
3. 2014.....				0.0	0	0.0			0	0.0
4. 2015.....				0.0	0	0.0			0	0.0
5. 2016.....	29,199	27,140		0.0	27,140	92.9	2,058		29,198	100.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	.....25	.....25	.....25	.....25	.....25
2. 2012.....					
3. 2013.....	.....XXX				
4. 2014.....	.....XXX	.....XXX			
5. 2015.....	.....XXX	.....XXX	.....XXX		
6. 2016.....	.....XXX	.....XXX	.....XXX	.....XXX	.....134,130

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

12.XV

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. Prior.....	.....(34)	.....(34)	.....(34)	.....(34)	.....(34)
2. 2012.....					
3. 2013.....	.....XXX				
4. 2014.....	.....XXX	.....XXX			
5. 2015.....	.....XXX	.....XXX	.....XXX		
6. 2016.....	.....XXX	.....XXX	.....XXX	.....XXX	.....150,820

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....			0.000.0		00.0
2. 2013.....			0.000.0		00.0
3. 2014.....			0.000.0		00.0
4. 2015.....				.....0.0	.....0	.....0.0			.....0	.....0.0
5. 2016.....	.....145,860	.....134,130	.....5,956	.....4.4	.....140,086	.....96.0	.....20,746	.....444	.....161,276	.....110.6

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	NONE				
2. 2012.....					
3. 2013.....		XXX			
4. 2014.....		XXX	XXX		
5. 2015.....		XXX	XXX	XXX	
6. 2016.....		XXX	XXX	XXX	XXX

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

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. Prior.....	NONE				
2. 2012.....					
3. 2013.....		XXX			
4. 2014.....		XXX	XXX		
5. 2015.....		XXX	XXX	XXX	
6. 2016.....		XXX	XXX	XXX	XXX

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....				0.0	0	0.0			0	0.0
2. 2013.....				0.0	0	0.0			0	0.0
3. 2014.....				0.0	0	0.0			0	0.0
4. 2015.....				0.0	0	0.0			0	0.0
5. 2016.....				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	1,067	1,067	1,067	1,065	1,065
2. 2012.....	61,671	63,727	63,727	63,724	63,723
3. 2013.....	XXX	69,875	72,163	72,159	72,157
4. 2014.....	XXX	XXX	86,362	89,608	89,606
5. 2015.....	XXX	XXX	XXX	77,529	81,526
6. 2016.....	XXX	XXX	XXX	XXX	87,482

SECTION B - INCURRED HEALTH CLAIMS - OTHER

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. Prior.....	(953)	(952)	(952)	(954)	(960)
2. 2012.....	63,763	63,732	63,727	63,725	63,723
3. 2013.....	XXX	72,148	72,174	72,159	72,155
4. 2014.....	XXX	XXX	89,231	89,608	89,605
5. 2015.....	XXX	XXX	XXX	81,367	81,530
6. 2016.....	XXX	XXX	XXX	XXX	90,639

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....	87,426	63,723	7	0.0	63,730	72.9			63,730	72.9
2. 2013.....	92,882	72,157	16	0.0	72,173	77.7	(2)		72,171	77.7
3. 2014.....	103,127	89,606	444	0.5	90,050	87.3	(1)		90,049	87.3
4. 2015.....	115,482	81,526	2,303	2.8	83,829	72.6	4		83,833	72.6
5. 2016.....	129,916	87,482	295	0.3	87,777	67.6	3,202	6	90,985	70.0

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 and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	0								
2. Additional policy reserves (a).....	49,559,000	9,631,000					39,928,000		
3. Reserve for future contingent benefits.....	0								
4. Reserve for rate credits or experience rating refunds (including \$.....0) for investment income.....	607,986						607,986		
5. Aggregate write-ins for other policy reserves.....	0	0	0	0	0	0	0	0	0
6. Totals (gross).....	50,166,986	9,631,000	0	0	0	0	40,535,986	0	0
7. Reinsurance ceded.....	0								
8. Totals (net) (Page 3, Line 4).....	50,166,986	9,631,000	0	0	0	0	40,535,986	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.	0								
0502.	0								
0503.	0								
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.	0								
1102.	0								
1103.	0								
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 \$.....49,559,000 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 (\$.....0 for occupancy of own building).....	.....19,448	.....1,854,117	.....3,453,083	.....	.....5,326,648
2. Salaries, wages and other benefits.....	.....13,634,626	.....27,032,073	.....47,379,214	.....	.....88,045,913
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....	.....	.....	.....97,649,734	.....	.....97,649,734
4. Legal fees and expenses.....	.....	.....	.....984,364	.....	.....984,364
5. Certifications and accreditation fees.....	.....450,243	.....	.....	.....	.....450,243
6. Auditing, actuarial and other consulting services.....	.....876,647	.....401,579	.....2,575,418	.....	.....3,853,644
7. Traveling expenses.....	.....143,294	.....218,625	.....1,336,798	.....	.....1,698,717
8. Marketing and advertising.....	.....7,747	.....4,036	.....2,325,379	.....	.....2,337,162
9. Postage, express and telephone.....	.....285,666	.....1,480,845	.....1,236,649	.....	.....3,003,160
10. Printing and office supplies.....	.....209,738	.....205,770	.....1,816,102	.....	.....2,231,610
11. Occupancy, depreciation and amortization.....	.....	.....	.....	.....	.....0
12. Equipment.....	.....28,283	.....178,476	.....728,671	.....	.....935,430
13. Cost or depreciation of EDP equipment and software.....	.....1,170,781	.....4,677,725	.....2,614,823	.....	.....8,463,329
14. Outsourced services including EDP, claims, and other services.....	.....9,097,301	.....4,693,070	.....6,579,755	.....	.....20,370,126
15. Boards, bureaus and association fees.....	.....48,709	.....6,140	.....192,357	.....	.....247,206
16. Insurance, except on real estate.....	.....	.....	.....777,871	.....	.....777,871
17. Collection and bank service charges.....	.....	.....	.....	.....238,871	.....238,871
18. Group service and administration fees.....	.....	.....	.....	.....	.....0
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.....	.....	.....	.....18,239,665	.....	.....18,239,665
23.3 Regulatory authority licenses and fees.....	.....	.....	.....39,795	.....	.....39,795
23.4 Payroll taxes.....	.....803,381	.....1,556,153	.....2,488,813	.....	.....4,848,347
23.5 Other (excluding federal income and real estate taxes).....	.....	.....	.....55,339,079	.....	.....55,339,079
24. Investment expenses not included elsewhere.....	.....	.....	.....	.....1,133,139	.....1,133,139
25. Aggregate write-ins for expenses.....	.....3,516,697	.....0	.....394,070	.....0	.....3,910,767
26. Total expenses incurred (Lines 1 to 25).....	.....30,292,561	.....42,308,609	.....246,151,640	.....1,372,010	(a).....320,124,820
27. Less expenses unpaid December 31, current year.....	.....2,332,031	.....3,257,069	.....99,783,457	.....154,055	.....105,526,612
28. Add expenses unpaid December 31, prior year.....	.....1,559,270	.....3,289,843	.....100,799,443	.....154,200	.....105,802,756
29. Amounts receivable relating to uninsured plans, prior year.....	.....	.....	.....	.....	.....0
30. Amounts receivable relating to uninsured plans, current year.....	.....	.....	.....8,710,879	.....	.....8,710,879
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	.....29,519,800	.....42,341,383	.....255,878,505	.....1,372,155	.....329,111,843

DETAILS OF WRITE-INS

2501. Network Access Fees.....	.....3,516,697	.....	.....	.....	.....3,516,697
2502. Other.....	.....	.....	.....324,324	.....	.....324,324
2503. Intangible Amortization.....	.....	.....	.....69,746	.....	.....69,746
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.....0	.....0	.....0	.....0	.....0
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above).....	.....3,516,697	.....0	.....394,070	.....0	.....3,910,767

(a) Includes management fees of \$.....(207,979,102) to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....13,792,820	.....13,372,320
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....15,082,766	.....15,012,128
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....4,111,715	.....4,119,489
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....509,992	.....530,551
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....396,145	.....396,145
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....33,893,438	.....33,430,633
11. Investment expenses.....	.....	(g).....1,372,010
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).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....1,372,010
17. Net investment income (Line 10 minus Line 16).....	.....	.....32,058,623

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 \$.....665,693 accrual of discount less \$.....5,228,274 amortization of premium and less \$.....1,251,298 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....2,074,139	.....	.....2,074,139	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....1,997,280	.....	.....1,997,280	.....(11,196)	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....3,046,583	.....(2,507,029)	.....539,554	.....13,598,904	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....(16,406,264)	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	.....0	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....(242,115)	.....(8,532,099)	.....(8,774,214)	.....(19,310,891)	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....6,875,887	.....(11,039,128)	.....(4,163,241)	.....(22,129,447)	.....0

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....	4,500,000		(4,500,000)
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	4,500,000	0	(4,500,000)
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....			0
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....	2,879,364	9,044,602	6,165,238
21. Furniture and equipment, including health care delivery assets.....	6,779,469	7,317,435	537,966
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....			0
24. Health care and other amounts receivable.....	10,451,226	7,203,400	(3,247,826)
25. Aggregate write-ins for other-than-invested assets.....	18,448,574	18,999,061	550,487
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	43,058,633	42,564,498	(494,135)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	43,058,633	42,564,498	(494,135)

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Prepaid Assets.....	14,259,897	16,046,382	1,786,485
2502. Other Assets.....	643,093	826,992	183,899
2503. Other Receivables.....	3,238,700	2,125,687	(1,113,013)
2598. Summary of remaining write-ins for Line 25 from overflow page.....	306,884	0	(306,884)
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	18,448,574	18,999,061	550,487

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.....		14,293	15,037	15,915	16,498	169,696
2. Provider service organizations.....						
3. Preferred provider organizations.....	408,564	410,163	407,117	406,777	407,546	4,911,899
4. Point of service.....						
5. Indemnity only.....	801	674	647	628	608	7,789
6. Aggregate write-ins for other lines of business.....	587,222	605,615	605,432	606,696	602,300	7,246,136
7. Total.....	996,587	1,030,745	1,028,233	1,030,016	1,026,952	12,335,520

DETAILS OF WRITE-INS

0601. Stop Loss.....	458,378	473,764	475,382	475,388	472,818	5,671,849
0602. Vision Only.....	42,760	42,171	41,818	42,840	42,700	908,088
0603. Dental Only.....	72,045	76,325	75,115	75,582	74,166	509,123
0698. Summary of remaining write-ins for Line 6 from overflow page.....	14,039	13,355	13,117	12,886	12,616	157,076
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	587,222	605,615	605,432	606,696	602,300	7,246,136

NOTES TO FINANCIAL STATEMENTS

Dollars in thousands

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

	2016	2015
NET INCOME		
(1) Medical Mutual of Ohio state basis (Page 4, Line 32, Columns 2 & 3)	\$ 57,880	\$ 126,750
(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)	\$ 57,880	\$ 126,750
SURPLUS		
(5) Medical Mutual of Ohio state basis (Page 3, line 33, Columns 3 & 4)	\$ 1,395,788	\$ 1,352,840
(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)	\$ 1,395,788	\$ 1,352,840

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

The preparation of the statutory financial statements requires management to make estimates and assumptions that affect amounts reported in the statutory financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known which could impact the amounts reported and disclosed herein.

C. Accounting Policy

The accompanying statutory financial statements of Medical Mutual of Ohio (the Company) have been prepared in conformity with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP), as prescribed by the Ohio Department of Insurance (ODI). No accounting practices were employed by the Company in 2016 and 2015 that departed from NAIC SAP. Statutory accounting practices vary from U.S. generally accepted accounting principles (GAAP). The more significant variances from GAAP are as follows:

Investments

Investments in bonds are reported at amortized cost or fair value based on their NAIC rating; for GAAP, such fixed maturity investments are held as available-for-sale and are reported at fair value with unrealized holding gains and losses reported as a separate component of surplus. All single class and multiclass mortgage-backed securities (MBSs)(e.g., collateralized mortgage obligations (CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows. For GAAP purposes, all securities purchased or retained that represent beneficial interests in securitized assets (e.g., CMO and MBS securities), other than high credit quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If high credit quality securities are adjusted, the retrospective method is used. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the discounted fair value.

Under statutory accounting, a realized loss is recorded upon the sale of an investment at a loss or when a decline in the fair value of an investment is determined by management to be other than temporary. Realized capital gains and losses are determined on the first-in, first-out cost method.

For GAAP, if a decline in the fair value is other than temporary, the difference between the security's fair value and carrying value (amortized cost) must be realized in earnings if the Company has the intent to sell the security or does not have the intent and ability to hold the security until recovery of the carrying value. If the Company does not intend to sell the security and it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis, the other-than-temporary impairment (OTTI) would be separated into (a) the amount representing the credit loss and (b) the amount related to all other factors. The amount of the total OTTI related to the credit loss would be recognized in earnings. The amount of the total OTTI related to other factors would be recognized in other comprehensive income.

Investments in limited partnerships are recorded in other invested assets. These investments are based on the Company's interest in the underlying audited GAAP equity of the investee. Undistributed earnings and losses of the investee are accounted for as changes in unrealized gains and losses. Under GAAP, these earnings would be accounted for as an equity method investment and flow through net income.

Subsidiaries

The accounts and operations of the Company's subsidiaries are not consolidated with the accounts and operations of the Company as would be required by GAAP. The investment in Medical Mutual Services, LLC (MMS) is carried at its audited GAAP equity value. The Company's investments in Medical Health Insuring Corporation of Ohio (MHICO) and Consumers Life Insurance Company (CLIC) are carried at their audited statutory surplus values. The changes in equity in the undistributed income or losses of subsidiaries are charged or credited directly to surplus. Distributed income of the subsidiaries is recognized in net investment income when the dividend is declared.

Nonadmitted Assets

Certain assets designated as "nonadmitted," principally deferred taxes, furniture and equipment, electronic data processing equipment and software, certain accounts receivables, prepaid expenses, intangible assets, and other assets not identified as an admitted asset in the NAIC's *Accounting Practices and Procedures Manual* and are excluded from the statutory statements of admitted assets, liabilities and surplus and are charged directly to surplus. In accordance with GAAP, such assets are included in the balance sheet, net of a valuation allowance, if necessary. Surplus was reduced by nonadmitted assets of \$43,058 and \$42,564 at December 31, 2016 and 2015, respectively.

Deferred Acquisition Costs

The costs of acquiring and renewing business are expensed as incurred. For GAAP, such costs are capitalized and charged to expense in proportion to the premium revenue recognized.

NOTES TO FINANCIAL STATEMENTS

Deferred Income Taxes

The Company computes deferred income taxes in accordance with Statement of Statutory Accounting Principle (SSAP) No. 101, *Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10*. Under SSAP No. 101, gross deferred tax assets are reduced by a statutory valuation allowance adjustment if, based on the weight of available evidence, it is more-likely-than-not that some portion or all of the gross deferred tax assets will not be realized to calculate the adjusted gross deferred tax assets.

Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the Company includes many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) the timing of reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry forwards; (5) the length of time that carryovers can be used; (6) unique tax rules that would impact the utilization of the deferred tax assets; (7) any tax planning strategies that the Company would employ to avoid a tax benefit expiring unused.

Admitted adjusted deferred income tax assets are limited to (1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse during a timeframe corresponding with the Internal Revenue Service tax loss carryback provisions, not to exceed three years, plus (2) the amount of adjusted gross deferred income tax assets expected to be realized within three years limited to an amount that is no greater than 15% of current period's adjusted statutory surplus, plus (3) the amount of remaining adjusted gross deferred income tax assets that can be offset against existing gross deferred income tax liabilities after considering the character (i.e., ordinary versus capital) and reversal patterns of the deferred tax assets and liabilities. The remaining adjusted deferred income tax assets are nonadmitted.

Under GAAP, a deferred income tax asset is recorded for the amount of gross deferred income tax assets expected to be realized in all future years, and a valuation allowance is established for deferred income tax assets not realizable.

Reinsurance

Unpaid claims liability ceded to reinsurers have been reported as reductions of the related reserves rather than as assets as would be required under GAAP.

Health Insurer Fee

The estimated liability and corresponding expense for the mandatory annual nontax deductible assessment imposed by the ACA (the Health Insurer Fee) are both recognized in full on January 1 of the applicable calendar year in which the assessment is paid. In accordance with GAAP, the liability is recognized in full on January 1 with a corresponding deferred cost that is amortized to expense using a straight-line method of allocation over the remaining year.

Statutory Statements of Cash Flow

Cash and short-term investments in the statutory statements of cash flow represent cash balances and investments with initial maturities of one year or less. In accordance with GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

Other significant accounting policies are as follows:

Cash and Invested Assets

Short-term investments, principally money market accounts, include investments with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost, which approximates fair value.

U.S. government securities and corporate bonds not backed by other assets are recorded at amortized cost using the interest method or fair value based on their NAIC rating. Single class mortgage-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys or internal estimates and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities held. The fair values disclosed for these securities are obtained from independent pricing services.

Common stocks are recorded at fair value as determined by the Securities Valuation Office of the NAIC. Related unrealized capital gains or losses are reported as an adjustment to surplus, net of federal income taxes.

Other-Than-Temporary Impairment

The Company reviews the values of the Company's investments on a quarterly basis. If the value of the investment falls below its cost basis, the decline is analyzed to determine whether it is an other-than-temporary decline in value. To make this determination for each security, the following is considered:

- The length of time and the extent to which the fair value has been less than the amortized cost basis.
- The Company's ability and intent to hold the security long enough for it to recover its value.
- A significant deterioration in the earning performance, credit rating, asset quality or business prospects of the investee.
- A significant adverse change in the regulatory, economic, or technological environment of the investee.
- Factors that raise significant concerns about the investee's ability to continue as a going concern such as negative cash flows from operations, working capital deficiencies, or noncompliance with statutory capital requirements or debt covenants.

NOTES TO FINANCIAL STATEMENTS

Fair Value Measurements

Assets recorded in the statutory statements of admitted assets, liabilities and surplus are categorized based on the level of judgment associated with the inputs used to measure their fair value. Level inputs are as follows:

Level 1	Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.
Level 2	Inputs include quoted prices for similar assets 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. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset at the reporting date.

Other Invested Assets

Other invested assets include investments in limited partnerships, cash surrender values for life insurance contracts owned by the Company, and assets associated with a nonqualified deferred compensation plan.

Contingent Consideration

The Company recognizes contingent consideration in the period incurred based on the contractual obligation.

Unpaid Claims and Claims Adjustment Expenses

Unpaid claims and claims adjustment expenses represent management's best estimate of the ultimate net cost of all reported and unreported claims, less the estimated amount recoverable from claim overpayments and subrogation. The unpaid claims liability is actuarially estimated based on a review of historical claim payment patterns and claim trends. The estimates are subject to the effects of trends in claim severity and frequency, and a reasonable provision for adverse development has been incorporated in management's best estimate. Although considerable variability is inherent in such estimates, management believes that the amounts reported for unpaid claims and claims adjustment expenses are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Premiums

Premiums are earned and recorded, net of amounts assumed and ceded under reinsurance agreements, pro rata over the period for which coverage is provided. Uncollected premiums include uncollected amounts from insured individuals and groups and are reported net of an allowance for amounts deemed uncollectible. Premium payments received prior to the period of coverage are classified as advance premiums.

The Company's Medicare Advantage premium revenues are subject to periodic adjustment under the Centers for Medicare & Medicaid Services' (CMS) risk adjustment payment methodology. CMS deploys a risk adjustment model that apportions premiums paid to all health plans according to health severity and certain demographic factors. The CMS risk adjustment model provides higher per member payments for enrollees diagnosed with certain conditions and lower payments for enrollees who are healthier. Under this risk adjustment methodology, CMS calculates the risk adjusted premium payment using diagnosis data from hospital inpatient, hospital outpatient and physician treatment settings. The Company and health care providers collect, capture and submit the necessary and available diagnosis data to CMS within prescribed deadlines. Risk adjustment data for certain of the Company's plans are subject to review by the government, including audit by regulators. See Note 17 for additional information regarding these audits.

Medicare Part D Pharmacy Benefits

The Company serves as a plan sponsor offering Medicare Part D prescription drug insurance coverage under contracts with CMS. Under the Medicare Part D program, there are seven separate elements of payment received by the Company during the plan year. These payment elements are as follows:

- CMS Premium.* CMS pays a fixed monthly premium per member to the Company for the entire plan year.
- Member Premium.* Additionally, certain members pay a fixed monthly premium to the Company for the entire plan year.
- Low-Income Premium Subsidy.* For qualifying low-income members, CMS pays some or all of the member's monthly premiums to the Company on the member's behalf.
- Catastrophic Reinsurance Subsidy.* CMS pays the Company a cost reimbursement estimate monthly to fund the CMS obligation to pay approximately 80% of the costs incurred by individual members in excess of the individual annual out-of-pocket maximum. A settlement is made with CMS based on actual cost experience, after the end of the plan year.
- Low-Income Member Cost Sharing Subsidy.* For qualifying low-income members, CMS pays on the member's behalf some or all of a member's cost sharing amounts, such as deductibles and coinsurance. The cost sharing subsidy is funded by CMS through monthly payments to the Company. The Company administers and pays the subsidized portion of the claims on behalf of CMS, and a settlement payment is made between CMS and the Company based on actual claims and premium experience, after the end of the plan year.
- CMS Risk-Share.* Premiums from CMS are subject to risk corridor provisions that compare costs targeted in the Company's annual bids by product and region to actual prescription drug costs, limited to actual costs that would have been incurred under the standard coverage as defined by CMS. Variances of more than 5% above or below the original bid submitted by the Company may result in CMS making additional payments to the Company or require the Company to refund to CMS a portion of the premiums it received. The Company estimates and recognizes an adjustment to net accident and health premiums earned related to the risk corridor payment settlement based upon pharmacy claims experience to date. The estimate of the settlement associated with these risk corridor provisions requires the Company to consider factors that may not be certain, including estimates of eligible pharmacy costs and member eligibility status differences with CMS. The Company records risk-share adjustments to net accident and health premiums earned in the statutory statements of revenue and expenses.
- Drug Discount.* Health Reform Legislation mandated a consumer discount on brand name prescription drugs for Medicare Part D plan participants in the coverage gap. This discount is funded by CMS and pharmaceutical manufacturers while the Company administers the application of these funds. Accordingly, amounts received are not reflected as premium revenues, but rather are accounted for as deposits.

The CMS Premium, the Member Premium and the Low-Income Premium Subsidy represent payments for the Company's insurance risk coverage under the Medicare Part D program and, therefore, are recorded as net accident and health premiums earned in the statutory statements of revenue and expenses. Premiums are recognized ratably over the period in which eligible individuals are entitled to receive prescription drug benefits. The Company records premium payments received in advance of the applicable service period in advanced premiums in the statutory statements of admitted assets, liabilities and surplus.

NOTES TO FINANCIAL STATEMENTS

The Catastrophic Reinsurance Subsidy and the Low-Income Member Cost Sharing Subsidy (Subsidies) represent cost reimbursements under the Medicare Part D program. Amounts received for these Subsidies are not reflected as net accident and health premiums earned, but rather are accounted for as receivables and/or deposits.

Pharmacy benefit costs and administrative costs under the contract are expensed as incurred and are recognized in net accident and health benefits and general administrative expenses, respectively, in statutory statements of revenue and expenses.

The final 2016 risk-share amount is expected to be settled during the second half of 2017, and is subject to the reconciliation process with CMS.

Uncertain Tax Policies

The Company records uncertain tax positions on the basis of a two-step process whereby (1) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Changes to liabilities for uncertain tax positions are recorded as income tax expenses in the accompanying statutory statement of revenue and expense. The total liability for uncertain tax positions at December 31, 2016 and 2015 was \$7,708 and \$5,691, respectively, included in current federal income tax payable in the statutory statements of admitted assets, liabilities and surplus. The Company does not expect any significant changes in its liability for uncertain tax positions in 2017.

Employee Benefits

The Company computes the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of employee benefit plans in accordance with SSAP No. 92, *Accounting for Postretirement Benefits Other Than Pensions* and SSAP No. 102, *Accounting for Pensions* in the accompanying statutory statement of admitted assets, liabilities and surplus, with corresponding adjustments to surplus.

Health Insurer Fee

The Company is subject to a mandatory annual non tax-deductible assessment on health insurers imposed by the ACA. The Company estimates the expense for the Health Insurer Fee based upon the preceding year's ratio of the Company's applicable net written premium compared to the U.S. health insurance industry total applicable net written premium. The Company reclassifies from unassigned surplus to special surplus the estimated assessment amount for the subsequent year. The Consolidated Appropriation Act of 2016, Title 11, section 201, Moratorium on Annual Fee on Health Insurance Providers, suspended the Health Insurer Fee for 2017. Therefore, no amounts were reclassified to special surplus at December 31, 2016. See Note 9 for further detail.

Premium Stabilization Programs

The ACA authorized three programs designed to stabilize health insurance markets (Premium Stabilization Programs): a transitional reinsurance program; a temporary risk corridors program; and a permanent risk adjustment program. The Company accounts for the Premium Stabilization Programs in accordance with SSAP No. 107, *Accounting for the Risk-Sharing Provisions of the Affordable Care Act*. Details about each program are as follows:

Transitional Reinsurance Program

The transitional reinsurance program, effective for policy years 2014, 2015 and 2016, requires all issuers of major medical commercial insurance products and self-insured plan sponsors to contribute funding in amounts set by HHS. Funds collected will be distributed by HHS to reimburse issuers' high claims costs incurred for qualified individual members.

Expenses related to the funding of the transitional reinsurance program are reflected in general administrative expenses for all insurance products with the exception of products associated with qualified individual members, which are reflected as reduction of premiums earned. When annual claim costs incurred by qualified individual members exceed a specified attachment point, the Company is entitled to certain reimbursements from this program. Estimated recoveries are included in reinsurance recoverable and as a reduction to net accident and health benefits on the accompanying statutory financial statements. See Note 8 for further details.

Temporary Risk Corridors Program

The temporary risk corridors program, effective for policy years 2014, 2015 and 2016, is intended to limit the gains and losses of qualified individual and small group health plans offered for sale on federal or state healthcare exchanges.

Since none of the Company's plans are offered on state or federal healthcare exchanges, this program is not applicable to the Company.

Permanent Risk Adjustment Program

The permanent risk adjustment program is designed to transfer funds from qualified individual and small group plans with below average risks scores to those respective plans with above average risk scores. The estimates of amounts owed or due from the permanent risk adjustment program is required to be reflected as an adjustment to earned premium if sufficient data is available to make an estimate.

New Accounting Standards

In December 2016, the NAIC revised SSAP No. 35R – *Guaranty Fund and Other Assessments* to address the accounting for guaranty fund assessments and related assets recognized for future premium tax credits by issuers of short-duration health insurance contracts. Effective January 1, 2017, the revised statutory accounting principal allows issuers of short-duration contracts to recognize a premium tax asset based on expected renewals in instances when retrospective premium-based assessments are imposed on short-duration contracts for losses on long-duration contracts. Previously, issuers of short-duration contracts were not permitted to consider expected renewals in determining the asset recognized for future premium tax credits.

D. Going Concern
 Not applicable

Note 2 – Accounting Changes and Corrections of Errors
Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 3 – Business Combinations and Goodwill

- A. Statutory Purchase Method
Not applicable
- B. Statutory Merger
Not applicable
- C. Assumption Reinsurance
Not applicable
- D. Impairment Loss
Not applicable

Note 4 – Discontinued Operations

- A. Discontinued Operation Disposed of or Classified as Held for Sale
Not applicable
- B. Change in Plan of Sale of Discontinued Operation
Not applicable
- C. Nature of any Significant Continuing Involvement with Discontinued Operations After Disposal
Not applicable
- D. Equity Interest Retained in the Discontinued Operation After Disposal
Not applicable

Note 5 – Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans
Not applicable
- B. Debt Restructuring
Not applicable
- C. Reverse Mortgages
Not applicable
- D. Loan-Backed Securities

(1) All single class and multiclass mortgage-backed securities (MBSs)(e.g., collateralized mortgage obligations (CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows.

(2) Not applicable

(3) Recognized OTTI securities
Not applicable

(4) The amount of gross unrealized losses and related fair value for investments in bonds and common stocks aggregated by length of time that individual securities have been in a continuous net loss position were as follows:

a.	The aggregate amount of unrealized losses:	1.	Less than 12 Months	\$	5,283
		2.	12 Months or Longer	\$	612
b.	The aggregate related fair value of securities with unrealized losses:	1.	Less than 12 Months	\$	221,977
		2.	12 Months or Longer	\$	17,938

(5) Not applicable

- E. Repurchase Agreements and/or Securities Lending Transactions
Not applicable
- F. Real Estate
Not applicable
- G. Investments in Low-Income Housing Trade Credits (LIHTC)
Not applicable

NOTES TO FINANCIAL STATEMENTS

H. Restricted Assets

(1) Restricted Assets (Including Pledged)

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 Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 minus 4)	6 Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	7 Additional Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	-	-	-	-	-	-	-
b. Collateral held under security lending arrangements	-	-	-	-	-	-	-
c. Subject to repurchase agreements	-	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock	-	-	-	-	-	-	-
i. FHLB capital stock	-	-	-	-	-	-	-
j. On deposit with states	924	1,546	(622)	-	924	0.045	0.046
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-
l. Pledged as collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	5,283	5,269	14	-	5,283	0.260	0.265
n. Other restricted assets	-	-	-	-	-	-	-
o. Total Restricted Assets	\$ 6,207	\$ 6,815	\$ (608)	\$ -	\$ 6,207	\$ 0.305	\$ -0.312

(a) Column 1 divided by Asset Page, Column 1, Line 28

(b) Column 5 divided by Asset Page, Column 1, Line 28

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contacts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate)

	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	3 Increase (Decrease) (1 minus 2)	4 Total Current Year Admitted Restricted	5 Gross (Admitted & Nonadmitted) Restricted to Total Assets	6 Admitted Restricted to Total Admitted Assets
FEDERAL HOME LOAN BANKS	\$ 5,283	\$ 5,269	\$ 14	\$ 5,283	0.260	0.265
Total (c)	\$ 5,283	\$ 5,269	\$ 14	\$ 5,283	0.260	0.265

(a) Total Line for Columns 1 through 3 should equal 5H(1)m Columns 1 through 3 respectively and Total Line for Column 4 should equal 5H(1)m Column 5.

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate)

Not applicable

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

Not applicable

I. Working Capital Finance Investments

Not applicable

J. Offsetting and Netting of Assets and Liabilities

Not applicable

K. Structured Notes

Not applicable

L. 5* Securities

Not applicable

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

A. Investments in Joint Ventures, Partnerships and Limited Liability Companies that exceed 10% of the admitted assets of the reporting entity

- MMS – 100% owned
- The Company accounts for the investment in MMS at its audited GAAP equity value.
- There is no difference between the underlying equity and the carrying amount of MMS.
- No quoted market price is available for MMS
- MMS has assets of \$ 317,238, liabilities of \$66,003, and equity of \$251,235 at December 31, 2016. Net loss for the year ended December 31, 2016 was \$22,961.

B. Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 7 – Investment Income

- A. Not applicable
- B. Not applicable

Note 8 – Derivative Instruments

- A. Not applicable
- B. Not applicable
- C. Not applicable
- D. Not applicable
- E. Not applicable
- F. Not applicable

Note 9 – Income Taxes

The Internal Revenue Code (IRC) Section 833(b) provides a special deduction for certain insurance companies. This special deduction resulted in the Company paying federal income taxes for 2009 and prior based upon the alternative minimum tax (AMT) rate of 20%. In 2010, the ACA added a provision to the IRC that requires the percentage of total premium revenues expended on clinical services provided to enrollees to be at least 85% in order to continue to qualify for this special deduction. The deduction is calculated as the excess of 25 percent of health care claims (including certain administrative expenses) over beginning adjusted surplus. The maximum deduction is 100 percent of the income of qualifying insurance companies.

For the years ended December 31, 2015, the Company met the requirement and qualified for this special deduction. The amount of the special deduction that can be taken in a given year is limited, and the Company reached the limit in 2015. For the year ending December 31, 2016 the Company did not meet the requirements for this special deduction, and therefore is obligated to pay taxes at the federal effective tax rate of 35% and not at the AMT tax rate. However, the utilization of available AMT credits in 2016 resulted in the Company paying income taxes at the AMT rate of 20%.

Deferred income tax assets (DTAs) and liabilities (DTLs) represent the expected future tax consequences of temporary items with differences generated by statutory accounting as defined in SSAP No. 101. DTAs and DTLs are computed by means of identifying temporary differences which are measured using a balance sheet approach whereby statutory and tax basis balance sheets are compared. Current income tax recoverables include all current income taxes, including interest, reasonably expected to be recovered in a subsequent accounting period. Current income tax payables include all current income taxes, including interest, expected to be paid in a subsequent accounting period.

The Company paid federal income tax of \$18,303 and \$34,266 during 2016 and 2015, respectively. The Company can recover \$13,117 and \$30,950 of ordinary income tax incurred relating to 2016 and 2015, respectively, if the Company has ordinary losses in future years. Additionally, the Company can recover \$1,571 of capital income tax incurred during the applicable carryback period if the Company has capital losses in future years. At December 31, 2016, the Company had net operating loss carryforwards of approximately \$19,793 expiring through 2026, all of which are limited by IRC Section 382. The Company holds an AMT credit carryforward of approximately \$304,083 at December 31, 2016, which under current tax law does not expire. The Company had no capital loss carryforwards to utilize in future years at December 31, 2016 and 2015.

The Company is subject to federal income tax examinations by tax authorities for the years 2013 through 2016.

A. Deferred Tax Assets/(Liabilities)

Description	2016			2015			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross DTAs	\$ 386,779	\$7,260	\$394,039	\$ 410,163	\$6,790	\$416,953	\$(23,384)	\$470	\$(22,914)
Statutory valuation allowance	(359,729)	(5,171)	(364,900)	(390,174)	(5,517)	(395,691)	30,445	346.	30,791
Adjusted gross DTAs	27,050	2,089	29,139	19,989	1,273	21,262.	7,061.	816.	7,877
DTAs nonadmitted	-	-	-	-	-	-	-	-	-
Subtotal net admitted DTA	27,050	2,089	29,139	19,989	1,273	21,262.	7,061	816.	7,877
DTLs	377	13,389	13,766	44	8,808	8,852	333	4,581	4,914
Net admitted DTA	\$26,673	\$(11,300)	\$15,373	\$ 19,945	\$(7,535)	\$12,410	\$6,728	\$(3,765)	\$2,963

NOTES TO FINANCIAL STATEMENTS

2. Admission Calculation Components

	2016			2015			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$26,673	\$2,089	\$28,762	\$19,989	\$1,273	\$21,262	\$6,684	\$ 816	\$7,500
(b) Adjusted gross DTAs expected to be realized (excluding the amount of DTAs from above) after application of the threshold limitation (the lesser of i. and ii. below)	-	-	-	-	-	-	-	-	-
i. Adjusted gross DTAs expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
ii. Adjusted gross DTAs allowed per limitation threshold	-	-	-	-	-	-	-	-	-
(c) Adjusted gross DTAs (excluding the amount of DTAs from (a) and (b) above) offset by gross DTL	377	-	377	-	-	-	377	-	377
DTAs admitted as the result of application of SSAP No. 101	27,050	2,089	29,139	19,989	1,273	21,262	7,061	816	7,877
Total admitted adjusted gross DTAs	27,050	2,089	29,139	19,989	1,273	21,262	7,061	816	7,877
DTL	377	13,389	13,766	44	8,808	8,852	333	4,581	4,914
Net admitted DTAs	\$ 26,673	\$ (11,300)	\$ 15,373	\$19,945	\$ (7,535)	\$12,410	\$ 6,728	\$ (3,765)	\$ 2,963
Nonadmitted DTAs	\$ -	\$ -	\$ -	\$-	\$ -	\$ -	\$-	\$ -	\$ -

3. Other Admissibility Criteria

	2016	2015
Ratio percentage used to determine recovery period and threshold limitation amounts	1,112%	1,235%
Amount of adjusted surplus used to determine recovery period and threshold limitation	1,380,458	1,340,467

4. Impact of Tax Planning Strategies
Not applicable

B. Deferred Tax Liabilities Not Recognized
There are no temporary differences for deferred tax liabilities that are not recognized at December 31, 2016 and 2015.

C. Current and Deferred Income Taxes

1. Current Income Tax

Description	December 31		Change
	2016	2015	
Current income tax expense	\$ 19,924	\$ 36,991	\$ (17,067)
Tax on capital gains	1,571	650	921
Provision to return adjustment	(1,918)	562	(2,480)
Federal income taxes incurred	\$ 19,577	\$ 38,203	\$ (18,626)

2. Deferred Tax Assets

	December 31		
	2016	2015	Change
Ordinary DTAs			
Net operating loss and AMT credit carryforwards	\$ 311,010	\$ 315,918	\$ (4,908)
Postretirement benefit obligations	25,497	26,194	(697)
Claim and other reserves	18,940	9,030	9,910
Nonadmitted assets	15,071	14,898	173
Intangible assets	6,436	17,538	(11,102)
Other	5,254	5,583	(329)
Accrued commission	3,994	3,305	689
Charitable contributions	577	11,344	(10,767)
Accrued premium taxes	-	6,353	(6,353)
Gross ordinary DTAs	386,779	410,163	(23,384)
Statutory valuation allowance – ordinary	(359,729)	(390,174)	30,445
Nonadmitted ordinary DTAs	-	-	-
Admitted ordinary DTAs	27,050	19,989	7,061
Capital DTAs			
Impairment of equity holdings	4,455	4,635	(180)
Installment sale/building gain	1,666	1,942	(276)
Other	1,139	213	926
Gross capital DTAs	7,260	6,790	470
Statutory valuation allowance – capital	(5,171)	(5,517)	346
Nonadmitted capital DTAs	-	-	-
Admitted capital DTAs	2,089	1,273	816
Admitted DTAs	\$ 29,139	\$ 21,262	\$7,877

NOTES TO FINANCIAL STATEMENTS

3- 4 Deferred Tax Liabilities

DTLs Resulting From Book/ Tax Differences	December 31		Change
	2016	2015	
Ordinary DTLs			
Depreciation	\$ 333	\$ -	\$ 333
Other	44	44	-
Ordinary DTLs	377	44	333
Capital DTLs			
Basis in limited partnerships	-	3,430	(3,430)
Unrealized gains	13,389	5,378	8,011
Capital DTLs	13,389	8,808	4,581
DTLs	13,766	8,852	4,914
Net admitted DTAs	\$ 15,373	\$ 12,410	\$ 2,963.

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate Among the more significant book to tax adjustments were the following:

Description	December 31					
	2016			2015		
	Amount	Tax Effect	Effective Tax Rate	Amount	Tax Effect	Effective Tax Rate
Income before taxes	\$ 77,457	\$27,110	35.0%	\$164,952	\$ 57,733	35.0%
Change in valuation allowance	(87,971)	(30,791)	(39.7)	51,517.	18,030	10.9
Health Insurer Fee	35,586	12,455	16.1	39,708.	13,898	8.4
Expiration of charitable contributions	25,955	9,084	11.7	-	-	-
Benefit from pass-through entities	(22,961)	(8,036)	(10.4)	(32,667)	(11,433)	(6.9)
Other DTA adjustments	(12,305)	(4,307)	(5.6)	6,784	2,374	1.5
Other	3,761	1,318	1.7%	(950)	(331)	(0.2)
Permanent adjustments	3,472	1,215	1.6%	4,441	1,554	0.9
Adjustment for nonadmitted assets	(494)	(173)	(0.2)	24,371.	8,530	5.1
IRC Section 833(b) deduction	-	-	-	(73,569)	(25,749)	(15.6)
Gain on dissolution	-	-	-	(5,523)	(1,933)	(1.1)
	<u>\$ 22,500</u>	<u>\$7,875</u>	<u>10.2%</u>	<u>\$179,064</u>	<u>\$ 62,673</u>	<u>38.0%</u>
Federal income taxes incurred		\$18,006	23.3%	\$ 37,553		22.8%
Tax on capital gains		1,571.	2.0	650		0.4
Change in net deferred income taxes		(11,702)	(15.1)	24,470		14.8.
Total statutory income taxes		<u>\$7,875</u>	<u>10.2%</u>	<u>\$ 62,673</u>		<u>38.0%</u>

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits
The Company can recover \$13,117 and \$30,950 of ordinary income tax incurred relating to 2016 and 2015, respectively, if the Company has ordinary losses in future years. Additionally, the Company can recover \$1,571 of capital income tax incurred during the applicable carryback period if the Company has capital losses in future years. At December 31, 2016, the Company had net operating loss carryforwards of approximately \$19,793 expiring through 2026, all of which are limited by IRC Section 382. The Company holds an AMT credit carryforward of approximately \$304,083 at December 31, 2016, which under current tax law does not expire. The Company had no capital loss carryforwards to utilize in future years at December 31, 2016 and 2015.

The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

F. Consolidated Federal Income Tax Return

Certain subsidiaries of the Company are organized as single-member, limited liability companies (LLC) and accordingly taxable income or loss of these LLC subsidiaries are included in the tax provision of the Company, regardless of the level of income or loss of such subsidiaries recognized in the Statements of Operations.

1. The Company's federal income tax return is consolidated with the following entities:
 Medical Health Insuring Corporation of Ohio
 Consumers Life Insurance Company
 Medical Mutual Services, LLC
2. The Company is taxed as a stock property and casualty insurance company and files a consolidated federal income tax return with certain subsidiaries. The Company is party to a written tax sharing agreement with its affiliates that specifies that each member pays taxes to or receives credits from the Company as if the member had filed a separate tax return. The payment is finalized for the tax year after the return is filed and/or after an IRS audit is completed. A member generating a taxable loss, or whose net operating losses (NOLs) are utilized in the current year, is compensated for such losses in the year absorbed by the consolidated group. The Company owed its subsidiaries \$7,976 and \$4,190 related to the tax sharing agreement at December 31, 2016 and 2015, respectively, included in current federal income tax payable on the statutory statements of admitted assets, liabilities and surplus.

G. Federal or Foreign Federal Income Tax Loss Contingencies

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

NOTES TO FINANCIAL STATEMENTS

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

A-N The Company is a mutual casualty insurance organization domiciled in Ohio. The Company provides commercial, Medicare Advantage (MA) and Medicare Supplement accident and health plans to both individuals and employer groups in Ohio. The Company also provides stop loss coverage to uninsured accident and health plans. The Company’s principal operating subsidiaries areMMS, a wholly owned subsidiary which provides claims processing and network access services to uninsured accident and health plans, third-party administrators, and other insurance companies; MHICO, a wholly owned stock casualty company; and CLIC, a wholly owned life and accident and health insurance company.

Effective December 23, 2015, the Company dissolved MMO Agency Management (MMAM), which was a wholly owned, for-profit insurance agency. In conjunction with the dissolution of MMAM on December 23, 2015, the undistributed income of \$5,523 was realized and reported as a net realized capital gain. Net assets, primarily consisting of cash and short-term investments, of \$25,681 were transferred to MMO that were previously held by MMAM.

The Company shares office facilities and personnel with its subsidiaries. Such shared costs are allocated between the Company and its subsidiaries based on the actual work performed for, and facilities utilized by, each entity. The Company also provided various services to its subsidiaries, including claims processing, membership, billing, payroll, customer service, information technology services and other administrative services. Charges for shared facilities and services totaled \$232,979 and \$220,675 in 2016 and 2015, respectively, and are reported as a reduction of expenses on the accompanying statutory statements of revenue and expenses. Amounts due to and from the Company and its subsidiaries are settled within 90 days.

During 2016 and 2015, CLIC provided life, accidental death and dismemberment, and long-term disability coverage to employees of the Company. Premiums paid by the Company to CLIC for such coverage totaled \$1,471 and \$1,406 for 2016 and 2015, respectively.

MMS provide access to the Company’s Ohio provider networks through sales to unaffiliated third-party administrators, uninsured accident and health plans, and unaffiliated insurance companies. The Company receives no income from subsidiaries for access to the Company’s provider network.

The Company made a cash capital contribution of \$25,000 to MHICO in 2016. No capital contributions were made in 2015.

The Company guarantees that MHICO will maintain minimum capital and surplus in accordance with state laws.

Note 11 – Debt

- A. Not applicable
- B. FHLB (Federal Home Loan Bank) Agreements
Not applicable

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

- A. Defined Benefit Plan
Nonqualified Defined Benefit Pension Plan

The Company sponsors a nonqualified defined benefit pension plan for specified independent members of the Board of Directors. The benefit is an annuity form of payment, based upon current compensation and years-of-service, and is limited to a maximum benefit period of 12 years. The accompanying statutory statements of admitted assets, liabilities and surplus include \$3,450 and \$3,675 at December 31, 2016 and 2015, respectively, in other liabilities related to this plan.

Postretirement Health and Life Insurance Plan

The Company sponsors a postretirement plan (the Postretirement Plan) that provides certain health care and life insurance benefits for retired employees who have attained age 55 and have provided at least ten years of service. Retiree contributions, which vary by employee age, years of service at retirement and date of retirement, are made only by retirees utilizing these benefits. Retiree contributions are adjusted as the cost of health care changes. Effective January 1, 2016, a Health Reimbursement Arrangement (HRA) was provided to certain Medicare-eligible participants. The HRA amount is equal to the cap amount the participant previously received based on points at retirement.

The Company uses December 31 as the measurement date for calculating its obligations relating to postretirement benefits.

A reconciliation of the beginning and ending balances of the benefit obligation and the fair value of plan assets for the Postretirement Plan is as follows:

	2016	2015
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 53,005	\$ 53,117
Service cost	911	902
Interest cost	2,041	1,940
Employee contributions	165	758
Actuarial gain	(3,438)	(2,587)
Plan amendment	-	2,126
Benefits paid	(2,697)	(3,410)
Federal subsidy on benefits paid	155	159
Projected benefit obligation at end of year	<u>\$ 50,142</u>	<u>\$ 53,005</u>

NOTES TO FINANCIAL STATEMENTS

	2016	2015
Change in plan assets:		
Fair value at beginning of year	\$ —	\$ —
Employer contributions	2,377	2,493
Employee contributions	165	758
Benefits paid	(2,697)	(3,410)
Federal subsidy on benefits paid	155	159
Fair value at end of year	<u>\$ —</u>	<u>\$ —</u>
Unfunded status	<u>\$ 50,142</u>	<u>\$ 53,005</u>

The Company uses December 31 as the measurement date for calculating its obligations relating to postretirement benefits.

The components of net periodic cost for the Postretirement Plan recognized in 2016 and 2015 are as follows:

	2016	2015
Components of net periodic cost:		
Service cost	\$ 911	\$ 902
Interest cost	2,041	1,940
Recognized gains	(106)	-
Prior service cost recognized	173	41
Previously non-vested obligation	1,219	1,219
Total net periodic cost	<u>\$ 4,238</u>	<u>\$ 4,102</u>

Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit costs are as follows:

	2016		2015	
	Gross	Net of Tax	Gross	Net of Tax
Actuarial gains	\$ (3,868)	\$ (2,514)	\$ (531)	\$ (345)
Prior service cost	2,508	1,630	2,681	1,743
Previously non-vested obligation	8,976	5,834	10,195	6,626
	<u>\$ 7,616</u>	<u>\$ 4,950</u>	<u>\$ 12,345</u>	<u>\$ 8,024</u>

Amounts in unassigned funds (surplus) at December 31, 2016 expected to be recognized in the next fiscal year as components of net periodic benefit cost as follows:

Actuarial gain	\$ (774)
Prior service cost	173
Previously nonvested obligation	1,219
	<u>\$ 618</u>

The Company uses an alternative amortization method for gain/loss recognition for the Postretirement Plan. If gains and losses are in excess of 5% of the accumulated benefit obligation, the entire amount is amortized over a period of five years. Otherwise there is no amortization.

Expected employer contributions during 2017 are \$3,459.

The weighted-average assumptions used to determine the benefit obligations for the Postretirement Plan at the December 31 measurement dates in accounting for the plan include:

	2016	2015
Discount rate	3.70%	3.90%
Expected compensation increase	4.00	4.00
Initial health care cost trend rate	6.75	7.00
Ultimate health care cost trend rate	5.00	6.00
Year ultimate cost trend is reached	2024	2020

The discount rates selected at the measurement dates for purposes of determining the benefit obligation and cost reflect the time value of money. These rates are based on investment-grade bond yields, after allowing for call and default risk. The expected compensation increase assumption is a long-term rate based on current expectations regarding future compensation increases.

A one-percentage point change in assumed health care cost trend rates would have the following effects on the amount reported for the Postretirement Plan:

	One-Percentage Point Increase	One-Percentage Point Decrease
Effect on total of service and interest cost components for 2016	\$ 48	\$ (48)
Effect on postretirement benefit obligation as of December 31, 2016	779	(748)

NOTES TO FINANCIAL STATEMENTS

The following benefit payments are expected to be paid each year and in the aggregate for the Postretirement Plan:

2017	\$	3,532
2018		3,883
2019		4,119
2020		4,278
2021		4,361
2022 through 2026		21,301

(14) - (21) Not applicable

- B. Investment Policies and Strategies
Not applicable
- C. Fair Value of Plan Assets
Not applicable
- D. Basis Used to Determine Expected Long-Term Rate-of-Return
Not applicable
- E. Defined Contribution Plans

Retirement Savings Plan

The Company sponsors a retirement savings plan that consists of a defined contribution employee retirement savings plan (the 401(k) Plan) and a defined contribution retirement plan (the Horizons Plan).

Pursuant to the 401(k) Plan, the Company contributes 100% of the first 3% and 50% of the next 2% of compensation that a participant contributes to the 401(k) Plan. Participants in the 401(k) Plan immediately vest in employer matching contributions. The Company’s contributions to the 401(k) Plan totaled \$5,771 and \$5,461 for 2016 and 2015, respectively.

The Horizons Plan provides for a fixed contribution calculated using percentages ranging from 3% to 8%, based on an age plus years of service-graded scale. At December 31, 2016, the Company accrued \$12,500 for the fixed contribution relating to the 2016 plan year, which was subsequently paid in February 2017. At December 31, 2015, the Company accrued \$11,817 for the fixed contribution relating to the 2015 plan year, which was subsequently paid in January 2016. Amounts are included in accounts payable and accrued expenses in the statutory financial statements.

Restoration Savings Plan

The Company sponsors a funded, nonqualified deferred compensation plan (the Restoration Plan) for certain highly compensated employees. The IRC currently limits the amounts the Company can pay to certain employees pursuant to the Horizons Plan and the 401(k) Plan. The Restoration Plan provides an additional contribution amount calculated as if those contributions were not limited. At December 31, 2016, the Company accrued \$881 related to the 2016 plan year, which is expected to be paid in 2017. At December 31, 2015, the Company accrued \$753 related to the 2015 plan year, which was paid in 2016. Amounts are included in accounts payable and accrued expenses in the statutory financial statements.

- F. Multiemployer Plans
Not applicable
- G. Consolidated/Holding Company Plans
Not applicable
- H. Postemployment Benefits and Compensated Absences
Not applicable
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)
Not applicable

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

- (1)-(8) Not applicable
- (9) Changes in the balance of special surplus funds from the prior year are due to the decrease in the Health Insurer Fee.
- (10) The portion of unassigned funds (surplus) represented or reduced by unrealized gains and losses is: \$182,397.
- (11)-(13) Not applicable

Note 14 – Liabilities, Contingencies and Assessments

- A. Contingent Commitments
 - (1)-(3)The Company has invested in various limited partnership interests as an alternative to direct equity investments. These private equity funds are part of the Company’s investment strategy and are organized to invest in selected healthcare and technology opportunities, multi-family rental and mixed use properties, community banks, microcap manufacturing and service and distribution businesses. The Company had commitments to contribute an additional \$12,999 and \$ 15,724 to existing limited partnerships as of December 31, 2016 and 2015, respectively.
 - The Company guarantees that MHICO will maintain minimum surplus in accordance with state laws.
 - See Note 21 C for additional information regarding contingent commissions.
- B-E. Not applicable

NOTES TO FINANCIAL STATEMENTS

F. All Other Contingencies
Various lawsuits against the Company have arisen in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty at this time, management believes they will not have a material adverse effect on the Company’s financial position or results of operations.

The Company is subject to regulations that may result in assessments under state insurance guaranty association laws. The Company is aware that Penn Treaty Network American Insurance Company and its subsidiary American Network Insurance Company (Penn Treaty) has been placed in rehabilitation, an intermediate action before insolvency. Penn Treaty remains in rehabilitation at this time. If rehabilitation is not successful and Penn Treaty is placed in liquidation the Company expects to be required to pay a portion of the policyholder claims through state guaranty association assessments in future periods and estimates that amount to range between \$10,000 and \$13,000. No amounts have been accrued at December 31, 2016.

The CMS uses a risk-adjustment model to determine premiums paid to MA plans according to the health status of covered members. Under the risk-adjustment methodology, all MA plans must collect and submit specified medical diagnosis code information from providers to CMS. This data is used to calculate the risk-adjusted premium payments to MA plans. The Company relies on providers to submit claims using proper coding practices and to appropriately document medical data. The Company conducts medical record reviews as part of our data and payment accuracy compliance efforts.

CMS has instituted risk adjustment data validation (RADV) audits to validate the coding practices and supporting documentation maintained by providers. If selected for audit, CMS could require the Company to refund premium payments if the Company’s risk-adjusted premiums are not properly supported by medical record data. Currently, none of the Company’s MA plans have been selected for audit. The Company is unable to predict if any of the Company’s MA plans will be selected for future audit, or the amount of any retrospective or prospective MA premium adjustments that may result. Premium adjustments resulting from RADV audits could have a material adverse effect on the Company’s operating results, financial position, and cash flows.

Note 15 – Leases

A. Lessee Operating Lease

(1) The Company leases office space and computer equipment. Renewal options are available on the majority of leases and, under certain conditions; options exist to purchase equipment at the end of the lease term. Rental expense for operating leases was \$9,513 and \$9,231 for 2016 and 2015, respectively.

In 2000, the Company entered into separate transactions to sell and leaseback three office buildings. The terms of the lease agreements are twenty years, with an option to extend for four, five-year renewal periods. The combined lease payments for the three facilities are \$7,788 annually. At December 31, 2016 and 2015, the Company has recorded a deferred gain of \$5,917 and \$7,200, respectively, related to the sale and leaseback of the office facilities. The deferred gain, recorded in other liabilities, is being amortized over twenty years using the effective interest method. Additionally, the Company held a note receivable from the buyer with a balance of \$4,703 at December 31, 2015. The buyer defaulted in 2016 and the remaining unpaid balance of \$4,352 was written off.

(2) The following is a summary of future minimum lease payments under noncancelable leases having initial or remaining terms in excess of one year at December 31, 2016; all leases expire on or before 2020:

	Real Estate
2017	\$ 10,044
2018	9,932
2019	9,568
2020	5,725
Total minimum lease payments	<u>\$ 35,269</u>

(3) Not applicable

B. Revenue, Net Income or Assets with Respect to Leases
Not applicable

Note 16 – Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not applicable

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

Not applicable

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

A –B Not applicable

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

The statutory statements of admitted assets, liabilities, and surplus include \$8,318 and \$393 of subsidies and drug discounts receivables, respectively, included other admitted assets and \$608 risk share payables included in aggregate health policy reserves at December 31, 2016 related to the Medicare Part D program. There were no receivables or payables at December 31, 2015 related to the Medicare Part D program.

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

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 20 – Fair Value Measurements

A. Level 1 fair values are based on quoted prices for identical assets in active markets. Other invested assets consist of mutual funds that are held in the Company's nonqualified deferred benefit plans. The fair value measurements for other invested assets are also based on Level 1 inputs. If Level 1 valuations are not available, fair value is determined using models such as matrix pricing, which uses quoted market prices of fixed maturity securities with similar characteristics or discounted cash flows to estimate fair value. The Company does not have any assets carried at fair value based upon Level 2 or 3 inputs.

As the Company is responsible for the determination of fair value, it performs quarterly reviews of the prices received from its custodian. Specifically, the Company compares changes in the reported fair values and returns to relevant market indices to test the reasonableness of the reported prices. If further review is required, and also at year end, the Company will compare the prices received from its custodian to a secondary pricing source. The Company's internal price verification procedures and review of fair value methodology documentation provided by its custodian's independent pricing has not historically resulted in adjustment in the prices obtained from the custodian.

There were no transfers between Level 1, 2, and 3 during 2016 or 2015.

(1) Fair Value Measurements at Reporting Date

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Common Stock Industrial & Misc	\$ 246,487	\$ -	\$ -	\$ 246,487
Other Invested Assets	11,219	-	-	11,219
Total	\$ 257,706	\$ -	\$ -	\$ 257,706

Items (2) – (5) – Not applicable

B. Not applicable

C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 1,045,438	\$ 1,049,283	\$ -	\$ 1,045,438	\$ -	-
Common Stock Industrial & Misc	246,487	246,487	246,487	-	-	-
Other Invested Assets	11,219	11,219	11,219	-	-	-

D. Not Practicable to Estimate Fair Value
Not applicable

Note 21 – Other Items

A – B. Not applicable

C. Other Disclosures

Mercy Health/HealthSpan Transaction

Effective February 29, 2016, MMO entered into several concurrent asset acquisition agreements with HealthSpan Partners, HealthSpan Inc., and HealthSpan Integrated Care (collectively, HealthSpan). HealthSpan operated primarily as an HMO in Ohio, and is ceasing operations. HealthSpan's ultimate parent is Mercy Health, nonprofit healthcare provider in Ohio and Kentucky.

In accordance with the agreements, (1) the MMO and its subsidiaries were designated by HealthSpan as their endorsed successor carriers for its commercial, governmental, and network access lines of business; (2) MMO assumed HealthSpan's Federal Employee Health Benefits Plan (FEHBP) enrollment through a novation agreement effective February 29, 2016, and also entered into a corresponding excess of loss reinsurance agreement whereby HeathSpan reinsured any losses incurred in 2016 that would cause the medical loss ratio to exceed 85%; (3) MMO assumed HealthSpan's Medicare Advantage business through a novation agreement effective January 1, 2017; and (4) MMS was selected as the third party administrator for the Mercy Health employee health plan for a five year term beginning January 1, 2017.

Of these provisions the portions related to the Company, fully funded commercial business, the FEHBP contract, and Medicare Advantage business are being accounted for on the MMO statutory financial statements.

Consideration for the transaction consists of a combination of \$12,200 of fixed consideration, which includes transaction costs of \$1,200, and \$6,126 for contingent commission amounts based upon the volume of business that MMO or its subsidiaries obtained as a result of HealthSpan's endorsement of the Company and its subsidiaries as its successor carrier. Of the total fixed and contingent consideration \$377 and \$2,849, respectively were attributable to MMO. The contingent commission amounts payable to HealthSpan are being expensed as incurred and the contingent commission payable is included in accounts other liabilities on the statutory statements of admitted assets, liabilities and surplus. The fixed amounts attributed to the Company are being accounted for as intangible assets, and are nonadmitted.

The Company, MHICO, and CLIC are subject to certain RBC requirements which are calculated based on factors specified by the NAIC. Under those requirements, the minimum amounts of surplus which must be maintained are determined based on various risk factors. At December 31, 2016 and 2015, the Company, MHICO, and CLIC meet their specific RBC requirements. The Company also guarantees that MHICO will maintain minimum surplus in accordance with state laws.

The Company made a cash capital contribution of \$25,000 to MHICO in 2016. No capital contributions were made in 2015.

D - H Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 22 – Events Subsequent

The Company has evaluated subsequent events from the end of the most recent fiscal year through February 27, 2017, the date the statutory financial statements were available to be issued noting no reportable events.

Note 23 – Reinsurance

A. Ceded Reinsurance Report

Certain premiums and benefits are ceded to other insurance companies under various reinsurance agreements. The ceded reinsurance agreements provide the Company with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. The Company remains obligated for amounts ceded in the event that the reinsurers do not meet their obligations.

The effects of reinsurance on earned premiums for the year ended December 31, 2016 and 2015 are as follows:

	Year Ended December 31	
	2016	2015
Direct accident and health insurance premiums	\$2,367,599	\$2,142,469
Assumed accident and health insurance premiums	6,910	5,849
Ceded accident and health insurance premiums (See Note 21)	(5,153)	-
Ceded ACA Transitional Reinsurance (See Note 24)	(1,007)	(1,373)
Net accident and health insurance premiums	\$2,368,349	\$2,146,945

Differences between written and earned premiums subject to reinsurance are not significant.

Section1 – 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? No
- (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? No

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? No

a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. \$ 0

b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in this statement? \$ 0
- (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? No

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. \$ 0
- (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? No

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$ 0

B. Uncollectible Reinsurance
Not applicable

C. Commutation of Ceded Reinsurance
Not applicable

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation
Not applicable

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. Not applicable
- B. Not applicable
- C. Not applicable
- D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act.

At December 31, 2016 and 2015, no liabilities were recognized on the accompanying statutory statements of admitted assets, liabilities and surplus as the calculated amounts exceeded the applicable thresholds.

NOTES TO FINANCIAL STATEMENTS

E. Risk Sharing Provisions of the Affordable Care Act

- (1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions
- Yes [X] No []
- (2) Impact of Risk Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year:

None of the Company’s plans are offered on state or federal healthcare exchanges, the Temporary ACA Risk Corridors program is not applicable to the Company.

a.	Permanent ACA Risk Adjustment Program		2016
	Assets		
	1.	Premium adjustments receivable due to ACA Risk Adjustment	\$ 9,257
	Liabilities		
	2.	Risk adjustment user fees payable for ACA Risk Adjustment	98
	3.	Premium adjustments payable due to ACA Risk Adjustment	-
	Operations (Revenue & Expenses)		
	4.	Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	17,385
	5.	Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	\$ 98
b.	Transitional ACA Reinsurance Program		
	Assets		
	1.	Amounts recoverable for claims paid due to ACA Reinsurance	\$ 16,431
	2.	Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)	1,269,118
	3.	Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	-
	Liabilities		
	4.	Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	2,201
	5.	Ceded reinsurance premiums payable due to ACA Reinsurance	-
	6.	Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	\$ -
	Operations (Revenue & Expenses)		
	7.	Ceded reinsurance premiums due to ACA Reinsurance	\$ 1,007
	8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	19,082
	9.	ACA Reinsurance contributions – not reported as ceded premium	\$ 9,995
c.	Temporary ACA Risk Corridors Program		
	Assets		
	1.	Accrued retrospective premium due to ACA Risk Corridors	\$ -
	Liabilities		
	2.	Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	-
	Operations (Revenue & Expenses)		
	3.	Effect of ACA Risk Corridors on net premium income (paid/received)	-
	4.	Effect of ACA Risk Corridors on change in reserves for rate credits	\$ -

NOTES TO FINANCIAL STATEMENTS

(3) Roll forward of prior year ACA Risk Sharing Provisions for the following asset (gross of any nonadmission) and liability balances along with the reasons for adjustments to prior year balance:

		Accrued During the 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		Differences		Adjustments				Unsettled 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)	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 adjustments receivable	\$ 3,496	\$ -	\$ 11,625	\$ -	\$ (8,129)	\$ -	\$ 8,129	\$ -	A	\$ -	\$ -
	2. Premium adjustments (payable)	-	-	-	-	-	-	-	-	B	-	-
	3. Subtotal ACA Permanent Risk Adjustment Program	\$ 3,496	\$ -	\$ 11,625	\$ -	\$ (8,129)	\$ -	\$ 8,129	\$ -		\$ -	\$ -
b.	Transitional ACA Reinsurance Program											
	1. Amounts recoverable for claims paid	\$ 20,845	\$ -	\$ 25,111	\$ -	\$ (4,266)	\$ -	\$ 6,656	\$ -	C	\$ 2,390	\$ -
	2. Amounts recoverable for claims unpaid (contra liability)	2,884	-	-	-	2,884	-	(2,884)	-	D	-	-
	3. Amounts receivable relating to uninsured plans	-	-	-	-	-	-	-	-	E	-	-
	4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premiums	-	4,672	-	4,672	-	-	-	-	F	-	-
	5. Ceded reinsurance premiums payable	-	-	-	-	-	-	-	-	G	-	-
	6. Liability for amounts held under uninsured plans	-	-	-	-	-	-	-	-	H	-	-
	7. Subtotal ACA Transitional Reinsurance Program	\$ 23,729	\$ 4,672	\$ 25,111	\$ 4,672	\$ (1,382)	\$ -	\$ 3,772	\$ -		\$ 2,390	\$ -
c.	Temporary ACA Risk Corridors Program											
	1. Accrued retrospective premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	I	\$ -	\$ -
	2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	J	-	-
	3. Subtotal ACA Risk Corridors Program	-	-	-	-	-	-	-	-		-	-
d.	Total for ACA Risk Sharing Provisions	\$ 27,225	\$ 4,672	\$ 36,736	\$ 4,672	\$ (9,511)	\$ -	\$ 11,901	\$ -		\$ 2,390	\$ -

Explanations of Adjustments

- A. ACA Risk Adjustment based on the final risk adjustment report received from HHS on June 30, 2016 and the 2014 Risk Adjustment payments received in excess of the amount accrued at December 31, 2015.
- B. Not applicable
- C. ACA Reinsurance based on the final reinsurance report received from HHS on June 30, 2016.
- D. ACA Reinsurance based on the final reinsurance report received from HHS on June 30, 2016.
- E. Not applicable
- F. Not applicable
- G. Not applicable
- H. Not applicable
- I. Not applicable
- J. Not applicable

(4) – (5) The risk corridor program is not applicable to the Company

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

A \$10,051 redundancy in the December 31, 2015 reserves emerged in 2016, and a \$43,771 redundancy in the December 31, 2014 emerged in 2015. In 2016, \$3,772 of the total redundancy of \$10,051 that emerged resulted from the increase in the Transitional ACA Reinsurance Program coinsurance rate for 2015 from 50% to 55.1%. In 2015, \$7,364 of the total redundancy of \$43,771 that emerged resulted from the increase in the Transitional ACA Reinsurance Program coinsurance rate for 2014 from 80% to 100%. The remaining 2016 and 2015 redundancies resulted from differences in claims severity and utilization as compared to expectations.

Note 26 – Intercompany Pooling Arrangements

A – G Not applicable

Note 27 – Structured Settlements

Not Applicable

NOTES TO FINANCIAL STATEMENTS

Note 28 – 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). The admitted receivable balances as of December 31, 2016 and 2015 are \$33,381 and \$29,837, respectively, are included in health care receivables on the statutory statements of admitted assets, liabilities and surplus. These are comprised of the estimated pharmacy rebates for the current quarter as reported in the statutory 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 Invoiced/Confirmed	Actual Rebates		
			Collected Within 90 Days of Invoicing/Confirmation	Collected Within 91 to 180 Days of Invoicing/Confirmation	Collected More than 180 Days After Invoicing/Confirmation
December 31, 2016	\$ 17,395	\$ -	\$ -	\$ -	\$ -
September 30, 2016	13,775	15,986	-	-	-
June 30, 2016	15,588	17,283	16,925	-	-
March 31, 2016	14,922	16,789	16,642	18	-
December 31, 2015	\$ 15,032	\$ 15,032	\$ -	\$ 15,635	\$ 1,279
September 30, 2015	13,232	14,850	12,743	29	2,050
June 30, 2015	11,707	11,352	11,427	14	1,090
March 31, 2015	10,320	12,136	12,594	(1,229)	212
December 31, 2014	\$ 11,378	\$ 11,414	\$ -	\$ 12,639	\$ 1,300
September 30, 2014	10,480	10,785	-	9,259	1,617
June 30, 2014	9,680	10,540	-	9,215	1,368
March 31, 2014	10,323	9,680	-	8,983	854

B. Risk Sharing Receivables
Not applicable

Note 29 – Participating Policies
Not applicable

Note 30 – Premium Deficiency Reserves

1 - 3 Aggregate health policy reserves include premium deficiency reserves that are recognized for health contracts when expected claims, claim adjustment expenses, and administrative costs exceed the premium to be collected for the remainder of the contract period. The Company considers anticipated net investment income as a factor in determining the premium deficiency reserve amount. Premium deficiency reserves related to individual ACA and Medicare Advantage policies at December 31, 2016 totaled \$49,559. At December 31, 2015 the Company had premium deficiency reserves of \$21,000 related to individual ACA policies.

Note 31 – Anticipated Salvage and Subrogation

The reserve for unpaid claims and CAE at December 31, 2016 and 2015, has been reduced by \$7,363 and \$8,825, respectively, related to anticipated subrogation claims recoverable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes [X]No []

1.2

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

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

1.3

State regulating? OHIO

2.1

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

Yes []No [X]

2.2

If yes, date of change:

3.1

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

12/31/2014

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.

12/31/2014

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).

05/12/2016

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 [X]

3.6

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

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

4.1

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

4.11

sales of new business?

Yes []No [X]

4.12

renewals?

Yes []No [X]

4.2

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

4.21

sales of new business?

Yes []No [X]

4.22

renewals?

Yes []No [X]

5.1

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

Yes []No [X]

5.2

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

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

6.1

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

Yes []No [X]

6.2

If yes, give full information:

7.1

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

Yes []No [X]

7.2

If yes,

7.21

State the percentage of foreign control

%

7.22

State the nationality(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

8.1

Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board?

Yes []No [X]

8.2

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

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes []No [X]

8.4

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

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

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PricewaterhouseCoopers, LLC, 200 Public Square, 18th Floor, Cleveland, OH 44114

10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes []No [X]

10.2

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

10.3

Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes []No [X]

10.4

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

10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

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

10.6

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Ms. Jinn-Feng Lin, FSA, MAAA, PricewaterhouseCoopers, LLC, One North Wacker Drive, Chicago, IL 60606
- 12.1

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

Yes ☐ No ☒

12.11

Name of real estate holding company

12.12

Number of parcels involved

0

12.13

Total book/adjusted carrying value

\$0
- 12.2

If yes, provide explanation
13.

FOR UNITED STATES 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?

Yes ☒ No ☐

(a)

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b)

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c)

Compliance with applicable governmental laws, rules and regulations;

(d)

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e)

Accountability for adherence to the code.

14.11

If the response to 14.1 is no, please explain:

14.2

Has the code of ethics for senior managers been amended?

Yes ☐ No ☒

14.21

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

14.3

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

Yes ☐ No ☒

14.31

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

15.1

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

Yes ☐ No ☒

15.2

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

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

BOARD OF DIRECTORS

16.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof?

Yes ☒ No ☐

17.

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

Yes ☒ No ☐

18.

Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes ☒ No ☐

FINANCIAL

19.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes ☐ No ☒

20.1

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

20.11

To directors or other officers

\$0

20.12

To stockholders not officers

\$0

20.13

Trustees, supreme or grand (Fraternal only)

\$0

20.2

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

20.21

To directors or other officers

\$0

20.22

To stockholders not officers

\$0

20.23

Trustees, supreme or grand (Fraternal only)

\$0

21.1

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

Yes ☐ No ☒

21.2

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

21.21

Rented from others

\$

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 ☒

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 ☐

23.2

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

\$0

27.1

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

INVESTMENT

24.01

Were all of stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)?

Yes ☒ No ☐

24.02

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

24.03

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

24.04

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

Yes ☐ No ☐ N/A ☒

24.05

If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$

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 ☐ N/A ☒

24.08

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

Yes ☐ No ☐ N/A ☒

24.09

Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes ☐ No ☐ N/A ☒

24.10

For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101

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

\$0

24.102

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

\$0

24.103

Total payable for securities lending reported on the liability page:

\$0

25.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.)

Yes ☒ No ☐

25.2

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

25.21

Subject to repurchase agreements

\$0

25.22

Subject to reverse repurchase agreements

\$0

25.23

Subject to dollar repurchase agreements

\$0

25.24

Subject to reverse dollar repurchase agreements

\$0

25.25

Placed under option agreements

\$0

25.26

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

\$0

25.27

FHLB Capital Stock

\$0

25.28

On deposit with states

\$923,818

25.29

On deposit with other regulatory bodies

\$0

25.30

Pledged as collateral – excluding collateral pledged to an FHLB

\$5,282,915

25.31

Pledged as collateral to FHLB – including assets backing funding agreements

\$0

25.32

Other

\$0

25.3

For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		\$

26.1

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

Yes ☐ No ☒

26.2

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

Yes ☐ No ☐ N/A ☒

27.1

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

Yes ☐ No ☒

27.2

If yes, state the amount thereof at December 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 ☒ No ☐

28.01

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

1 Name of Custodian(s)	2 Custodian's Address
FIFTH THIRD BANK	5050 KINGSLEY DRIVE, CINCINNATI, OH 45263
PNC BANK	1900 EAST NINTH STREET, CLEVELAND, OH 44114

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 ☒

28.04

If yes, give full and complete information relating thereto:

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

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
ANCORA ADVISORS, LLC	U

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

HUNTINGTON BANK	U
PNC CAPITAL ADVISORS	U
JAMES CELLURA	I

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 [X] 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 [X]

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	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	Investment Management Agreement (IMA) Filed
124674	ANCORA ADVISORS, LLC	N/A	SEC	NO
N/A	HUNTINGTON BANK	N/A	OCC	NO
151829	PNC CAPITAL ADVISORS	N/A	SEC	NO

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 [X] No []

29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
922908 36 3	VANGUARD S&P 500 ETF	23,257,927
922908 65 2	VANGUARD EXTENDED MARKET ETF	14,730,432
73935X 58 3	POWERSHARES FTSE RAFI US 1000 ETF	13,108,844
00203H 44 6	AQR LONG-SHORT EQUITY FUND	11,379,026
46432F 84 2	ISHARES CORE MSCI EAFE ETF	8,440,075
55273E 82 2	MFS INTERNATIONAL VALUE FUND	7,953,880
47803T 62 7	JOHN HANCOCK INTERNATIONAL GROWTH FUND	6,738,090
969251 78 4	WILLIAM BLAIR MACRO ALLOCATION FUND	5,249,893
92205G 10 4	VANGUARD MARKET NEUTRAL FUND	5,031,420
68386C 30 2	OPPENHEIMER SMALL CAP REVENUE ETF	4,933,253
922042 85 8	VANGUARD FTSE EMERGING MARKETS ETF	4,926,977
92828W 36 1	VIRTUS EMERGING MARKETS OPPORTUNITIES FUND	3,065,331
317609 35 2	GRANDEUR PEAK INTERNATIONAL OPPORTUNITIES FUND	2,637,556
29.2999 TOTAL		111,452,704

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
VANGUARD S&P 500 ETF	APPLE, MICROSOFT, EXXON MOBIL, JOHNSON & JOHNSON, JP MORGAN CHASE	2,525,811	12/31/2016
VANGUARD EXTENDED MARKET ETF	LIBERTY GLOBAL PLC, TESLA MOTORS, LAS VEGAS SANDS, INCYTE CORP, T-MOBILE	368,261	12/31/2016
POWERSHARES FTSE RAFI US 1000 ETF	EXXON MOBIL, CHEVRON, JP MORGAN CHASE, BANK OF AMERICA, AT&T	1,402,646	12/31/2016
AQR LONG-SHORT EQUITY FUND	BANK OF AMERICA, HEWLETT PACKARD, HUNTINGTON INGALLS INDUSTRIES, APPLIED MATERIALS, CUMMINS INC	455,161	12/31/2016
ISHARES CORE MSCI EAFE ETF	NESTLE SA, NOVARTIS AG, HSBC HOLDINGS, ROCHE HOLDING AG, TOYOTA MOTOR CORP	510,625	12/31/2106
MFS INTERNATIONAL VALUE FUND	NESTLE SA, DANONE SA, RECKITT BENSICKER, BRAMBLES LTD, COMPASS GROUP PLC	1,297,278	12/31/2016
JOHN HANCOCK INTERNATIONAL GROWTH FUND	TAIWAN SEMICONDUCTOR, TENCENT HOLDINGS, BRITISH AMERICAN TOBACCO, SAMSUNG, ALIBABA GROUP	986,456	12/31/2016
WILLIAM BLAIR MACRO ALLOCATION FUND	SPDR S&P 500 ETF TRUST, ISHARES RUSSELL 1000 VALUE ETF, IBEX 35 INDEX FUT, FTSE/MIB INDEX FUT, STOXX EUROPE 600 BANKS FTRS	2,827,592	12/31/2016
VANGUARD MARKET NEUTRAL FUND	EP ENERGY CORP, HOSPITALITY PROPERTIES TRUST, JETBLUE AIRWAYS, SPARTAN NASH, JP MORGANCHASE.	125,786	12/31/2016
OPPENHEIMER SMALL CAP REVENUE ETF	COMMUNITY HEALTH SYSTEMS, INTERNATIONAL FCSTONE, SUPERVALU INC, CORE-MARK HOLDINGS CO, GROUP 1 AUTOMOTIVE	514,045	12/31/2016
VANGUARD FTSE EMERGING MARKETS ETF	TAIWAN SEMICONDUCTOR MANUFACTURING CO, TENCENT HOLDINGS, CHINA CONSTRUCTION BANK CORP, NASPERS LTD, CHINA MOBILE	566,602	12/31/2016
VIRTUS EMERGING MARKETS OPPORTUNITIES FUND	BRITISH AMERICAN TOBACCO, HDFC BANK LIMITED, ALIBABA GROUP, ITC LIMITED, TENCENT HOLDINGS	746,715	12/31/2016
GRANDEUR PEAK INTERNATIONAL OPPORTUNITIES FUND	MAN WAH HOLDINGS, CLINGIGEN GROUP, CHINA	213,642	12/31/2016

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

	MEDICAL SYSTEM HOLDINGS, SPORTON INTERNATIONAL, SKANDIABANKEN		
--	---	--	--

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	2	3
		Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	1,119,181,043	1,115,335,945	(3,845,098)
30.2	Preferred Stocks	0	0	0
30.3	Totals	1,119,181,043	1,115,335,945	(3,845,098)

30.4

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

The fair value of our securities was determined by utilizing prices obtained from our custodian, Fifth Third Bank. Fifth Third utilizes FT Interactive Data for their pricing.

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:

OTHER

33.1

Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$484,766

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	2
Name	Amount Paid
Greater Cleveland Partnership	\$133,687

34.1

Amount of payments for legal expenses, if any?

\$1,713,713

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	2
Name	Amount Paid
Baker & Hostetler	\$842,200
Calfee, Halter & Griswold, LLP	613,137

35.1

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

\$358,202

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	2
Name	Amount Paid
The Success Group, LTD	\$194,317

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?		Yes [X]	No []
1.2	If yes, indicate premium earned on U.S. business only.	\$	30,040,347	
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$	0	
1.31	Reason for excluding:			
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$	0	
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$	21,167,308	
1.6	Individual policies:			
	Most current three years:			
1.61	Total premium earned	\$	9,746,000	
1.62	Total incurred claims	\$	6,897,784	
1.63	Number of covered lives	\$	5,400	
	All years prior to most current three years:			
1.64	Total premium earned	\$	17,781,246	
1.65	Total incurred claims	\$	12,378,266	
1.66	Number of covered lives	\$	6,347	
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	\$	2,513,101	
1.75	Total incurred claims	\$	1,891,258	
1.76	Number of covered lives	\$	869	
2.	Health Test:			
		1 Current Year	2 Prior Year	
2.1	Premium Numerator	\$ 2,368,348,818	\$ 2,146,944,662	
2.2	Premium Denominator	\$ 2,368,348,818	\$ 2,146,944,662	
2.3	Premium Ratio (2.1/2.2)	\$ 100.000	\$ 100.000	
2.4	Reserve Numerator	\$ 319,672,984	\$ 218,150,422	
2.5	Reserve Denominator	\$ 319,672,984	\$ 218,150,422	
2.6	Reserve Ratio (2.4/2.5)	\$ 100.000	\$ 100.000	
3.1	Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?		Yes []	No [X]
3.2	If yes, give particulars:			
4.1	Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?		Yes [X]	No []
4.2	If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?		Yes []	No [X]
5.1	Does the reporting entity have stop-loss reinsurance?		Yes []	No [X]
5.2	If no, explain:			
5.3	Maximum retained risk (see instructions)			
5.31	Comprehensive Medical	\$	0	
5.32	Medical Only	\$	0	
5.33	Medicare Supplement	\$	0	
5.34	Dental and Vision	\$	0	
5.35	Other Limited Benefit Plan	\$	0	
5.36	Other	\$	0	
6.	Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:			

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

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

54,439

8.2

Number of providers at end of reporting year

54,964

9.1

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

Yes [X]

No []

9.2

If yes, direct premium earned:

9.21

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

\$

182,629,083

9.22

Business with rate guarantees over 36 months

\$

0

10.1

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

Yes [X]

No []

10.2

If yes:

10.21

Maximum amount payable bonuses

\$

7,387,000

10.22

Amount actually paid for year bonuses

\$

3,722,951

10.23

Maximum amount payable withholds

\$

0

10.24

Amount actually paid for year withholds

\$

0

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.

11.4

If yes, show the amount required.

\$

59,573,312

11.5

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

Yes []

No [X]

11.6

If the amount is calculated, show the calculation

12.

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

1
Name of Service Area

13.1

Do you act as a custodian for health savings accounts?

Yes []

No [X]

13.2

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

\$

0

13.3

Do you act as an administrator for health savings accounts?

Yes []

No [X]

13.4

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

\$

0

14.1

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

Yes []

No []

N/A [X]

14.2

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

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

15.

Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).

15.1

Direct Premium Written

\$

0

15.2

Total Incurred Claims

\$

0

15.3

Number of Covered Lives

0

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

FIVE-YEAR HISTORICAL DATA

	1 2016	2 2015	3 2014	4 2013	5 2012
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28).....	1,991,521,499	1,853,224,657	1,766,909,245	1,684,588,248	1,634,353,695
2. Total liabilities (Page 3, Line 24).....	595,733,119	500,384,727	487,007,434	462,783,907	500,792,885
3. Statutory minimum capital and surplus requirement.....	59,573,312	217,156,264	222,504,356	241,525,900	248,173,026
4. Total capital and surplus (Page 3, Line 33).....	1,395,788,380	1,352,839,930	1,279,901,811	1,221,804,341	1,133,560,810
Income Statement Items (Page 4)					
5. Total revenues (Line 8).....	2,368,348,818	2,146,944,662	2,238,208,133	2,473,452,397	2,371,862,087
6. Total medical and hospital expenses (Line 18).....	1,968,611,195	1,677,906,452	1,819,680,986	2,068,746,339	2,041,311,942
7. Claims adjustment expenses (Line 20).....	72,601,170	55,975,724	57,692,301	65,444,186	69,662,362
8. Total administrative expenses (Line 21).....	246,151,640	257,161,989	273,394,712	252,250,607	237,425,592
9. Net underwriting gain (loss) (Line 24).....	52,425,813	134,900,497	87,440,134	88,925,265	24,796,191
10. Net investment gain (loss) (Line 27).....	26,324,682	29,367,657	30,190,307	28,963,755	23,580,111
11. Total other income (Lines 28 plus 29).....	(2,864,825)	34,654	(2,876,641)	911,414	72,087
12. Net income or (loss) (Line 32).....	57,879,626	126,749,688	97,299,319	97,740,167	43,417,934
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	152,739,780	130,819,176	107,547,158	37,410,445	119,900,275
Risk-Based Capital Analysis					
14. Total adjusted capital.....	1,395,830,477	1,352,876,325	1,279,933,899	1,221,831,862	1,133,560,810
15. Authorized control level risk-based capital.....	124,164,496	108,578,132	111,252,178	120,762,950	124,086,513
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7).....	1,026,952	996,587	1,022,576	1,111,733	1,159,793
17. Total member months (Column 6, Line 7).....	12,335,520	12,075,664	12,549,670	13,425,595	13,467,058
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 (Line 18 plus Line 19).....	83.1	78.2	81.3	83.6	86.1
20. Cost containment expenses.....	1.3	0.8	0.9	1.1	1.2
21. Other claims adjustment expenses.....	1.8	1.8	1.7	1.5	1.7
22. Total underwriting deductions (Line 23).....	97.8	93.7	96.1	96.4	99.0
23. Total underwriting gain (loss) (Line 24).....	2.2	6.3	3.9	3.6	1.0
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5).....	148,714,097	167,934,249	203,037,536	224,901,739	186,896,890
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	158,765,548	183,750,789	200,749,206	246,945,492	189,306,714
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....	89,758,198	81,164,463	89,178,485	142,718,687	126,723,336
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....					
30. Affiliated mortgage loans on real estate.....					
31. All other affiliated.....	251,235,008	277,198,091	337,751,439	367,347,797	408,737,048
32. Total of above Lines 26 to 31.....	340,993,206	358,362,554	426,929,924	510,066,484	535,460,384
33. Total investment in parent included in Lines 26 to 31 above.....					

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

Yes[] No[]

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama.....AL	N.....							.....0	
2.	Alaska.....AK	N.....							.....0	
3.	Arizona.....AZ	N.....							.....0	
4.	Arkansas.....AR	N.....							.....0	
5.	California.....CA	N.....							.....0	
6.	Colorado.....CO	N.....							.....0	
7.	Connecticut.....CT	N.....							.....0	
8.	Delaware.....DE	N.....							.....0	
9.	District of Columbia.....DC	N.....							.....0	
10.	Florida.....FL	N.....							.....0	
11.	Georgia.....GA	L.....							.....0	
12.	Hawaii.....HI	N.....							.....0	
13.	Idaho.....ID	N.....							.....0	
14.	Illinois.....IL	N.....							.....0	
15.	Indiana.....IN	L.....							.....0	
16.	Iowa.....IA	N.....							.....0	
17.	Kansas.....KS	N.....							.....0	
18.	Kentucky.....KY	N.....							.....0	
19.	Louisiana.....LA	N.....							.....0	
20.	Maine.....ME	N.....							.....0	
21.	Maryland.....MD	N.....							.....0	
22.	Massachusetts.....MA	N.....							.....0	
23.	Michigan.....MI	L.....	384,506						384,506	
24.	Minnesota.....MN	N.....							.....0	
25.	Mississippi.....MS	N.....							.....0	
26.	Missouri.....MO	N.....							.....0	
27.	Montana.....MT	N.....							.....0	
28.	Nebraska.....NE	N.....							.....0	
29.	Nevada.....NV	N.....							.....0	
30.	New Hampshire.....NH	N.....							.....0	
31.	New Jersey.....NJ	N.....							.....0	
32.	New Mexico.....NM	N.....							.....0	
33.	New York.....NY	N.....							.....0	
34.	North Carolina.....NC	L.....							.....0	
35.	North Dakota.....ND	N.....							.....0	
36.	Ohio.....OH	L.....	2,187,003,119	145,859,966		34,351,216			2,367,214,301	
37.	Oklahoma.....OK	N.....							.....0	
38.	Oregon.....OR	N.....							.....0	
39.	Pennsylvania.....PA	L.....							.....0	
40.	Rhode Island.....RI	N.....							.....0	
41.	South Carolina.....SC	L.....							.....0	
42.	South Dakota.....SD	N.....							.....0	
43.	Tennessee.....TN	N.....							.....0	
44.	Texas.....TX	N.....							.....0	
45.	Utah.....UT	N.....							.....0	
46.	Vermont.....VT	N.....							.....0	
47.	Virginia.....VA	N.....							.....0	
48.	Washington.....WA	N.....							.....0	
49.	West Virginia.....WV	L.....							.....0	
50.	Wisconsin.....WI	L.....							.....0	
51.	Wyoming.....WY	N.....							.....0	
52.	American Samoa.....AS	N.....							.....0	
53.	Guam.....GU	N.....							.....0	
54.	Puerto Rico.....PR	N.....							.....0	
55.	U.S. Virgin Islands.....VI	N.....							.....0	
56.	Northern Mariana Islands.....MP	N.....							.....0	
57.	Canada.....CAN	N.....							.....0	
58.	Aggregate Other alien.....OT	XXX.....	0	0	0	0	0	0	0	0
59.	Subtotal.....	XXX.....	2,187,387,625	145,859,966	0	34,351,216	0	0	2,367,598,807	0
60.	Reporting entity contributions for Employee Benefit Plans.....	XXX.....							0	
61.	Total (Direct Business).....	(a).....9	2,187,387,625	145,859,966	0	34,351,216	0	0	2,367,598,807	0

DETAILS OF WRITE-INS

58001.....								.....0	
58002.....								.....0	
58003.....								.....0	
58998. Summary of remaining write-ins for line 58.....		.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
58999. Total (Lines 58001 through 58003 + 58998).....		.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

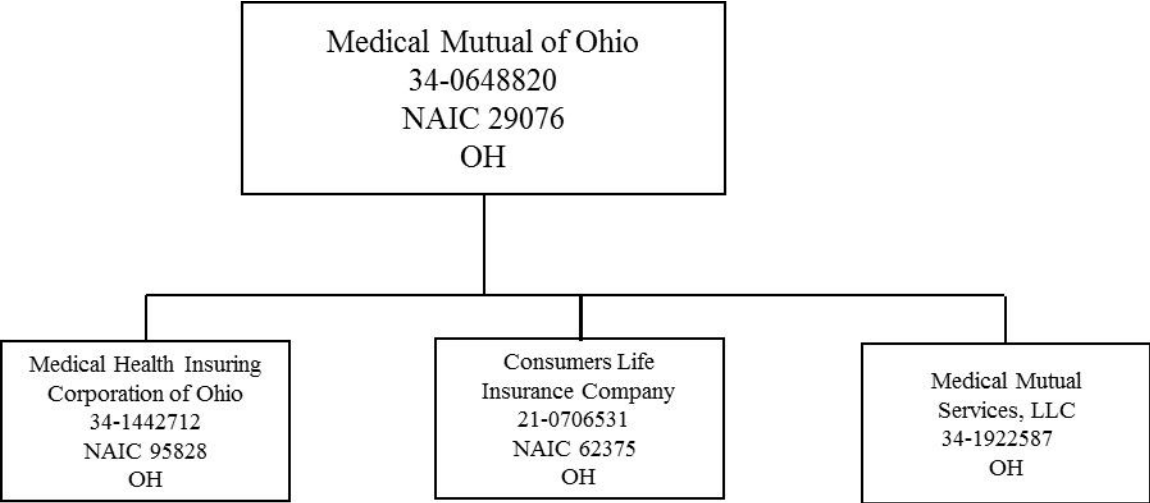
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to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

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

Premiums are allocated based upon the location of the group's home office or the individual's home address.

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

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



As of 12/31/16

2016 ALPHABETICAL INDEX
HEALTH ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business	7	Schedule D – Part 6 – Section 2	E16
Assets	2	Schedule D – Summary By Country	SI04
Cash Flow	6	Schedule D – Verification Between Years	SI03
Exhibit 1 – Enrollment By Product Type for Health Business Only	17	Schedule DA – Part 1	E17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18	Schedule DA – Verification Between Years	SI10
Exhibit 3 – Health Care Receivables	19	Schedule DB – Part A – Section 1	E18
Exhibit 3A – Health Care Receivables Collected and Accrued	20	Schedule DB – Part A – Section 2	E19
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	21	Schedule DB – Part A – Verification Between Years	SI11
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	22	Schedule DB – Part B – Section 1	E20
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	23	Schedule DB – Part B – Section 2	E21
Exhibit 7 – Part 1 – Summary of Transactions With Providers	24	Schedule DB – Part B – Verification Between Years	SI11
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	24	Schedule DB – Part C – Section 1	SI12
Exhibit 8 – Furniture, Equipment and Supplies Owned	25	Schedule DB – Part C – Section 2	SI13
Exhibit of Capital Gains (Losses)	15	Schedule DB – Part D – Section 1	E22
Exhibit of Net Investment Income	15	Schedule DB – Part D – Section 2	E23
Exhibit of Nonadmitted Assets	16	Schedule DB – Verification	SI14
Exhibit of Premiums, Enrollment and Utilization (State Page)	30	Schedule DL – Part 1	E24
Five-Year Historical Data	29	Schedule DL – Part 2	E25
General Interrogatories	27	Schedule E – Part 1 – Cash	E26
Jurat Page	1	Schedule E – Part 2 – Cash Equivalents	E27
Liabilities, Capital and Surplus	3	Schedule E – Part 3 – Special Deposits	E28
Notes To Financial Statements	26	Schedule E – Verification Between Years	SI15
Overflow Page For Write-ins	44	Schedule S – Part 1 – Section 2	31
Schedule A – Part 1	E01	Schedule S – Part 2	32
Schedule A – Part 2	E02	Schedule S – Part 3 – Section 2	33
Schedule A – Part 3	E03	Schedule S – Part 4	34
Schedule A – Verification Between Years	SI02	Schedule S – Part 5	35
Schedule B – Part 1	E04	Schedule S – Part 6	36
Schedule B – Part 2	E05	Schedule S – Part 7	37
Schedule B – Part 3	E06	Schedule T – Part 2 – Interstate Compact	38
Schedule B – Verification Between Years	SI02	Schedule T – Premiums and Other Considerations	39
Schedule BA – Part 1	E07	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule BA – Part 2	E08	Schedule Y – Part 1A – Detail of Insurance Holding Company System	41
Schedule BA – Part 3	E09	Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	42
Schedule BA – Verification Between Years	SI03	Statement of Revenue and Expenses	4
Schedule D – Part 1	E10	Summary Investment Schedule	SI01
Schedule D – Part 1A – Section 1	SI05	Supplemental Exhibits and Schedules Interrogatories	43
Schedule D – Part 1A – Section 2	SI08	Underwriting and Investment Exhibit – Part 1	8
Schedule D – Part 2 – Section 1	E11	Underwriting and Investment Exhibit – Part 2	9
Schedule D – Part 2 – Section 2	E12	Underwriting and Investment Exhibit – Part 2A	10
Schedule D – Part 3	E13	Underwriting and Investment Exhibit – Part 2B	11
Schedule D – Part 4	E14	Underwriting and Investment Exhibit – Part 2C	12
Schedule D – Part 5	E15	Underwriting and Investment Exhibit – Part 2D	13
Schedule D – Part 6 – Section 1	E16	Underwriting and Investment Exhibit – Part 3	14