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# ANNUAL STATEMENT

## **For the Year Ended December 31, 2016**

## of the Condition and Affairs of the

# Vision Service Plan

NAIC Group Code.....1189, 1189 (Current Period) (Prior Period)	NAIC Company Code..... 54380	Employer's ID Number..... 31-0725743
Organized under the Laws of OH	State of Domicile or Port of Entry OH	Country of Domicile US
Licensed as Business Type.....Vision Service Corporation	Is HMO Federally Qualified? Yes [ ] No [X]	
Incorporated/Organized..... November 4, 1966	Commenced Business..... March 29, 1967	
Statutory Home Office	3400 Morse Crossing..... Columbus .... OH .... US .... 43219 (Street and Number) (City or Town, State, Country and Zip Code)	
Main Administrative Office	3333 Quality Drive..... Rancho Cordova .... CA .... US .... 95670 (Street and Number) (City or Town, State, Country and Zip Code)	916-851-5000 (Area Code) (Telephone Number)
Mail Address	3333 Quality Drive..... Rancho Cordova .... CA .... US .... 95670 (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)	
Primary Location of Books and Records	3333 Quality Drive..... Rancho Cordova .... CA .... US .... 95670 (Street and Number) (City or Town, State, Country and Zip Code)	916-851-5000 (Area Code) (Telephone Number)
Internet Web Site Address	www.vsp.com	
Statutory Statement Contact	Laura Olson (Name) laurol@vsp.com (E-Mail Address)	916-851-5000 (Area Code) (Telephone Number) (Extension) 916-463-9040 (Fax Number)

# OFFICERS

Name	Title	Name	Title
1. Kate Alison Renwick-Espinosa	President	2. James Michael McGrann	Secretary
3. Lester Earl Beaulieu	Treasurer	4.	

## OTHER

#### **DIRECTORS OR TRUSTEES**

Kate Alison Renwick-Espinosa      James Michael McGrann      Donald Joseph Ball, Jr.

State of..... California  
County of.... Sacramento

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.

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(Signature)  
Kate Alison Renwick-Espinosa

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1. (Printed Name)  
President

---

(Title)

(Signature)  
James Michael McGrann  
2. (Printed Name)  
Secretary  
(Title)

(Signature)  
Lester Earl Passuello  
3. (Printed Name)  
Treasurer  
(Title)

Subscribed and sworn to before me  
This \_\_\_\_\_ day of February 2017  
By: Kate Alison Renwick-Espinosa, James Michael McGrann,  
Lester Earl Passuello

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

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	5,989,836		5,989,836	4,929,373
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	17,017		17,017	22,399
2.2 Common stocks.....	12,550,643		12,550,643	11,686,001
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 (\$....6,702,867, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$....7,103,331, Schedule DA).....	13,806,198		13,806,198	10,008,901
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....			0	
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).....	32,363,694	0	32,363,694	26,646,674
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	27,807		27,807	21,011
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	2,290,245	35,053	2,255,192	2,329,262
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 (\$.....0).....			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.....	3,537,016	4,774	3,532,242	3,368,451
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....			0	308,626
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....			0	
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other-than-invested assets.....	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	38,218,762	39,827	38,178,935	32,674,024
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	38,218,762	39,827	38,178,935	32,674,024

**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.....			0	
2502.....			0	
2503.....			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	0	0	0	0

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	4,802,328		4,802,328	4,702,323
2. Accrued medical incentive pool and bonus amounts.....			0	
3. Unpaid claims adjustment expenses.....	70,534		70,534	66,609
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....			0	
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserves.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	525,800		525,800	678,494
9. General expenses due or accrued.....	93,780		93,780	63,779
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....	4,112,990		4,112,990	1,282,391
10.2 Net deferred tax liability.....	87,509		87,509	
11. Ceded reinsurance premiums payable.....			0	
12. Amounts withheld or retained for the account of others.....			0	
13. Remittances and items not allocated.....	338,771		338,771	211,214
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....	848,204		848,204	611,882
16. Derivatives.....			0	
17. Payable for securities.....	408,727		408,727	
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.....	581,826		581,826	593,525
23. Aggregate write-ins for other liabilities (including \$.....0 current).....	1,118,197	0	1,118,197	1,064,362
24. Total liabilities (Lines 1 to 23).....	12,988,666	0	12,988,666	9,274,579
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	1,760,796
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	500,000	500,000
31. Unassigned funds (surplus).....	XXX	XXX	24,690,269	21,138,649
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	25,190,269	23,399,445
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	38,178,935	32,674,024

**DETAILS OF WRITE-INS**

2301. Taxes, licenses and fees due or accrued.....	1,046,339		1,046,339	1,001,949
2302. Escheatable checks.....	71,858		71,858	62,413
2303. ....			0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above).....	1,118,197	0	1,118,197	1,064,362
2501. Health Insurer Assessment.....	XXX	XXX		1,760,796
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	1,760,796
3001. Statutory Reserve.....	XXX	XXX	500,000	500,000
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	500,000	500,000

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX.....	16,630,244	16,405,503
2. Net premium income (including \$.....0 non-health premium income).....	XXX.....	101,856,862	100,045,234
3. Change in unearned premium reserves and reserve for rate credits.....	XXX.....		
4. Fee-for-service (net of \$....16,747,845 medical expenses).....	XXX.....	2,937,175	3,039,748
5. Risk revenue.....	XXX.....	45,482	46,030
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.....	104,839,519	103,131,012
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits.....			
10. Other professional services.....		76,391,695	78,106,289
11. Outside referrals.....			
12. Emergency room and out-of-area.....			
13. Prescription drugs.....			
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			
16. Subtotal (Lines 9 to 15).....	0	76,391,695	78,106,289
<b>Less:</b>			
17. Net reinsurance recoveries.....			
18. Total hospital and medical (Lines 16 minus 17).....	0	76,391,695	78,106,289
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.....0 cost containment expenses.....		1,283,129	1,149,846
21. General administrative expenses.....		14,092,985	14,005,968
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....			
23. Total underwriting deductions (Lines 18 through 22).....	0	91,767,809	93,262,103
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX.....	13,071,710	9,868,909
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		250,626	430,515
26. Net realized capital gains or (losses) less capital gains tax of \$....30,114.....		55,927	1,593,106
27. Net investment gains or (losses) (Lines 25 plus 26).....	0	306,553	2,023,621
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$....24,526)].....		(24,526)	(17,461)
29. Aggregate write-ins for other income or expenses.....	0	0	0
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.....	13,353,737	11,875,069
31. Federal and foreign income taxes incurred.....	XXX.....	5,142,800	4,150,966
32. Net income (loss) (Lines 30 minus 31).....	XXX.....	8,210,937	7,724,103

**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.....			
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	0	0

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

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	23,399,445	44,453,408
34. Net income or (loss) from Line 32.....	8,210,937	7,724,103
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 \$....319,075.....	592,567	(1,800,901)
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	(77,060)	(9,302)
39. Change in nonadmitted assets.....	764,380	3,032,137
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.....	(7,700,000)	(30,000,000)
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	1,790,824	(21,053,963)
49. Capital and surplus end of reporting period (Line 33 plus 48).....	25,190,269	23,399,445

**DETAILS OF WRITE-INS**

4701. ....		
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).....	0	0

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	101,769,405	99,708,132
2. Net investment income.....	248,691	550,110
3. Miscellaneous income.....	2,982,657	3,085,778
4. Total (Lines 1 through 3).....	105,000,753	103,344,020
5. Benefit and loss related payments.....	76,291,690	77,940,165
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	15,492,326	15,298,586
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	2,342,315	4,855,099
10. Total (Lines 5 through 9).....	94,126,331	98,093,850
11. Net cash from operations (Line 4 minus Line 10).....	10,874,422	5,250,171
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	2,212,235	14,110,917
12.2 Stocks.....	41,685,818	16,814,461
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....	777,170	3,022,867
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....	408,727	19,917
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	45,083,950	33,968,162
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	3,272,656	2,914,168
13.2 Stocks.....	41,552,298	13,264,289
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		75,682
13.7 Total investments acquired (Lines 13.1 to 13.6).....	44,824,954	16,254,138
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).....	258,996	17,714,024
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	7,700,000	30,000,000
16.6 Other cash provided (applied).....	363,879	(359,254)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(7,336,121)	(30,359,254)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	3,797,297	(7,395,060)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	10,008,901	17,403,961
19.2 End of year (Line 18 plus Line 19.1).....	13,806,198	10,008,901

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

20.0001 .....	
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## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plans	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income.....	101,856,862				101,856,862					
2. Change in unearned premium reserves and reserve for rate credit.....	0									
3. Fee-for-service (net of \$....16,747,845 medical expenses).....	2,937,175				2,937,175					XXX.....
4. Risk revenue.....	.45,482				.45,482					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.....	XXX.....
7. Total revenues (Lines 1 to 6).....	104,839,519	0	0	0	104,839,519	0	0	0	0	0
8. Hospital/medical benefits.....	0									XXX.....
9. Other professional services.....	76,391,695				76,391,695					XXX.....
10. Outside referrals.....	0									XXX.....
11. Emergency room and out-of-area.....	0									XXX.....
12. Prescription drugs.....	0									XXX.....
13. Aggregate write-ins for other hospital and medical.....	0	0	0	0	0	0	0	0	0	XXX.....
14. Incentive pool, withhold adjustments and bonus amounts.....	0									XXX.....
15. Subtotal (Lines 8 to 14).....	76,391,695	0	0	0	76,391,695	0	0	0	0	XXX.....
16. Net reinsurance recoveries.....	0									XXX.....
17. Total hospital and medical (Lines 15 minus 16).....	76,391,695	0	0	0	76,391,695	0	0	0	0	XXX.....
18. Non-health claims (net).....	0	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....
19. Claims adjustment expenses including \$....0 cost containment expenses.....	1,283,129				1,114,712					168,417.....
20. General administrative expenses.....	14,092,985				12,244,928					1,848,057.....
21. Increase in reserves for accident and health contracts.....	0									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).....	91,767,809	0	0	0	89,751,335	0	0	0	0	2,016,474.....
24. Net underwriting gain or (loss) (Line 7 minus Line 23).....	13,071,710	0	0	0	15,088,184	0	0	0	0	(2,016,474).....

## DETAILS OF WRITE-INS

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 1 - PREMIUMS**

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical).....				0
2. Medicare supplement.....				0
3. Dental only.....				0
4. Vision only.....	101,856,862			101,856,862
5. Federal employees health benefits plan.....				0
6. Title XVIII - Medicare.....				0
7. Title XIX - Medicaid.....				0
8. Other health.....				0
9. Health subtotal (Lines 1 through 8).....	101,856,862	0	0	101,856,862
10. Life.....				0
11. Property/casualty.....				0
12. Totals (Lines 9 to 11).....	101,856,862	0	0	101,856,862

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2 - CLAIMS INCURRED DURING THE YEAR**

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct.....	76,291,690				76,291,690					
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	0									
1.4 Net.....	76,291,690	0	0	0	76,291,690	0	0	0	0	0
2. Paid medical incentive pools and bonuses.....	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	4,802,328				4,802,328					
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	4,802,328	0	0	0	4,802,328	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	0									
4.2 Reinsurance assumed.....	0									
4.3 Reinsurance ceded.....	0									
4.4 Net.....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	0									
6. Net healthcare receivables (a).....	0									
7. Amounts recoverable from reinsurers December 31, current year.....	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	4,702,323				4,702,323					
8.2 Reinsurance assumed.....	0									
8.3 Reinsurance ceded.....	0									
8.4 Net.....	4,702,323	0	0	0	4,702,323	0	0	0	0	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.....	0									
11. Amounts recoverable from reinsurers December 31, prior year.....	0									
12. Incurred benefits:										
12.1 Direct.....	76,391,695	0	0	0	76,391,695	0	0	0	0	0
12.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
12.4 Net.....	76,391,695	0	0	0	76,391,695	0	0	0	0	0
13. Incurred medical incentive pools and bonuses.....	0	0	0	0	0	0	0	0	0	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 Total	2 Comprehensive (Medical and Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	1,588,319					1,588,319				
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	0									
1.4 Net.....	1,588,319	0	0	0	1,588,319	0	0	0	0	0
2. Incurred but unreported:										
2.1 Direct.....	3,214,009					3,214,009				
2.2 Reinsurance assumed.....	0									
2.3 Reinsurance ceded.....	0									
2.4 Net.....	3,214,009	0	0	0	3,214,009	0	0	0	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	0									
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct.....	4,802,328	0	0	0	4,802,328	0	0	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	4,802,328	0	0	0	4,802,328	0	0	0	0	0

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical).....					0	
2. Medicare supplement.....					0	
3. Dental only.....					0	
4. Vision only.....	4,225,314	72,066,376		4,802,328	4,225,314	4,702,323
5. Federal employees health benefits plan.....					0	
6. Title XVIII - Medicare.....					0	
7. Title XIX - Medicaid.....					0	
8. Other health.....					0	
9. Health subtotal (Lines 1 to 8).....	4,225,314	72,066,376	0	4,802,328	4,225,314	4,702,323
10. Healthcare receivables (a).....					0	
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....					0	
13. Totals (Lines 9 - 10 + 11 + 12).....	4,225,314	72,066,376	0	4,802,328	4,225,314	4,702,323

(a) Excludes \$.....0 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.....	68,275	68,275	68,275	3,927	68,275
2. 2012.....	68,046	71,921	71,921	71,921	71,921
3. 2013.....	XXX.....	68,687	72,483	72,483	72,483
4. 2014.....	XXX.....	XXX.....	71,608	75,722	75,722
5. 2015.....	XXX.....	XXX.....	XXX.....	73,826	78,052
6. 2016.....	XXX.....	XXX.....	XXX.....	XXX.....	72,066

**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.....	68,275	68,275	68,275	68,275	68,275
2. 2012.....	72,636	71,921	71,921	71,921	71,921
3. 2013.....	XXX.....	73,138	72,483	72,483	72,483
4. 2014.....	XXX.....	XXX.....	76,144	75,722	75,722
5. 2015.....	XXX.....	XXX.....	XXX.....	78,529	78,052
6. 2016.....	XXX.....	XXX.....	XXX.....	XXX.....	76,869

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6	7	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
	Premiums Earned	Claim Payments	Claim Adjustment Expense Payments	Percent (Col. 3/2)	Percent (Col. 5/1)	Claims Unpaid	Claims Unpaid	Unpaid Claim Adjustment Expense	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	Percent (Col. 9/1)
1. 2012.....	87,674	71,921	721	1.0	72,642	82.9			72,642	82.9
2. 2013.....	90,535	72,483	979	1.4	73,462	81.1			73,462	81.1
3. 2014.....	94,598	75,722	1,179	1.6	76,901	81.3			76,901	81.3
4. 2015.....	100,045	73,826	1,278	1.7	75,104	75.1			75,104	75.1
5. 2016.....	101,857	72,066	1,363	1.9	73,429	72.1	4,802	71	78,302	76.9

12.GT

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims**  
**NONE**

**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.....	68,275	.68,275	.68,275	.68,275	.68,275
2. 2012.....	68,046	.71,921	.71,921	.71,921	.71,921
3. 2013.....	XXX.	.68,687	.72,483	.72,483	.72,483
4. 2014.....	XXX.	.XXX.	.71,608	.75,722	.75,722
5. 2015.....	XXX.	.XXX.	.XXX.	.73,826	.78,052
6. 2016.....	XXX.	.XXX.	.XXX.	.XXX.	.72,066

**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.....	68,275	.68,275	.68,275	.68,275	.68,275
2. 2012.....	72,636	.71,921	.71,921	.71,921	.71,921
3. 2013.....	XXX.	.73,138	.72,483	.72,483	.72,483
4. 2014.....	XXX.	.XXX.	.76,144	.75,722	.75,722
5. 2015.....	XXX.	.XXX.	.XXX.	.78,529	.78,052
6. 2016.....	XXX.	.XXX.	.XXX.	.XXX.	.76,869

**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.....	87,674	.71,921	.721	.1.0	.72,642	.82.9			.72,642	.82.9
2. 2013.....	90,535	.72,483	.979	.1.4	.73,462	.81.1			.73,462	.81.1
3. 2014.....	94,598	.75,722	1,179	.1.6	.76,901	.81.3			.76,901	.81.3
4. 2015.....	100,045	.73,826	1,278	.1.7	.75,104	.75.1			.75,104	.75.1
5. 2016.....	101,857	.72,066	1,363	.1.9	.73,429	.72.1	4,802	.71	.78,302	.76.9

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims**  
**NONE**

**Underwriting and Investment Ex. - Pt. 2D - Aggregate Reserve for A&H Contracts Only**  
**NONE**

**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).....		.....77,893	.....630,229		.....708,122
2. Salaries, wages and other benefits.....		.....1,088,669	.....8,802,171	.....6,156	.....9,896,996
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....			.....2,012,076		.....2,012,076
4. Legal fees and expenses.....					.....0
5. Certifications and accreditation fees.....					.....0
6. Auditing, actuarial and other consulting services.....		.....57,089	.....471,498		.....528,587
7. Traveling expenses.....		.....29,041	.....234,972		.....264,013
8. Marketing and advertising.....		.....90,471	.....731,989		.....822,460
9. Postage, express and telephone.....		.....30,321	.....245,322		.....275,643
10. Printing and office supplies.....		.....8,867	.....71,739		.....80,606
11. Occupancy, depreciation and amortization.....		.....81,254	.....657,419		.....738,673
12. Equipment.....		.....91,480	.....738,043	.....2,110	.....831,633
13. Cost or depreciation of EDP equipment and software.....					.....0
14. Outsourced services including EDP, claims, and other services.....		.....82,354	.....666,319		.....748,673
15. Boards, bureaus and association fees.....		.....14,542	.....117,655		.....132,197
16. Insurance, except on real estate.....		.....6,051	.....48,960		.....55,011
17. Collection and bank service charges.....					.....0
18. Group service and administration fees.....					.....0
19. Reimbursements by uninsured plans.....					.....0
20. Reimbursements from fiscal intermediaries.....		.....(403,484)	.....(4,434,187)		.....(4,837,671)
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.....			.....1,070,778		.....1,070,778
23.3 Regulatory authority licenses and fees.....			.....40,950		.....40,950
23.4 Payroll taxes.....					.....0
23.5 Other (excluding federal income and real estate taxes).....			.....1,755,794		.....1,755,794
24. Investment expenses not included elsewhere.....					.....0
25. Aggregate write-ins for expenses.....	0	.....28,581	.....231,258	.....0	.....259,839
26. Total expenses incurred (Lines 1 to 25).....	0	.....1,283,129	.....14,092,985	.....8,266	(a).....15,384,380
27. Less expenses unpaid December 31, current year.....		.....70,534	.....93,780		.....164,314
28. Add expenses unpaid December 31, prior year.....		.....66,609	.....63,779		.....130,388
29. Amounts receivable relating to uninsured plans, prior year.....		.....3,369,267			.....3,369,267
30. Amounts receivable relating to uninsured plans, current year.....		.....3,537,016			.....3,537,016
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	0	.....1,446,953	.....14,062,984	.....8,266	.....15,518,203

**DETAILS OF WRITE-INS**

2501. Other Expenses.....		.....28,581	.....231,258		.....259,839
2502. ....					.....0
2503. ....					.....0
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).....	0	.....28,581	.....231,258	.....0	.....259,839

(a) Includes management fees of \$.....15,332,849 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).....2,657	.....2,657
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....68,487	.....72,202
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....243	.....243
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....269,472	.....272,765
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).....3,380	.....3,169
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....5,836
10. Total gross investment income.....	.....344,239	.....356,872
11. Investment expenses.....	.....	(g).....8,266
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.....	.....	.....97,980
16. Total deductions (Lines 11 through 15).....	.....	.....106,246
17. Net investment income (Line 10 minus Line 16).....	.....	.....250,626

**DETAILS OF WRITE-INS**

0901. Interest on Intercompany Loans.....	.....5,836
0902. ....	.....
0903. ....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0
1501. Equity Management Fee.....	.....97,980
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).....	.....97,980

(a) Includes \$....727 accrual of discount less \$....5,588 amortization of premium and less \$....3,563 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 \$....19 accrual of discount less \$.... amortization of premium and less \$....194 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.....	.....	.....	.....0	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....4,904	.....	.....4,904	.....	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....1,237	.....	.....1,237	.....1,008	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....79,900	.....	.....79,900	.....910,634	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....	.....
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.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....86,041	.....0	.....86,041	.....911,642	.....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):			0
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			0
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			0
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).....		777,171	777,171
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).....	0	777,171	777,171
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.....	35,053	26,220	(8,833)
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.....	4,774	.816	(3,958)
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.....			0
21. Furniture and equipment, including health care delivery assets.....			0
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.....			0
25. Aggregate write-ins for other-than-invested assets.....	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	39,827	804,207	764,380
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	39,827	804,207	764,380

**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.....			0
2502.....			0
2503.....			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	0	0	0

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....						
2. Provider service organizations.....						
3. Preferred provider organizations.....						
4. Point of service.....						
5. Indemnity only.....						
6. Aggregate write-ins for other lines of business.....	1,366,656	1,381,856	1,379,617	1,395,090	1,394,988	16,630,244
7. Total.....	1,366,656	1,381,856	1,379,617	1,395,090	1,394,988	16,630,244

**DETAILS OF WRITE-INS**

0601. Vision only.....	1,366,656	1,381,856	1,379,617	1,395,090	1,394,988	16,630,244
0602.....						
0603.....						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	1,366,656	1,381,856	1,379,617	1,395,090	1,394,988	16,630,244

**NOTES TO FINANCIAL STATEMENTS****Note 1 – Summary of Significant Accounting Policies and Going Concern****A. Accounting Practices**

	SSAP #	F/S Page	F/S Line #	2016	2015
<b>NET INCOME</b>					
(1) Vision Service Plan state basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ 8,210,937	\$ 7,724,103
(2) State Prescribed Practices that increase/decrease NAIC SAP					
<b>(3) State Permitted Practices that increase/decrease NAIC SAP</b>					
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 8,210,937	\$ 7,724,103
<b>SURPLUS</b>					
(5) Vision Service Plan state basis (Page 3, line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 25,190,269	\$ 23,399,445
(6) State Prescribed Practices that increase/decrease NAIC SAP					
<b>(7) State Permitted Practices that increase/decrease NAIC SAP</b>					
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 25,190,269	\$ 23,399,445

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

The preparation of financial statements in conformity with the Annual Statement Instructions and Accounting Practices and Procedures manual requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**C. Accounting Policy**

Premiums are recognized over the period of coverage and are generally based on the number of eligible participants. Receivables and related premiums are estimated based on the most recent eligibility received from clients under the program. Net revenue relating to uninsured plans is recorded as an offset to claims adjustment expenses and general administrative expenses. In addition, the Company uses the following accounting policies:

1. Short-term Investments: Short-term investments are stated at amortized cost.
2. Bonds: Bonds are stated at amortized cost using the interest method.
3. Stocks: Stocks are stated at market value.
4. Preferred Stock: Preferred stocks are stated at market value.
5. Mortgage Loans: The Company has no mortgaged loans.
6. Loan-backed Securities: The Company has no loan-backed securities.
7. Investments in Subsidiaries: The Company has no investments in subsidiaries.
8. Investments in Joint Ventures, Partnerships and Limited Liability Companies: The Company has no investments in Joint Ventures, Partnerships and Limited Liability Companies.
9. Derivatives: The Company has no derivatives.
10. Premium Deficiency Calculation: The Company does not utilize anticipated investment income as a factor in the calculation of premium deficiency.
11. Liabilities for Claims Unpaid and Related Expenses: Claims unpaid and related expenses represent the estimated liability for claims reported to the Company, claims incurred but not yet reported and unpaid claims adjustment expenses.
12. The Company has not modified its capitalization policy from the prior period.
13. The Company has no pharmaceutical rebate receivables.

**D. Going Concern**

Management evaluated whether there are conditions and events that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. Management's evaluation was based only on relevant conditions and events that were known and reasonably knowable at the date that the financial statements are issued. Based on the evaluation, the Company is more than able to meet all known obligations at the date that the financial statements are issued, therefore, no conditions or events raise substantial doubt about the Company's ability to continue as a going concern.

**Note 2 – Accounting Changes and Corrections of Errors**

There were no material changes in accounting principles and/or correction of errors.

**Note 3 – Business Combinations and Goodwill**

The Company has no business combinations or goodwill.

**Note 4 – Discontinued Operations**

The Company has no discontinued operations.

**Note 5 – Investments**

- Mortgage Loans, including Mezzanine Real Estate Loans - The Company has no mortgaged loans.
- Debt Restructuring - The Company has no restructured debt.
- Reverse Mortgages - The Company has no reverse mortgages.
- Loan-Backed Securities - The Company does not hold loan-backed securities.
- Repurchase Agreements and/or Securities Lending Transactions - The Company has no repurchase agreements or securities lending transactions.

**NOTES TO FINANCIAL STATEMENTS**

F. Real Estate - The Company owns no real estate.

G. Investments in Low-Income Housing Trade Credits (LIHTC) - The Company has no LIHTC.

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	154,825	156,106	(1,281)		154,825	0.405	0.406
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							
n. Other restricted assets							
o. Total Restricted Assets	\$ 154,825	\$ 156,106	\$ (1,281)	\$	\$ 154,825	\$ 0.405	\$ 0.406

(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 (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate)

Not applicable.

(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 - The Company has no working capital finance investments.

J. Offsetting and Netting of Assets and Liabilities - The Company does not offset derivative, repurchase and reverse repurchase and securities borrowing and lending assets and liabilities.

K. Structured Notes - The Company has no structured notes.

L. 5\* Securities - The Company does not have 5\* securities.

**Note 6 – Joint Ventures, Partnerships and Limited Liability Companies**

The Company has no joint ventures, partnerships or limited liability companies.

**Note 7 – Investment Income**

The Company has not excluded any investment income.

**Note 8 – Derivative Instruments**

The Company has no derivative instruments.

**NOTES TO FINANCIAL STATEMENTS****Note 9 – Income Taxes**

## A. Deferred Tax Assets/(Liabilities)

## 1. Components of Net Deferred Tax Asset/(Liability)

	2016			2015			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	\$ 476,889	\$	\$ 476,889	\$ 553,949	\$	\$ 553,949	\$ (77,060)	\$	\$ (77,060)
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	476,889		476,889	553,949		553,949	(77,060)		(77,060)
d. Deferred tax assets nonadmitted									
e. Subtotal net admitted deferred tax asset (1c-1d)	476,889		476,889	553,949		553,949	(77,060)		(77,060)
f. Deferred tax liabilities		564,398	564,398		245,323	245,323		319,075	319,075
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 476,889	\$ (564,398)	\$ (87,509)	\$ 553,949	\$ (245,323)	\$ 308,626	\$ (77,060)	\$ (319,075)	\$ (396,135)

## 2. Admission Calculation Components

	2016			2015			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 476,889	\$	\$ 476,889	\$ 553,949	\$	\$ 553,949	\$ (77,060)	\$	\$ (77,060)
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below:									
Adjusted gross deferred tax assets expected to be realized following the balance sheet date									
Adjusted gross deferred tax assets allowed per limitation threshold						3,463,623			(3,463,623)
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities									
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c)	\$ 476,889	\$	\$ 476,889	\$ 553,949	\$	\$ 553,949	\$ (77,060)	\$	\$ (77,060)

## 3. Other Admissibility Criteria

	2016	2015
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**NOTES TO FINANCIAL STATEMENTS**

a.	Ratio percentage used to determine recovery period and threshold limitation amount	873.000%	795.000%
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 25,190,269	\$ 23,090,819

## 4. Impact of Tax Planning Strategies

## (a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

	12/31/2016		12/31/2015		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 476,889	\$	\$ 553,949	\$	\$ (77,060)	\$
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	%	%	%	%	%	%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 476,889	\$	\$ 553,949	\$	\$ (77,060)	\$
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	%	%	%	%	%	%

## (b) Does the company's tax planning strategies include the use of reinsurance? No

## B. Deferred Tax Liabilities Not Recognized - There are no temporary differences for which a DTL has not been established.

## C. Current and Deferred Income Taxes

## 1. Current Income Tax

	1 2016	2 2015	3 (Col 1-2) Change
a. Federal	\$ 5,190,037	\$ 4,219,195	\$ 970,842
b. Foreign			
c. Subtotal	\$ 5,190,037	\$ 4,219,195	\$ 970,842
d. Federal income tax on net capital gains	30,114	857,826	(827,712)
e. Utilization of capital loss carry-forwards			
f. Other	(47,237)	(68,229)	20,992
g. Federal and Foreign income taxes incurred	\$ 5,172,914	\$ 5,008,792	\$ 164,122

## 2. Deferred Tax Assets

	1 2016	2 2015	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 262,552	\$ 286,544	\$ (23,992)
2. Unearned premium reserve	190,020	246,387	(56,367)
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets			
8. Compensation and benefits accrual			
9. Pension accrual			
10. Receivables - nonadmitted	13,939	9,463	4,476
11. Net operating loss carry-forward			
12. Tax credit carry-forward			
13. Other (including items <5% of total ordinary tax assets)	10,378	11,555	(1,177)
99. Subtotal	\$ 476,889	\$ 553,949	\$ (77,060)
b. Statutory valuation allowance adjustment			
c. Nonadmitted			
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 476,889	\$ 553,949	\$ (77,060)
e. Capital:			
1. Investments	\$	\$	\$
2. Net capital loss carry-forward			
3. Real estate			
4. Other (including items <5% of total capital tax assets)			

**NOTES TO FINANCIAL STATEMENTS**

99. Subtotal	\$	\$	\$
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)			
i. Admitted deferred tax assets (2d+2h)	\$ 476,889	\$ 553,949	\$ (77,060)

## 3. Deferred Tax Liabilities

	1 2016	2 2015	3 (Col 1-2) Change
a. Ordinary:			
1. Investments	\$	\$	\$
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (including items <5% of total ordinary tax liabilities)			
99. Subtotal	\$	\$	\$
b. Capital:			
1. Investments	\$ 564,398	\$ 245,323	\$ 319,075
2. Real estate			
3. Other (including items <5% of total capital tax liabilities)			
99. Subtotal	\$ 564,398	\$ 245,323	\$ 319,075
c. Deferred tax liabilities (3a99+3b99)	\$ 564,398	\$ 245,323	\$ 319,075

4. Net Deferred Tax Assets (2i – 3c)	\$ (87,509)	\$ 308,626	\$ (396,135)
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## D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate Among the more significant book to tax adjustments were the following:

	Amount	Effective Tax Rate (%)
<b>Permanent Differences:</b>		
Provision computed at statutory rate	\$ 4,684,348	35.0%
Proration of tax exempt investment income		
Tax exempt income deduction		
Dividends received deduction	(49,067)	(0.4%)
Disallowable travel and entertainment	(4,477)	(0.0%)
Other permanent differences	614,528	4.6%
<b>Temporary Differences:</b>		
Total ordinary DTAs	\$	
Total ordinary DTLs		
Total capital DTAs		
Total capital DTLs		
<b>Other:</b>		
Statutory valuation allowance adjustment	\$	
Accrual adjustment – prior year		
Other	4,642	(0.0%)
Totals	\$ 5,249,974	
Federal and foreign income taxes incurred		5,142,800
Realized capital gains (losses) tax		30,114
Change in net deferred income taxes		77,060
Total statutory income taxes	\$ 5,249,974	39.2%

## E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

At December 31, 2016, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

The following is income tax expense for 2016, 2015 and 2014 that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Amount
2016	\$ 5,190,037	\$ 30,114	\$ 5,220,151
2015	\$ 4,222,740	\$ 807,045	\$ 5,029,785
2014	\$	\$ 200,834	\$ 200,834

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

## F. Consolidated Federal Income Tax Return

The Company's federal income tax return is consolidated with the following entities:

Vision Service Plan (CA), Altair Eyewear, Inc., Eyefinity, Inc., Eastern Vision Service Plan, Inc., Vision Services Plan, Inc., Oklahoma, Vision Service Plan of Illinois, NFP, Massachusetts Vision Service Plan, Inc., Vision Service Plan (OH), Vision Service Plan Insurance Company (CT), Eastern Vision Service Plan IPA, Inc., Vision Service Plan Insurance Company (MO), VSP Holding Company, Inc., Marchon Eyewear, Inc., Marchon BRL Ltd., VSP Vision Care, Inc., Southwest Vision Service Plan, Inc., Vision Service Plan (HI), Vision Service Plan of Wyoming, VSP Optical Group, Inc., Plexus Optix, Inc., VSP Labs, Inc., VSP Ceres, Inc., Eyeconic, Inc., VSP Global, Inc., Optical Opportunities, Eyefinity Europe, VSP Retail Development Holding, Inc, VSP Retail, Inc.

**NOTES TO FINANCIAL STATEMENTS**

2. The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return.

## 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.

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

A. The Company is a wholly owned subsidiary of Vision Service Plan (a California non-profit corporation).

B. The Company entered into a promissory note on March 29, 2011 with parent, Vision Service Plan. The \$14,000,000 note receivable required Vision Service Plan to pay the Company sixty equal monthly installments of principal and interest commencing in April 2011. The interest rate was 4.5%. The note matured in March 2016.

C. The Company incurred expenses during 2016 and 2015 of \$15,332,849 and \$14,698,172 respectively, for such services.

D. The amount due to Vision Service Plan as of December 31, 2016 and 2015 is \$848,204 and \$611,882, respectively.

E. There are no guarantees or undertakings in place between the Company and any related party.

F. Vision Service Plan provides the Company with data processing, employee related services and other administrative services for an agreed upon fee under the Administrative and Marketing Agreement.

G. Not applicable.

H. Not applicable.

I. Not applicable.

J. Not applicable.

K. Not applicable.

L. Not applicable.

M. Not applicable.

N. Not applicable.

**Note 11 – Debt**

The Company has no capital notes, obligations or FHLB agreements.

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

The Company has no retirement plans, deferred compensation, postemployment benefits or compensated balances and postretirement benefit plans.

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

(1) Not applicable.

(2) Not applicable.

(3) Not applicable.

(4) The Company approved an ordinary distribution in the amount of \$7.7M to its parent company, Vision Service Plan (California) on September 21, 2016. The distribution was paid on October 14, 2016.

(5) Not applicable.

(6) Not applicable.

(7) Not applicable.

(8) Not applicable.

(9) The Consolidated Appropriations Act of 2016, Title II, section 201 suspended collection of the health insurance provider fee for the 2017 calendar year. Accordingly, Special Surplus Funds for the Health Insurer Assessment is \$0 at December 31, 2016.

(10) The portion of unassigned funds (surplus) represented or reduced by unrealized gains and losses is: \$1,612,565.

(11) Not applicable.

(12) Not applicable.

**NOTES TO FINANCIAL STATEMENTS**

(13) Not applicable.

**Note 14 – Liabilities, Contingencies and Assessments**

The Company has no contingencies to disclose.

**Note 15 – Leases**

The Company has no leases.

**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**

The Company does not sell, transfer or service financial instruments or extinguishments of liabilities. The Company has no wash sales.

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

## A. ASO Plans

The Company does not have ASO Plans.

## B. ASC Plans

The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans was as follows during 2016:

	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical cost incurred	\$ 39,995,812	\$	\$ 39,995,812
b. Gross administrative fees accrued	4,039,643		4,039,643
c. Other income or expenses (including interest paid to or received from plans)	(6,854,143)		(6,854,143)
d. Gross expenses incurred (claims and administrative)	39,197,785		39,197,785
e. Total net gain or loss from operations	\$ (2,016,473)	\$	\$ (2,016,473)

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

The Company has no premiums written by managing general agents or third party administrators.

**Note 20 – Fair Value Measurements**

## A.

## (1) Fair Value Measurements at Reporting Date

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Equities	\$ 12,540,456	\$ 27,204	\$	\$ 12,567,660
Total	\$ 12,540,456	\$ 27,204	\$	\$ 12,567,660

Liabilities at Fair Value	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Total	\$	\$	\$	\$

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

(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)
Short-term Investments	\$ 7,102,547	\$ 7,103,331	\$ 6,603,527	\$ 499,020		
Bonds	\$ 5,969,304	\$ 5,989,836	\$ 155,028	\$ 5,814,276		
Preferred Stock	\$ 17,017	\$ 17,017		\$ 17,017		
Common Stock	\$ 12,550,643	\$ 12,550,643	\$ 12,540,456	\$ 10,187		

## D. Not Practicable to Estimate Fair Value

There were no financial instruments for which it was not practicable to estimate fair value.

**NOTES TO FINANCIAL STATEMENTS****Note 21 – Other Items**

- A. Unusual or Infrequent Items - The Company has no unusual or infrequent items to disclose.
- B. Troubled Debt Restructuring Debtors - The Company has no troubled debt restructuring.
- C. Other Disclosures - The Company has no other disclosures.
- D. Business Interruption Insurance Recoveries - The Company has no business interruption insurance recoveries.
- E. State Transferable and Non-Transferable Tax Credits - The Company has no state transferable or non-transferable tax credits.
- F. Subprime Mortgage Related Risk Exposure - The Company has no sub-prime mortgage related risk exposure.
- G. Retained Assets
  - (1) The Company does not use retained asset accounts.
  - (2) The Company does not receive proceeds as the insurer, ceding insurer or counterparty of insurance-linked securities.

**Note 22 – Events Subsequent****Type I - Recognized Subsequent Events:**

Subsequent events have been considered through 2/28/17 for the statutory statement issued on March 1, 2017. No events have occurred subsequent to the close of the books or accounts for this statement that may have a material effect on the financial condition of the Company.

**Type II - Nonrecognized Subsequent Events:**

On January 1, 2017, the Company would have been subject to an annual fee under section 9010 of the Affordable Care Act (ACA); however, the Consolidated Appropriations Act of 2016, Title II, section 201 suspended collection of the health insurance provider fee for the 2017 calendar year. Accordingly, there will be no ACA fee assessment payable for the upcoming year and there was \$0 earmarked as special surplus funds at December 31, 2016.

A.	Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]
B.	ACA fee assessment payable for the upcoming year	\$ 1,760,796	
C.	ACA fee assessment paid	1,755,794	1,774,229
D.	Premium written subject to ACA 9010 assessment	101,856,862	100,045,234
E.	Total adjusted capital before surplus adjustment (Five-Year Historical Line 14)	25,190,269	
F.	Total adjusted capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	25,190,269	
G.	Authorized control level (Five-Year Historical Line 15)	\$ 2,885,247	
H.	Would reporting the ACA assessment as of December 31, 2016 have triggered an RBC action level (YES/NO)?	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]

**Note 23 – Reinsurance**

The Company does not reinsurance its business.

**Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination**

The Company has no retrospectively rated contracts.

D.	Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act.	Not applicable.	
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 [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
(2)	Not applicable.		

**Note 25 – Change in Incurred Losses and Loss Adjustment Expenses**

Activity in claims unpaid and related expenses is summarized as follows:

	<u>2016</u>	<u>2015</u>
BALANCE—January 1	<u>\$ 4,768,932</u>	<u>\$ 4,587,155</u>
Incurred related to:		
Current year	78,302,314	79,944,134
Prior years	<u>(463,700)</u>	<u>(473,269)</u>
Total incurred	77,838,614	79,470,865
Paid related to:		
Current year	(73,429,452)	(75,104,002)
Prior years	<u>(4,305,232)</u>	<u>(4,185,086)</u>
Total paid	<u>(77,734,684)</u>	<u>(79,289,088)</u>
BALANCE—December 31	<u>\$ 4,872,862</u>	<u>\$ 4,768,932</u>

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**NOTES TO FINANCIAL STATEMENTS**

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Reserves as of December 31, 2016 were \$4,872,862. As of December 31, 2016, \$4,305,232 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$463,700 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$463,700 favorable prior-year development from December 31, 2015 to December 31, 2016. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

**Note 26 – Intercompany Pooling Arrangements**

The Company has no intercompany pooling arrangements.

**Note 27 – Structured Settlements**

Not applicable.

**Note 28 – Health Care Receivables**

The Company has no health care receivables.

**Note 29 – Participating Policies**

The Company has no participating policies.

**Note 30 – Premium Deficiency Reserves**

1.	Liability carried for premium deficiency reserve:	\$0
2.	Date of most recent evaluation of this liability:	January 13, 2017
3.	Was anticipated investment income utilized in the calculation?	Yes [ ] No [ X ]

**Note 31 – Anticipated Salvage and Subrogation**

Not applicable.

**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. 12/31/2013

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. 12/31/2013

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). 05/13/2015

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 [X] No [ ] N/A [ ]

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

4.11 sales of new business? Yes [ ] No [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? Deloitte & Touche 555 Mission Street San Francisco, CA 94105

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?  
Frederick Kilbourne, 16231 Oak Creek Trail, Poway, CA 92064 (independent actuary)

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

12.11 Name of real estate holding company \_\_\_\_\_  
 12.12 Number of parcels involved \_\_\_\_\_  
 12.13 Total book/adjusted carrying value \$ \_\_\_\_\_ 0

12.2 If yes, provide explanation

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

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

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]  
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]  
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

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

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

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

14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]  
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]  
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

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

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 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 [X] No [ ]  
 17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]  
 18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

**FINANCIAL**

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]  
 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers \$ \_\_\_\_\_ 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 [X]  
 21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others \$ \_\_\_\_\_  
 21.22 Borrowed from others \$ \_\_\_\_\_  
 21.23 Leased from others \$ \_\_\_\_\_  
 21.24 Other \$ \_\_\_\_\_

22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [ ] No [X]  
 22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment \$ \_\_\_\_\_  
 22.22 Amount paid as expenses \$ \_\_\_\_\_  
 22.23 Other amounts paid \$ \_\_\_\_\_

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]  
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ \_\_\_\_\_ 0

**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 [ X ]

24.02 If no, give full and complete information, relating thereto:  
Securities are held by banks or brokers pursuant to safekeeping custodial agreements.

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 [ X ]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ \_\_\_\_\_

24.06 If answer to 24.04 is no, report amount of collateral for other programs \$ \_\_\_\_\_

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [ X ]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [ X ]

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [ X ]

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

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ \_\_\_\_\_ 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 [ X ] 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	\$ _____ 154,825
25.29 On deposit with other regulatory bodies	\$ _____ 0
25.30 Pledged as collateral – excluding collateral pledged to an FHLB	\$ _____ 0
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 [ X ]

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

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

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

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

28.01 For 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
Wells Fargo Advisors	2295 Iron Point Rd. Ste. 280, Folsom, CA 95630
Wells Fargo Institutional Securities, LLC	400 Capitol Mall, Sacramento, CA 95814
Robert W. Baird & Co.	1400 Rocky Ridge Dr. Ste. 250, Roseville, CA 95661

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

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

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

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

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

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

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

Wells Fargo Advisors	U
Wells Fargo Institutional Securities, LLC	U
Robert W. Baird & Co.	U
Treasury Manager, VSP	A

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 [X] No [ ]

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

1	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	Investment Management Agreement (IMA) Filed
11025	Wells Fargo Advisors		SEC	NO
126292	Wells Fargo Institutional Securities, LLC		SEC	NO
8158	Robert W. Baird & Co.		SEC	NO
N/A	Treasury Manager, VSP	N/A	N/A	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 [ ] No [X]

29.2 If yes, complete the following schedule:

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

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

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

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

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	13,093,167	13,072,635	(20,532)
30.2	Preferred Stocks	17,017	17,017	0
30.3	Totals	13,110,184	13,089,652	(20,532)

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

The fair values were obtained from McGraw Hill - S&P Capital IQ, a pricing service, or from other reliable independent sources when not available from S&P Capital IQ.

Yes [X] No [ ]

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? \$ 0

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

1 Name	2 Amount Paid
	\$

34.1 Amount of payments for legal expenses, if any? \$ 0

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

1 Name	2 Amount Paid
	\$

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 0

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

## **GENERAL INTERROGATORIES**

### **PART 1 - COMMON INTERROGATORIES**

Name	Amount Paid
	\$

**GENERAL INTERROGATORIES****PART 2 – HEALTH INTERROGATORIES**

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes [ ]	No [ X ]
1.2	If yes, indicate premium earned on U.S. business only.	\$	0
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$	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.	\$	0
1.6	Individual policies:  Most current three years:		
1.61	Total premium earned	\$	0
1.62	Total incurred claims	\$	0
1.63	Number of covered lives	\$	0
1.64	Total premium earned	\$	0
1.65	Total incurred claims	\$	0
1.66	Number of covered lives	\$	0
1.7	Group policies:  Most current three years:		
1.71	Total premium earned	\$	0
1.72	Total incurred claims	\$	0
1.73	Number of covered lives	\$	0
1.74	Total premium earned	\$	0
1.75	Total incurred claims	\$	0
1.76	Number of covered lives	\$	0
2.	Health Test:		
		1 Current Year	2 Prior Year
2.1	Premium Numerator	\$ 101,856,862	\$ 100,045,234
2.2	Premium Denominator	\$ 101,856,862	\$ 100,045,234
2.3	Premium Ratio (2.1/2.2)	\$ 100.000	\$ 100.000
2.4	Reserve Numerator	\$ 4,802,328	\$ 4,702,323
2.5	Reserve Denominator	\$ 4,802,328	\$ 4,702,323
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	\$	200
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: <u>The Company's agreements with its Member Doctors prohibits them from seeking payment (except for copayment, if any) from, or bringing any legal action against the Company's subscribers or their dependents for the Company's covered services. The Company maintains other</u>		

**GENERAL INTERROGATORIES****PART 2 – HEALTH INTERROGATORIES**

arrangements of the type to the extent required by law.

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	1,429																																										
8.2	Number of providers at end of reporting year	1,434																																										
9.1	Does the reporting entity have business subject to premium rate guarantees?	Yes [ ]    No [X]																																										
9.2	If yes, direct premium earned:																																											
9.21	Business with rate guarantees with rate guarantees between 15-36 months	\$ 0																																										
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 [ ]    No [X]																																										
10.2	If yes:																																											
10.21	Maximum amount payable bonuses	\$ 0																																										
10.22	Amount actually paid for year bonuses	\$ 0																																										
10.23	Maximum amount payable withhold	\$ 0																																										
10.24	Amount actually paid for year withhold	\$ 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. <u>Ohio</u>																																											
11.4	If yes, show the amount required.	\$ 500,000																																										
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 Ohio																																											
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 Company Name 2 NAIC Company Code 3 Domiciliary Jurisdiction 4 Reserve Credit 5 Letters of Credit 6 Trust Agreements 7 Other	Assets Supporting Reserve Credit																																										
	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																																										
	<table border="1"> <tr> <td colspan="7" style="text-align: center;"><b>*Ordinary Life Insurance Includes</b></td> </tr> <tr> <td colspan="7">Term (whether full underwriting, limited underwriting, jet issue, "short form app")</td> </tr> <tr> <td colspan="7">Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")</td> </tr> <tr> <td colspan="7">Variable Life (with or without secondary guarantee)</td> </tr> <tr> <td colspan="7">Universal Life (with or without secondary guarantee)</td> </tr> <tr> <td colspan="7">Variable Universal Life (with or without secondary guarantee)</td> </tr> </table>		<b>*Ordinary Life Insurance Includes</b>							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)						
<b>*Ordinary Life Insurance Includes</b>																																												
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
<b>Balance Sheet Items (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28).....	38,178,935	32,674,024	54,323,250	55,859,229	48,076,366
2. Total liabilities (Page 3, Line 24).....	12,988,666	9,274,579	9,869,842	15,997,774	14,183,962
3. Statutory minimum capital and surplus requirement.....	500,000	500,000	500,000	500,000	500,000
4. Total capital and surplus (Page 3, Line 33).....	25,190,269	23,399,445	44,453,408	39,861,455	33,892,404
<b>Income Statement Items (Page 4)</b>					
5. Total revenues (Line 8).....	104,839,519	103,131,012	97,899,595	93,092,128	118,993,355
6. Total medical and hospital expenses (Line 18).....	76,391,695	78,106,289	75,489,530	72,422,560	72,168,510
7. Claims adjustment expenses (Line 20).....	1,283,129	1,149,846	1,014,270	912,688	842,306
8. Total administrative expenses (Line 21).....	14,092,985	14,005,968	12,191,067	9,168,130	8,580,141
9. Net underwriting gain (loss) (Line 24).....	13,071,710	9,868,909	9,204,728	10,588,750	36,576,020
10. Net investment gain (loss) (Line 27).....	306,553	2,023,621	1,045,628	1,200,629	882,147
11. Total other income (Lines 28 plus 29).....	(24,526)	(17,461)	(4,123,359)	(1,897,331)	(30,782,792)
12. Net income or (loss) (Line 32).....	8,210,937	7,724,103	2,461,000	6,905,793	4,222,470
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11).....	10,874,422	5,250,171	(254,896)	6,336,395	5,825,379
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital.....	25,190,269	23,399,445	44,453,408	39,861,455	33,892,404
15. Authorized control level risk-based capital.....	2,885,247	2,904,445	2,900,470	2,796,835	2,645,099
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7).....	1,394,988	1,366,656	1,321,581	1,264,709	1,231,878
17. Total member months (Column 6, Line 7).....	16,630,244	16,405,503	15,860,602	15,139,969	15,931,692
<b>Operating Percentage (Page 4)</b> (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).....	75.0	78.0	79.5	79.9	82.1
20. Cost containment expenses.....					
21. Other claims adjustment expenses.....	1.3	1.1	1.1	1.0	1.0
22. Total underwriting deductions (Line 23).....	90.1	93.2	93.4	91.0	93.8
23. Total underwriting gain (loss) (Line 24).....	12.8	9.9	9.7	11.7	41.6
<b>Unpaid Claims Analysis (U&amp;I Exhibit, Part 2B)</b>					
24. Total claims incurred for prior years (Line 13 Col. 5).....	4,225,314	4,113,886	3,795,820	3,875,088	3,926,931
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)].....	4,702,323	4,536,199	4,450,427	4,590,170	4,394,449
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
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).....					
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.....					
32. Total of above Lines 26 to 31.....	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.....					

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

State, Etc.	1 Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums and Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 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 N.....							0	
12. Hawaii.....	HI N.....							0	
13. Idaho.....	ID N.....							0	
14. Illinois.....	IL N.....							0	
15. Indiana.....	IN N.....							0	
16. Iowa.....	IA N.....							0	
17. Kansas.....	KS N.....							0	
18. Kentucky.....	KY N.....							0	
19. Louisiana.....	LA N.....							0	
20. Maine.....	ME N.....							0	
21. Maryland.....	MD N.....							0	
22. Massachusetts.....	MA N.....							0	
23. Michigan.....	MI N.....							0	
24. Minnesota.....	MN N.....							0	
25. Mississippi.....	MS N.....							0	
26. Missouri.....	MO N.....							0	
27. Montana.....	MT N.....							0	
28. Nebraska.....	NE N.....							0	
29. Nevada.....	NV N.....							0	
30. New Hampshire.....	NH N.....							0	
31. New Jersey.....	NJ N.....							0	
32. New Mexico.....	NM N.....							0	
33. New York.....	NY N.....							0	
34. North Carolina.....	NC N.....							0	
35. North Dakota.....	ND N.....							0	
36. Ohio.....	OH L.....	101,856,862						101,856,862	
37. Oklahoma.....	OK N.....							0	
38. Oregon.....	OR N.....							0	
39. Pennsylvania.....	PA N.....							0	
40. Rhode Island.....	RI N.....							0	
41. South Carolina.....	SC N.....							0	
42. South Dakota.....	SD N.....							0	
43. Tennessee.....	TN N.....							0	
44. Texas.....	TX N.....							0	
45. Utah.....	UT N.....							0	
46. Vermont.....	VT N.....							0	
47. Virginia.....	VA N.....							0	
48. Washington.....	WA N.....							0	
49. West Virginia.....	WV N.....							0	
50. Wisconsin.....	WI N.....							0	
51. Wyoming.....	WY N.....							0	
52. American Samoa.....	AS N.....							0	
53. Guam.....	GU N.....							0	
54. Puerto Rico.....	PR N.....							0	
55. U.S. Virgin Islands.....	VI N.....							0	
56. Northern Mariana Islands.....	MP N.....							0	
57. Canada.....	CAN N.....							0	
58. Aggregate Other alien.....	OT XXX.....	0	0	0	0	0	0	0	0
59. Subtotal.....	XXX.....	101,856,862	0	0	0	0	0	101,856,862	0
60. Reporting entity contributions for Employee Benefit Plans.....	XXX.....							0	
61. Total (Direct Business).....	(a).....1	101,856,862	0	0	0	0	0	101,856,862	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	0
58999. Total (Lines 58001 through 58003 + 58998).....	0	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.**

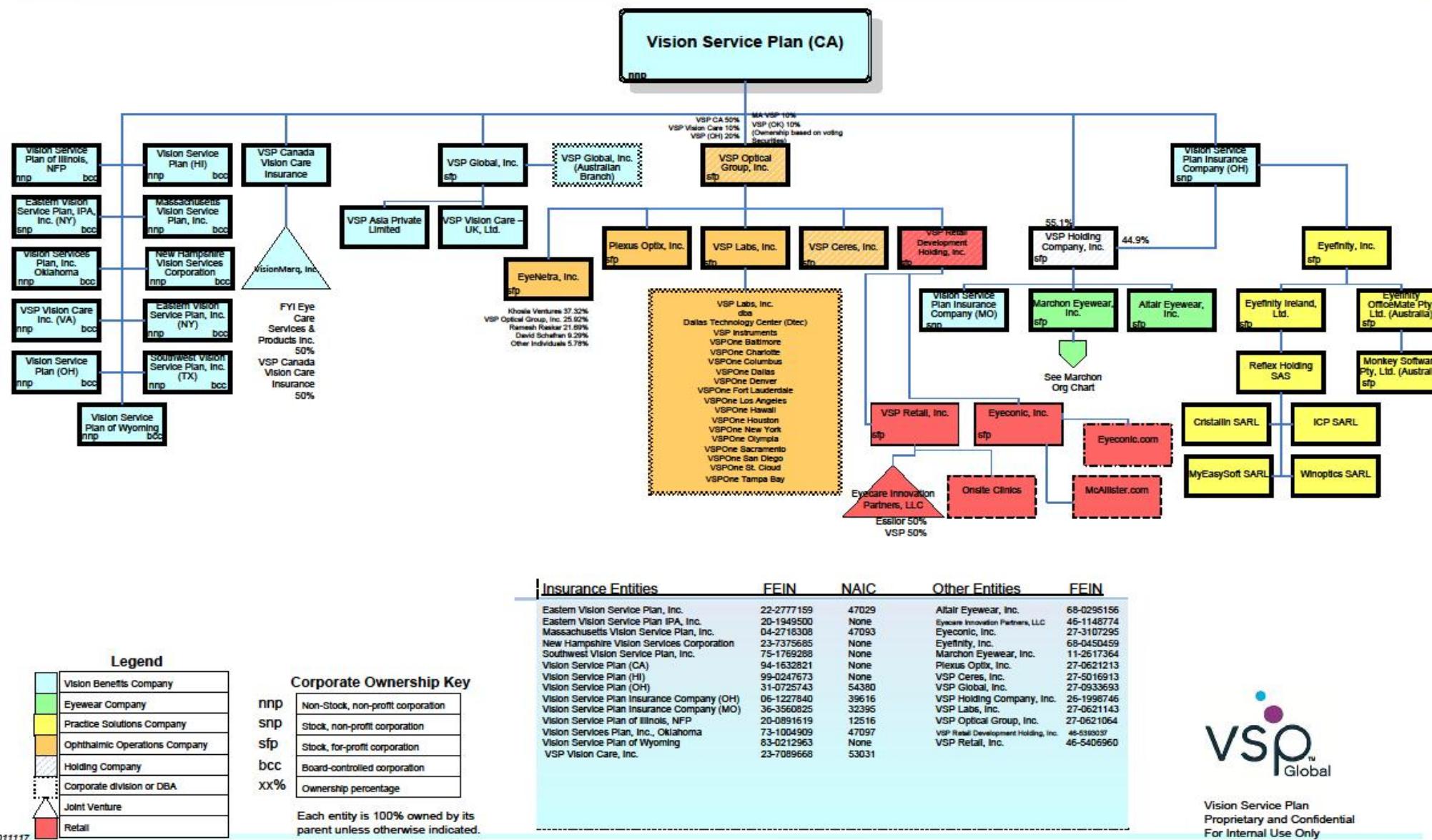
The Company allocates based on the situs of the contract

(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

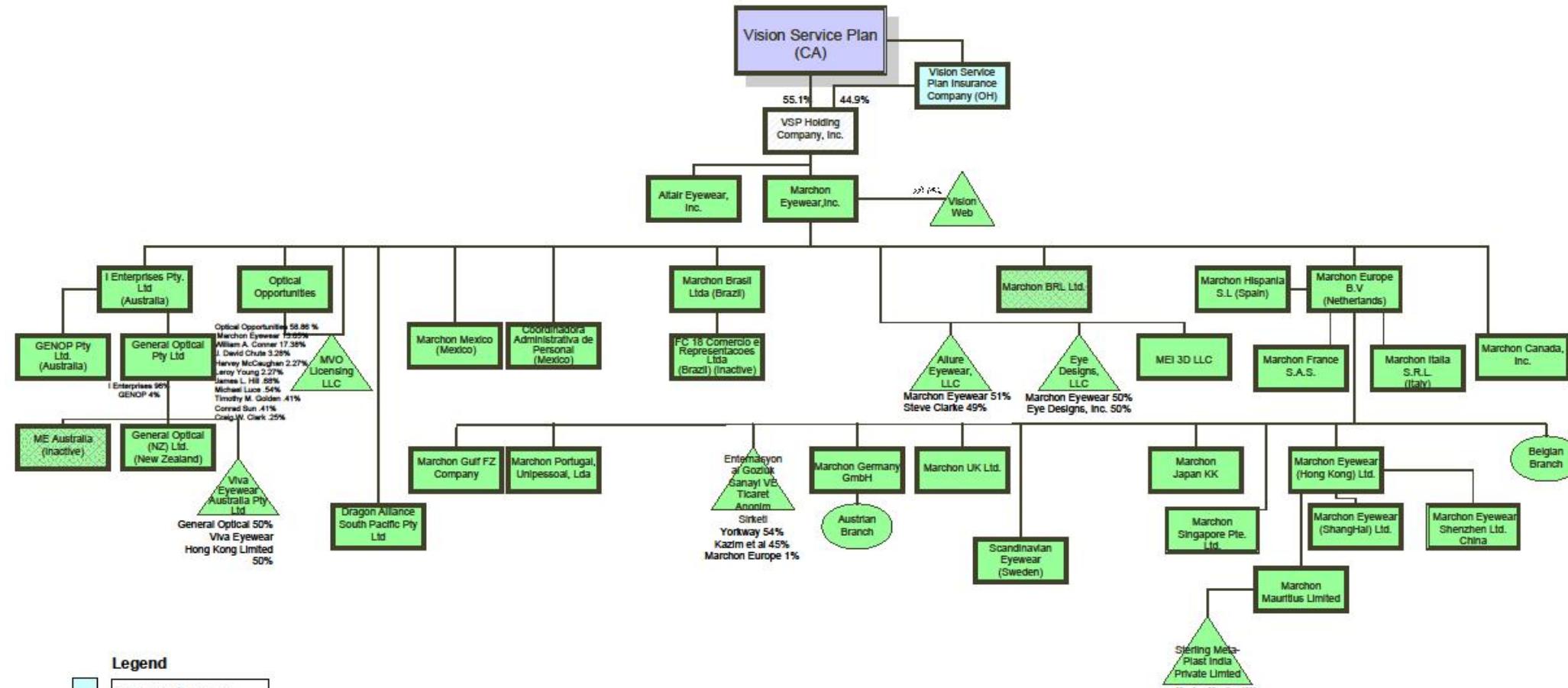
### Organizational Chart, Vision Service Plan



# SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 – ORGANIZATIONAL CHART

### Organizational Chart, Marchon Eyewear, Inc.



#### Boards of Directors

VISION SERVICE PLAN	Marchon Eyewear, Inc.	Vision Service Plan Insurance Company	VSP Holding Company, Inc.
Matthew Alpert, OD Mark Bronshtein, MD Walter Grubbs Fred Howard, Gordon Jennings, OD Randy Lee, OD Jim McGrann	Dan Mannen, OD Leslie Murphy, CPA Mary Murphy, OD Gary Sheppard, JD Stuart Thomas, OD Ryan Winelager, OD	James M. McGrann Thomas A. Fessler Stuart Thomas, OD Claudio Gottardi	James M. McGrann Kale Remwick-Espinoza Donald J. Ball, Jr.

Vision Service Plan  
Proprietary and Confidential  
For Internal Use Only



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

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