



77216201620100100

2016

Document Code: 201

ANNUAL STATEMENT
For the Year Ending DECEMBER 31, 2016
OF THE CONDITION AND AFFAIRS OF THE
AultCare Insurance Company

NAIC Group Code	4805 (Current Period)	4805 (Prior Period)	NAIC Company Code	77216	Employer's ID Number	341624818
Organized under the Laws of	Ohio		State of Domicile or Port of Entry		OH	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[X]	Property/Casualty[]	Hospital, Medical & Dental Service or Indemnity[]			
	Dental Service Corporation[]	Vision Service Corporation[]	Health Maintenance Organization[]			
	Other[]	Is HMO Federally Qualified? Yes[X] No[] N/A[]				
Incorporated/Organized	08/15/1989		Commenced Business	11/01/1989		
Statutory Home Office	2600 Sixth Street SW (Street and Number)		Canton, OH, 44710 (City or Town, State, Country and Zip Code)			
Main Administrative Office	2600 Sixth Street SW Canton, OH, 44710 (Street and Number)		(330)363-4057 (Area Code) (Telephone Number)			
Primary Location of Books and Records	2600 Sixth Street SW Canton, OH, 44710 (Street and Number)		(330)363-4057 (Area Code) (Telephone Number)			
Internet Website Address	www.aultcare.com		(330)363-4057 (Area Code) (Telephone Number)			
Statutory Statement Contact	Jeffrey Alan Scheatzle (Name) jscheatzle@aultman.com (E-Mail Address)		(330)363-4057 (Area Code)(Telephone Number)(Extension) (330)363-5012 (Fax Number)			

OFFICERS

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

OTHERS

DIRECTORS OR TRUSTEES

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

State of Ohio
 County of Stark ss

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

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

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

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

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

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

Yes[X] No[]

(Notary Public Signature)

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)	25,754,035		25,754,035	24,641,798
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common Stocks	7,444,334		7,444,334	6,911,036
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....20,058,085, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....148,177, Schedule DA)	20,206,262		20,206,262	20,599,160
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	19,161,640		19,161,640	19,179,080
9. Receivables for securities				
10. Securities Lending Reinvested Collateral Assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	72,566,271		72,566,271	71,331,075
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	157,739		157,739	138,782
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	4,030,450		4,030,450	3,289,577
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0)	123,151		123,151	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	2,827,471		2,827,471	4,285,098
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	5,306		5,306	
18.2 Net deferred tax asset	919,636		919,636	672,998
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	461,057		461,057	497,197
21. Furniture and equipment, including health care delivery assets (\$.....0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	1,824,965		1,824,965	691,572
24. Health care (\$.....3,141,385) and other amounts receivable	4,643,992	1,502,607	3,141,385	3,045,352
25. Aggregate write-ins for other than invested assets				
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	87,560,037	1,502,607	86,057,430	83,951,652
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. TOTAL (Lines 26 and 27)	87,560,037	1,502,607	86,057,430	83,951,652
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)				

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....746,100 reinsurance ceded)	24,308,824		24,308,824	20,058,466
2. Accrued medical incentive pool and bonus amounts	986,471		986,471	1,365,286
3. Unpaid claims adjustment expenses	484,423		484,423	420,600
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	7,951,201		7,951,201	9,370,530
9. General expenses due or accrued	7,028,375		7,028,375	7,611,995
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				7,394,943
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable	2,548,440		2,548,440	1,450,636
12. Amounts withheld or retained for the account of others				
13. Remittances and items not allocated				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates	769		769	119,640
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20. Reinsurance in unauthorized and certified (\$.....0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans				207,715
23. Aggregate write-ins for other liabilities (including \$.....0 current)				
24. TOTAL Liabilities (Lines 1 to 23)	43,308,503		43,308,503	47,999,812
25. Aggregate write-ins for special surplus funds	XXX	XXX		4,200,000
26. Common capital stock	XXX	XXX	1,000,000	1,000,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	18,387,534	18,387,534
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX		
31. Unassigned funds (surplus)	XXX	XXX	23,361,393	12,364,306
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$.....0)	XXX	XXX		
32.2 .....0 shares preferred (value included in Line 27 \$.....0)	XXX	XXX		
33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	42,748,927	35,951,840
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	XXX	XXX	86,057,430	83,951,652
DETAILS OF WRITE-INS				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				
2501. Health Insurance Tax	XXX	XXX		4,200,000
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX		4,200,000
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
	X X X	998,689	1,075,285
1. Member Months			
2. Net premium income (including \$.....0 non-health premium income)	X X X	259,316,046	250,163,139
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$.....0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. TOTAL Revenues (Lines 2 to 7)	X X X	259,316,046	250,163,139
Hospital and Medical:			
9. Hospital/medical benefits		135,438,424	130,295,812
10. Other professional services			
11. Outside referrals		26,363,820	28,260,816
12. Emergency room and out-of-area		4,479,829	6,074,917
13. Prescription drugs		38,273,032	33,598,205
14. Aggregate write-ins for other hospital and medical		16,496,724	9,192,498
15. Incentive pool, withhold adjustments and bonus amounts		588,749	1,309,284
16. Subtotal (Lines 9 to 15)		221,640,578	208,731,532
Less:			
17. Net reinsurance recoveries		9,480,327	14,060,054
18. TOTAL Hospital and Medical (Lines 16 minus 17)		212,160,251	194,671,478
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....4,910,715 cost containment expenses		7,458,983	6,840,179
21. General administrative expenses		31,117,941	36,013,347
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)		250,737,174	237,525,005
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	8,578,871	12,638,135
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		792,845	699,560
26. Net realized capital gains (losses) less capital gains tax of \$.....8,502		16,504	1,288,257
27. Net investment gains (losses) (Lines 25 plus 26)		809,349	1,987,816
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29. Aggregate write-ins for other income or expenses			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	9,388,221	14,625,951
31. Federal and foreign income taxes incurred	X X X	3,885,811	6,595,893
32. Net income (loss) (Lines 30 minus 31)	X X X	5,502,410	8,030,058
DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401. Reinsurance Claims		16,496,724	9,192,498
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		16,496,724	9,192,498
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	35,951,840	62,441,652
34. Net income or (loss) from Line 32	5,502,410	8,030,058
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	255,032	(1,981,191)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	246,638	(71,013)
39. Change in nonadmitted assets	793,007	(115,650)
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		(32,352,017)
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus		
48. Net change in capital and surplus (Lines 34 to 47)	6,797,087	(26,489,812)
49. Capital and surplus end of reporting year (Line 33 plus 48)	42,748,927	35,951,840
DETAILS OF WRITE-INS		
4701. 0		
4702. 0		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE **AultCare Insurance Company**
CASH FLOW

		1 Current Year	2 Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	258,130,497	253,718,516
2.	Net investment income	896,887	1,233,367
3.	Miscellaneous income		
4.	TOTAL (Lines 1 through 3)	259,027,384	254,951,883
5.	Benefit and loss related payments	206,941,401	200,603,335
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	39,304,436	41,775,152
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	11,294,563	
10.	TOTAL (Lines 5 through 9)	257,540,399	242,378,487
11.	Net cash from operations (Line 4 minus Line 10)	1,486,985	12,573,396
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	4,289,614	7,766,973
12.2	Stocks		3,239,940
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments	(42)	775,859
12.7	Miscellaneous proceeds	732,890	1,412
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7)	5,022,461	11,784,184
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	5,499,801	6,941,688
13.2	Stocks	186,419	3,438,140
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		5,685,604
13.6	Miscellaneous applications	0	0
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6)	5,686,220	16,065,431
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(663,759)	(4,281,247)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		(2,349,530)
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(1,216,124)	(1,130,813)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,216,124)	(3,480,344)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(392,898)	4,811,805
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	20,599,160	15,787,355
19.2	End of year (Line 18 plus Line 19.1)	20,206,262	20,599,160

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	Cumulative effect of changes in accounting principles		
---------	---	--	--

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital & 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. Net premium income	259,316,046	226,689,153	761,671	3,224,743		13,983,257			14,657,221	
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$.....0 medical expenses)										XXX
4. Risk revenue										XXX
5. Aggregate write-ins for other health care related revenues										XXX
6. Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
7. TOTAL Revenues (Lines 1 to 6)	259,316,046	226,689,153	761,671	3,224,743		13,983,257			14,657,221	
8. Hospital/medical benefits	135,438,424	125,123,721	463,435	2,267,909		7,583,360				XXX
9. Other professional services										XXX
10. Outside referrals	26,363,820	23,696,690				2,667,129				XXX
11. Emergency room and out-of-area	4,479,829	4,256,632				223,197				XXX
12. Prescription drugs	38,273,032	36,046,480				2,226,552				XXX
13. Aggregate write-ins for other hospital and medical	16,496,724								16,496,724	XXX
14. Incentive pool, withhold adjustments and bonus amounts	588,749	550,293				38,456				XXX
15. Subtotal (Lines 8 to 14)	221,640,578	189,673,816	463,435	2,267,909		12,738,694			16,496,724	XXX
16. Net reinsurance recoveries	9,480,327	5,873,788				295,534			3,311,005	XXX
17. TOTAL Hospital and Medical (Lines 15 minus 16)	212,160,251	183,800,028	463,435	2,267,909		12,443,161			13,185,719	XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$.....4,910,715 cost containment expenses	7,458,983	6,812,371				460,264			186,348	
20. General administrative expenses	31,117,941	26,284,615	88,976	731,877		1,116,806			2,895,667	
21. Increase in reserves for accident and health contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX
22. Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX		
23. TOTAL Underwriting Deductions (Lines 17 to 22)	250,737,174	216,897,014	552,411	2,999,785		14,020,230			16,267,734	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	8,578,871	9,792,139	209,260	224,958		(36,974)			(1,610,513)	
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page										XXX
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX
0698. Summary of remaining write-ins for Line 6 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX
1301. Reinsurance Claims	16,496,724								16,496,724	XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page										XXX
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	16,496,724								16,496,724	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical)	233,009,347		6,320,194	226,689,153
2. Medicare Supplement	761,671			761,671
3. Dental only	3,224,743			3,224,743
4. Vision only				
5. Federal Employees Health Benefits Plan	14,213,995		230,738	13,983,257
6. Title XVIII - Medicare				
7. Title XIX - Medicaid				
8. Other health	16,786,330		2,129,109	14,657,221
9. Health subtotal (Lines 1 through 8)	267,996,087		8,680,041	259,316,046
10. Life				
11. Property/casualty				
12. TOTALS (Lines 9 to 11)	267,996,087		8,680,041	259,316,046

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital & 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	216,788,768	186,830,015	463,435	2,216,566		12,900,129			14,378,623	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	9,371,591	5,772,097				288,490			3,311,005	
1.4 Net	207,417,177	181,057,918	463,435	2,216,566		12,611,640			11,067,619	
2. Paid medical incentive pools and bonuses	967,564	904,364				63,200				
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	25,054,924	19,534,121		394,072		1,130,131			3,996,600	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded	746,100	708,894				37,206				
3.4 Net	24,308,824	18,825,227		394,072		1,092,924			3,996,600	
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	986,471	958,280				28,191				
6. Net healthcare receivables (a)	96,034	96,034								
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	20,695,830	17,181,862		342,729		1,292,739			1,878,500	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded	637,364	607,202				30,162				
8.4 Net	20,058,466	16,574,660		342,729		1,262,577			1,878,500	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	1,910,584	1,312,351				52,935	545,298			
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	221,051,828	189,086,240	463,435	2,267,909		12,737,521			16,496,724	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	9,480,327	5,873,788				295,534			3,311,005	
12.4 Net	211,571,501	183,212,452	463,435	2,267,909		12,441,987			13,185,719	
13. Incurred medical incentive pools and bonuses	43,451	550,293				38,456	(545,298)			

(a) Excludes \$.....2,900,000 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Compre- hensive (Hospital & 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. Reported in Process of Adjustment:										
1.1 Direct .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1.2 Reinsurance assumed .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1.3 Reinsurance ceded .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1.4 Net .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2. Incurred but Unreported:										
2.1 Direct	25,054,924	19,534,121	.....	394,072	.....	1,130,131	.....	.....	3,996,600	.....
2.2 Reinsurance assumed .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.3 Reinsurance ceded	746,100	708,894	.....	.....	.....	37,206	.....	.....	.....	.....
2.4 Net	24,308,824	18,825,227	.....	394,072	.....	1,092,924	.....	.....	3,996,600	.....
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.2 Reinsurance assumed .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.3 Reinsurance ceded .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.4 Net .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4. TOTALS										
4.1 Direct	25,054,924	19,534,121	.....	394,072	.....	1,130,131	.....	.....	3,996,600	.....
4.2 Reinsurance assumed .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.3 Reinsurance ceded	746,100	708,894	.....	.....	.....	37,206	.....	.....	.....	.....
4.4 Net	24,308,824	18,825,227	.....	394,072	.....	1,092,924	.....	.....	3,996,600	.....

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	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	16,572,810	164,485,109		18,825,227	16,572,810	16,574,660
2. Medicare Supplement		463,435				
3. Dental only		2,216,566		394,072		342,729
4. Vision only						
5. Federal Employees Health Benefits Plan	1,372,600	11,239,040		1,092,924	1,372,600	1,262,577
6. Title XVIII - Medicare						
7. Title XIX - Medicaid						
8. Other health	335,998	10,731,620		3,996,600	335,998	1,878,500
9. Health subtotal (Lines 1 to 8)	18,281,407	189,135,770		24,308,824	18,281,407	20,058,466
10. Healthcare receivables (a)	241,385				241,385	145,351
11. Other non-health						
12. Medical incentive pool and bonus amounts	967,564			986,471	967,564	1,365,286
13. TOTALS (Lines 9 - 10 + 11 + 12)	19,007,587	189,135,770		25,295,295	19,007,587	21,278,401

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

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

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	39,307	39,307	39,307	39,307	39,307
2. 2012	388,655	388,655	388,655	388,655	388,655
3. 2013	XXX	359,142	359,142	359,142	359,142
4. 2014	XXX	XXX	367,803	367,803	367,803
5. 2015	XXX	XXX	XXX	180,221	180,221
6. 2016	XXX	XXX	XXX	XXX	188,861

Section B - Incurred Health Claims

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	39,307	39,307	39,307	39,307	39,307
2. 2012	422,760	388,655	388,655	388,655	388,655
3. 2013	XXX	394,512	359,142	359,142	359,142
4. 2014	XXX	XXX	402,761	367,925	367,803
5. 2015	XXX	XXX	XXX	201,522	180,221
6. 2016	XXX	XXX	XXX	XXX	214,157

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2012	468,468	388,655	7,811	2.010	396,466	84.630			396,466	84.630
2. 2013	454,121	359,142	11,139	3.102	370,281	81.538			370,281	81.538
3. 2014	465,655	367,803	10,343	2.812	378,146	81.207			378,146	81.207
4. 2015	250,163	180,221	6,565	3.643	186,786	74.666			186,786	74.666
5. 2016	259,076	188,861	379	0.200	189,240	73.044	25,295	485	215,020	82.995

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	12,466	12,466	12,466	12,466	12,466
2. 2012	149,961	149,961	149,961	149,961	149,961
3. 2013	XXX	148,974	148,974	148,974	148,974
4. 2014	XXX	XXX	159,106	159,106	159,106
5. 2015	XXX	XXX	XXX	160,540	160,540
6. 2016	XXX	XXX	XXX	XXX	164,211

Section B - Incurred Health Claims

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	12,466	12,466	12,466	12,466	12,466
2. 2012	164,208	149,961	149,961	149,961	149,961
3. 2013	XXX	164,622	148,974	148,974	148,974
4. 2014	XXX	XXX	178,827	159,106	159,106
5. 2015	XXX	XXX	XXX	178,480	160,540
6. 2016	XXX	XXX	XXX	XXX	184,022

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2012	188,390	149,961	4,694	3.130	154,655	82.093			154,655	82.093
2. 2013	194,485	148,974	6,491	4.357	155,465	79.937			155,465	79.937
3. 2014	214,247	159,106	6,290	3.953	165,396	77.199			165,396	77.199
4. 2015	224,147	160,540	5,585	3.479	166,125	74.114			166,125	74.114
5. 2016	226,450	164,211	342	0.208	164,553	72.667	19,812	441	184,806	81.610

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Medicare Supplement
Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior .....	.....	.....	.....	.....	.....
2. 2012 .....	..... 109	..... 109	..... 109	..... 109	..... 109
3. 2013 .....	..... XXX	..... 135	..... 135	..... 135	..... 135
4. 2014 .....	..... XXX	..... XXX	..... 201	..... 201	..... 201
5. 2015 .....	..... XXX	..... XXX	..... XXX	..... 358	..... 358
6. 2016 .....	..... XXX	..... XXX	..... XXX	..... XXX	..... 463

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior .....	.....	.....	.....	.....	.....
2. 2012 .....	..... 109	..... 109	..... 109	..... 109	..... 109
3. 2013 .....	..... XXX	..... 135	..... 135	..... 135	..... 135
4. 2014 .....	..... XXX	..... XXX	..... 201	..... 201	..... 201
5. 2015 .....	..... XXX	..... XXX	..... XXX	..... 358	..... 358
6. 2016 .....	..... XXX	..... XXX	..... XXX	..... XXX	..... 463

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2012 .....	..... 143	..... 109	.....	.....	..... 109	..... 76.138	.....	.....	..... 109	..... 76.138
2. 2013 .....	..... 219	..... 135	.....	.....	..... 135	..... 61.523	.....	.....	..... 135	..... 61.523
3. 2014 .....	..... 323	..... 201	.....	.....	..... 201	..... 62.221	.....	.....	..... 201	..... 62.221
4. 2015 .....	..... 498	..... 358	.....	.....	..... 358	..... 71.757	.....	.....	..... 358	..... 71.757
5. 2016 .....	..... 762	..... 463	.....	.....	..... 463	..... 60.844	.....	.....	..... 463	..... 60.844

UNDERWRITING AND INVESTMENT EXHIBIT

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

Dental Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior .....	.....	.....	.....	.....	.....
2. 2012	1,884	1,884	1,884	1,884	1,884
3. 2013	XXX	2,284	2,284	2,284	2,284
4. 2014	XXX	XXX	2,323	2,323	2,323
5. 2015	XXX	XXX	XXX	2,214	2,214
6. 2016	XXX	XXX	XXX	XXX	2,217

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior .....	.....	.....	.....	.....	.....
2. 2012	2,139	1,884	1,884	1,884	1,884
3. 2013	XXX	2,591	2,284	2,284	2,284
4. 2014	XXX	XXX	2,603	2,445	2,323
5. 2015	XXX	XXX	XXX	2,435	2,214
6. 2016	XXX	XXX	XXX	XXX	2,611

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2012	2,725	1,884	.....	.....	1,884	69.127	.....	.....	1,884	69.127
2. 2013	3,227	2,284	.....	.....	2,284	70.781	.....	.....	2,284	70.781
3. 2014	3,235	2,323	.....	.....	2,323	71.800	.....	.....	2,323	71.800
4. 2015	3,238	2,214	.....	.....	2,214	68.371	.....	.....	2,214	68.371
5. 2016	3,225	2,217	.....	.....	2,217	68.736	394	.....	2,611	80.957

UNDERWRITING AND INVESTMENT EXHIBIT

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

Vision Only

Section A - Paid Health Claims

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

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior .....	.....	.....	.....	.....	.....
2. 2012 .....	.....	.....	.....	.....	.....
3. 2013	XXX	.....	.....	.....	.....
4. 2014	XXX	XXX	.....	.....	.....
5. 2015	XXX	XXX	XXX	.....	.....
6. 2016	XXX	XXX	XXX	XXX	XXX

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Federal Employees Health Benefits Plan Premiums

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	597	597	597	597	597
2. 2012	13,246	13,246	13,246	13,246	13,246
3. 2013	XXX	14,043	14,043	14,043	14,043
4. 2014	XXX	XXX	14,528	14,528	14,528
5. 2015	XXX	XXX	XXX	13,798	13,798
6. 2016	XXX	XXX	XXX	XXX	11,239

Section B - Incurred Health Claims

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	597	597	597	597	597
2. 2012	13,832	13,246	13,246	13,246	13,246
3. 2013	XXX	14,854	14,043	14,043	14,043
4. 2014	XXX	XXX	15,417	14,528	14,528
5. 2015	XXX	XXX	XXX	15,061	13,798
6. 2016	XXX	XXX	XXX	XXX	12,332

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2012	14,173	13,246	299	2.257	13,545	95.569			13,545	95.569
2. 2013	17,506	14,043	456	3.244	14,499	82.823			14,499	82.823
3. 2014	16,272	14,528	455	3.129	14,982	92.077			14,982	92.077
4. 2015	15,708	13,798	415	3.011	14,213	90.486			14,213	90.486
5. 2016	13,983	11,239	26	0.227	11,265	80.558	1,093	31	12,389	88.595

UNDERWRITING AND INVESTMENT EXHIBIT

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

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	24,559	24,559	24,559	24,559	24,559
2. 2012	209,169	209,169	209,169	209,169	209,169
3. 2013	XXX	189,211	189,211	189,211	189,211
4. 2014	XXX	XXX	189,220	189,220	189,220
5. 2015	XXX	XXX	XXX	2,295	2,295
6. 2016	XXX	XXX	XXX	XXX	XXX

Section B - Incurred Health Claims

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	24,559	24,559	24,559	24,559	24,559
2. 2012	226,465	209,169	209,169	209,169	209,169
3. 2013	XXX	206,096	189,211	189,211	189,211
4. 2014	XXX	XXX	202,027	189,220	189,220
5. 2015	XXX	XXX	XXX	2,295	2,295
6. 2016	XXX	XXX	XXX	XXX	XXX

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2012	251,049	209,169	2,718	1.299	211,887	84.401			211,887	84.401
2. 2013	233,136	189,211	4,016	2.122	193,227	82.882			193,227	82.882
3. 2014	226,775	189,220	3,414	1.804	192,634	84.945			192,634	84.945
4. 2015		2,295	391	17.050	2,687				2,687	
5. 2016										

UNDERWRITING AND INVESTMENT EXHIBIT

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

Title XIX - Medicaid

Section A - Paid Health Claims

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

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior .....	.....	.....	.....	.....	.....
2. 2012 .....	.....	.....	.....	.....	.....
3. 2013	XXX	.....	.....	.....	.....
4. 2014	XXX	XXX	.....	.....	.....
5. 2015	XXX	XXX	XXX	XXX	.....
6. 2016	XXX	XXX	XXX	XXX	XXX

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

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

UNDERWRITING AND INVESTMENT EXHIBIT

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

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	1,686	1,686	1,686	1,686	1,686
2. 2012	14,287	14,287	14,287	14,287	14,287
3. 2013	XXX	4,494	4,494	4,494	4,494
4. 2014	XXX	XXX	2,425	2,425	2,425
5. 2015	XXX	XXX	XXX	1,015	1,015
6. 2016	XXX	XXX	XXX	XXX	10,732

Section B - Incurred Health Claims

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	1,686	1,686	1,686	1,686	1,686
2. 2012	16,007	14,287	14,287	14,287	14,287
3. 2013	XXX	6,214	4,494	4,494	4,494
4. 2014	XXX	XXX	3,685	2,425	2,425
5. 2015	XXX	XXX	XXX	2,894	1,015
6. 2016	XXX	XXX	XXX	XXX	14,728

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2012	11,989	14,287	100	0.701	14,387	120.005			14,387	120.005
2. 2013	5,548	4,494	177	3.944	4,671	84.188			4,671	84.188
3. 2014	4,803	2,425	185	7.628	2,610	54.341			2,610	54.341
4. 2015	6,572	1,015	174	17.144	1,190	18.100			1,190	18.100
5. 2016	14,657	10,732	11	0.100	10,742	73.291	3,997	13	14,752	100.646

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Compre- hensive (Hospital & 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
1. Unearned premium reserves
2. Additional policy reserves (a)
3. Reserve for future contingent benefits
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income)
5. Aggregate write-ins for other policy reserves
6. TOTALS (Gross)
7. Reinsurance ceded
8. TOTALS (Net) (Page 3, Line 4)
9. Present value of amounts not yet due on claims
10. Reserve for future contingent benefits
11. Aggregate write-ins for other claim reserves
12. TOTALS (Gross)
13. Reinsurance ceded
14. TOTALS (Net) (Page 3, Line 7)
DETAILS OF WRITE-INS									
0501.
0502.
0503.
0598. Summary of remaining write-ins for Line 5 from overflow page
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)
1101.
1102.
1103.
1198. Summary of remaining write-ins for Line 11 from overflow page
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)

(a) Includes \$.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building)	32,728	22,365	171,484		226,577
2. Salaries, wages and other benefits	2,212,413	2,445,686	8,097,999		12,756,098
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)			8,418,402		8,418,402
4. Legal fees and expenses	281,166		38,005		319,171
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	233,584		1,236,324		1,469,907
7. Traveling expenses	125,876	213	134,599		260,689
8. Marketing and advertising	6,160		459,276		465,436
9. Postage, express and telephone	42,696	28,199	236,984		307,878
10. Printing and office supplies	61,906	8,982	442,264		513,153
11. Occupancy, depreciation and amortization	61,700	41,908	240,406		344,015
12. Equipment	153,372	820	293,904		448,096
13. Cost or depreciation of EDP equipment and software	258,053		1,174,759		1,432,812
14. Outsourced services including EDP, claims, and other services	750,271	95	606,884		1,357,250
15. Boards, bureaus and association fees	404,982		785,755		1,190,736
16. Insurance, except on real estate					
17. Collection and bank service charges			169,857		169,857
18. Group service and administration fees	285,808		41,285		327,093
19. Reimbursements by uninsured plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes			2,616,062		2,616,062
23.3 Regulatory authority licenses and fees					
23.4 Payroll taxes					
23.5 Other (excluding federal income and real estate taxes)			5,953,691		5,953,691
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses					
26. TOTAL Expenses Incurred (Lines 1 to 25)	4,910,715	2,548,268	31,117,941		(a) 38,576,924
27. Less expenses unpaid December 31, current year	313,907	162,893	7,028,375		7,505,175
28. Add expenses unpaid December 31, prior year	278,043	142,557	7,611,995		8,032,595
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	4,874,850	2,527,932	31,701,561		39,104,344

DETAILS OF WRITE-INS

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

(a) Includes management fees of \$.....0 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)	366,612	367,236
1.1 Bonds exempt from U.S. tax	(a)		
1.2 Other bonds (unaffiliated)	(a)	319,640	171,862
1.3 Bonds of affiliates	(a)		
2.1 Preferred stocks (unaffiliated)	(b)		
2.11 Preferred stocks of affiliates	(b)		
2.2 Common stocks (unaffiliated)	186,419	186,419	
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)		
7. Derivative instruments	(f)		
8. Other invested assets		67,328	67,328
9. Aggregate write-ins for investment income			
10. TOTAL Gross investment income	939,999	792,845	
11. Investment expenses	(g)		
12. Investment taxes, licenses and fees, excluding federal income taxes	(g)		
13. Interest expense	(h)		
14. Depreciation on real estate and other invested assets	(i)		
15. Aggregate write-ins for deductions from investment income			
16. TOTAL Deductions (Lines 11 through 15)			
17. Net Investment income (Line 10 minus Line 16)			792,845
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page			
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)			
1501.			
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above)			

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

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	18,667		18,667		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	6,382		6,382		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)				346,878	
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	(42)		(42)		
7. Derivative instruments					
8. Other invested assets				(91,846)	
9. Aggregate write-ins for capital gains (losses)					
10. TOTAL Capital gains (losses)	25,007		25,007	255,032	

DETAILS OF WRITE-INS

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

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)
2. Stocks (Schedule D):			
2.1 Preferred stocks
2.2 Common stocks
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens
3.2 Other than first liens
4. Real estate (Schedule A):			
4.1 Properties occupied by the company
4.2 Properties held for the production of income
4.3 Properties held for sale
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)
6. Contract loans
7. Derivatives (Schedule DB)
8. Other invested assets (Schedule BA)	807,296	807,296
9. Receivables for securities
10. Securities lending reinvested collateral assets (Schedule DL)
11. Aggregate write-ins for invested assets
12. Subtotals, cash and invested assets (Lines 1 to 11)	807,296	807,296
13. Title plants (for Title insurers only)
14. Invested income due and accrued
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due
15.3 Accrued retrospective premiums and contracts subject to redetermination
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers
16.2 Funds held by or deposited with reinsured companies
16.3 Other amounts receivable under reinsurance contracts
17. Amounts receivable relating to uninsured plans
18.1 Current federal and foreign income tax recoverable and interest thereon
18.2 Net deferred tax asset
19. Guaranty funds receivable or on deposit
20. Electronic data processing equipment and software
21. Furniture and equipment, including health care delivery assets
22. Net adjustment in assets and liabilities due to foreign exchange rates
23. Receivables from parent, subsidiaries and affiliates
24. Health care and other amounts receivable	1,502,607	1,488,318
25. Aggregate write-ins for other than invested assets
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,502,607	2,295,613
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	793,007
28. TOTAL (Lines 26 and 27)	1,502,607	2,295,613
DETAILS OF WRITE-INS			
1101.
1102.
1103.
1198. Summary of remaining write-ins for Line 11 from overflow page
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)
2501. Prepaid Expense
2502.
2503.
2598. Summary of remaining write-ins for Line 25 from overflow page
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)

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	2,548	1,827	1,756	1,745	1,811	22,049
2. Provider Service Organizations						
3. Preferred Provider Organizations	62,174	61,491	60,418	59,027	58,507	721,102
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	21,518	21,267	21,440	21,416	20,303	255,538
7. TOTAL	86,240	84,585	83,614	82,188	80,621	998,689
DETAILS OF WRITE-INS						
0601. Reinsurance	21,518	20,922	21,071	21,030	19,909	251,122
0602. Medicare Supplement		345	369	386	394	4,416
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	21,518	21,267	21,440	21,416	20,303	255,538

Notes to Financial Statements

SECTION A

1. Summary of Significant Accounting Policies
 - A. The accompanying financial statements of AultCare Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Ohio.
 - B. The preparation of financial statement in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.
 - C. Accounting Policy
 - (1) Short-term investments are stated at amortized cost.
 - (2) Bonds were stated at amortized cost using the straight-line method.
 - (3) Common stock is stated at market value.
 - (4) The Company had no preferred stock.
 - (5) The Company had no mortgage loans.
 - (6) The Company had no loan backed securities.
 - (7) The Company has investments in subsidiaries and affiliates with a book adjusted carrying value totaling \$19,161,639. Of this amount, \$1,633 is invested in McKinley Life Agency, Ltd. \$8,669,940 is invested in AultCare Corporation. The remaining \$10,490,066 is invested in West Tuscarawas Property Management.
 - (8) The Company had no investments in joint ventures, partnerships, or limited liability companies.
 - (9) The Company had no derivatives.
 - (10) The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
 - (11) The Company estimated the liabilities for losses based on independent actuary calculations received quarterly.
 - (12) The Company has not modified its capitalization policy from the prior period.
 - (13) The Company uses current year received pharmacy rebates as a percentage of current year claim expense to estimate current rebate receivable off of the most recent quarter's pharmacy claim expense in accordance with SSAP. 84
2. Accounting Changes and Corrections of Errors
 - A. The Company had no change in accounting principles and/or correction of errors in 2016.
3. Business Combinations and Goodwill
 - A. The Company had no business combinations accounted for under the statutory purchase method.
 - B. The Company was not part of any merger.
 - C. The Company had no assumption of reinsurance.
 - D. An impairment loss was not recognized.
4. Discontinued Operations
 - A. The Company did not discontinue any operations.
5. Investments
 - A. The Company had no mortgage Loan Investments.
 - B. The Company had no recorded investments in Restructured Loans.
 - C. The Company had no recorded investments in Reverse Mortgages.
 - D. The Company had no recorded investments in Loan-Backed Securities.
 - E. The Company had no recorded investments in Repurchase Agreements.
 - F. The Company owns \$10,490,066 worth of shares in West Tuscarawas Property Management, an affiliate company.
 - G. The Company has no investments in Low-Income Housing Tax Credits.
 - H. The Company has no investments in Restricted Assets.

Notes to Financial Statements

6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Company had no investments in joint ventures, partnerships or limited liability companies.

B. The Company had no impaired investments in joint ventures, partnerships or limited liability companies.

7. Investment Income

A. The Company did not exclude any investment income due and accrued.

8. Derivative Instruments

A. The Company had no derivative instruments.

9. Income Taxes

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

1. (reported in thousands)		12/31/2016			12/31/2015			Change		
		(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	\$ 920	\$ -	\$ 920	\$ 673	\$ -	\$ 673	\$ 247	\$ -	\$ 247
(b)	Statutory Valuation Allowance Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(c)	Adjusted Gross Deferred Tax Assets(1a-1b)	\$ 920	\$ -	\$ 920	\$ 673	\$ -	\$ 673	\$ 247	\$ -	\$ 247
(d)	Deferred Tax Assets Nonadmitted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(e)	Subtotal (Net Deferred Tax Assets) (1c-1d)	\$ 920	\$ -	\$ 920	\$ 673	\$ -	\$ 673	\$ 247	\$ -	\$ 247
(f)	Deferred Tax Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(g)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f)	\$ 920	\$ -	\$ 920	\$ 673	\$ -	\$ 673	\$ 247	\$ -	\$ 247
2. (reported in thousands)		12/31/2016			12/31/2015			Change		
Admission Calculation Components SSAP No. 101		(1) Ordinary	(2) Capital	(3) Col 1+2 Total	(4) Ordinary	(5) Capital	(6) Col 4+5 Total	(7) Col 1-4 Ordinary	(8) Col 2-5 Capital	(9) Col 7+8 Total
(a)	Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$ 920	\$ -	\$ 920	\$ 673	\$ -	\$ 673	\$ 247	\$ -	\$ 247
(b)	Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Assets from 2(a) above) After Application of the Threshold Limitation. (The lesser of 2(b)1 and 2(b)2 Below)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Cont. Note 9 A 2

	1 Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	2 Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	\$ 6,274	XXX	XXX	\$ 5,119	XXX	XXX	\$ 1,155					
(c)	Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
(d)	Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	\$ 920	\$ -	\$ 920	\$ 673	\$ -	\$ 673	\$ 247	\$ -	\$ 247					
3. (reported in thousands)		2016		2015											
(a)	Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount	15%		15%											
(b)	Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 Above	\$41,829		\$34,128											
4. (reported in thousands)		12/31/2016			12/31/2015			Change							
Impact of Tax Planning Strategies		(1) Ordinary	(2) Capital	(3) Col 1+2 Total	(4) Ordinary	(5) Capital	(6) Col 4+5 Total	(7) Col 1-4 Ordinary	(8) Col 2-5 Capital	(9) Col 7+8 Total					
(a)	Adjusted Gross DTA's (% of total adjusted gross DTA's)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
(b)	Net Admitted Adjusted Gross DTA's (% of total net admitted adjusted gross DTA's)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
(c)	Does the Company's Tax Planning Strategies Include the Use of Reinsurance?	Yes	No X												

B. Not Applicable

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

1. Current Income Tax	(1) 12/31/2016	(2) 12/31/2015	(3) (Col 1-2) Change
(a) Federal	\$3,894,313	\$7,259,540	\$(-3,365,227)
(b) Foreign	\$ -	\$ -	\$ -
(c) Subtotal	\$3,894,313	\$7,259,540	\$(-3,365,227)
(d) Federal Income Tax on Net Capital Gains	\$ -	\$ -	\$ -

Notes to Financial Statements

(e)	Utilization of Capital Loss Carry-Forwards	\$ -	\$ -	\$ -
(f)	Other	\$ -	\$ -	\$ -
(g)	Federal and Foreign Income Taxes Incurred	\$3,894,313	\$7,259,540	(\$3,365,227)
2.	Deferred Tax Assets			
(a)	Ordinary			
(1)	Discounting of Unpaid Losses	\$ -	\$ -	\$ -
(2)	Unearned Premium Reserve	\$ -	\$ -	\$ -
(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 – Allowance	\$ -	\$ -	\$ -
(11)	Net Operating Loss Carry-Forward	\$ 56,630	\$ 56,630	\$ -
(12)	Tax Credit Carry-Forward	\$ -	\$ -	\$ -
	Other (including items <5% of total ordinary tax assets)	\$ 863,006	\$ 616,368	\$ 246,639

Cont. Note 9 C 2

(14)	Subtotal	\$919,636	\$672,998	\$ 246,639
(b)	Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(c)	Nonadmitted	\$ -	\$ -	\$ -
(d)	Admitted ordinary deferred tax assets (2a14- 2b-2c)	\$919,636	\$672,998	\$ 246,639
(e)	Capital			
(1)	Net Capital Loss Carry-Forward	\$ -	\$ -	\$ -
(2)	Subtotal	\$ -	\$ -	\$ -
(f)	Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(g)	Nonadmitted	\$ -	\$ -	\$ -
(h)	Admitted capital deferred tax assets (2e2 - 2f - 2g)	\$ -	\$ -	\$ -
(i)	Admitted deferred tax assets (2d + 2h)	\$919,636	\$672,998	\$ 246,639
3.	Deferred Tax Liabilities			
(a)	Ordinary			
(1)	Investments	\$ -	\$ -	\$ -
(2)	Subtotal	\$ -	\$ -	\$ -
(b)	Capital			
(1)	Investments	\$ -	\$ -	\$ -
(2)	Subtotal	\$ -	\$ -	\$ -
(c)	Deferred tax liabilities (3a2 + 3b2)	\$ -	\$ -	\$ -
4.	Net deferred tax assets/liabilities (2i - 3c)	\$919,636	\$672,998	\$ 246,639

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

	12/31/2016	Effective Tax Rate
Provision computed at statutory rate	\$3,191,995	34.0%
Change in nonadmitted assets	(\$793,007)	-8.4%
Tax exempt income, net of proration	\$ -	0.0%
Dividends received deduction, net of proration	\$ -	0.0%
Nondeductible expenses	\$27,200	0.3%
Elimination of IMR Amortization	\$ -	0.0%
Small Life Insurance Company Deduction	\$ -	0.0%
Prior year under (over) accrual	\$ -	0.0%
Other	\$ -	0.0%
Total statutory income tax expense (benefit)	\$2,426,188	25.8%
	12/31/2016	Effective Tax Rate
Federal and foreign income taxes incurred	\$3,647,675	38.9%
Realized capital gains (losses) tax	\$ -	0.0%
Change in net deferred income taxes	\$ 246,639	2.6%
Total statutory income tax expense (benefit)	\$3,894,313	41.5%

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

- (1) At December 31, 2016, the Company had no net operating loss carry forwards available to offset against future taxable income.
- (2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:
 - (a) 2015 \$0
 - (b) 2014 \$0

Notes to Financial Statements

(c) 2013 \$0

Cont. Note 9

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

G. Federal or Foreign Income Tax Loss Contingencies

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

10. Information Concerning Parent, Subsidiaries and Affiliates

A, B, C, The following transactions are all as of December 31, 2016; The Company has a capitation arrangement with Aultman Hospital and has paid \$35,660,307 in capitated claims for its commercial enrollees under the terms of the existing agreement. The Company has a management services agreement with Aultman Health Foundation, the ultimate controlling entity and AultCare Corporation, an affiliate that allows various administrative, marketing, and claims processing services to be completed on behalf of the Company. The Company paid \$479,398 to Aultman Health Foundation for management services that were provided and paid \$19,086,872 of expense from AultCare Corporation for management services. The Company has an operating lease for office space and paid \$226,834 to Aultman Health Foundation for rent.

D. At December 31, 2016, the Company reported \$1,824,965 due from the parent company, AultCare Health Insuring Corporation. The Company has an intercompany revolving credit facility in place with AultCare Corporation, an affiliate that allows AultCare to borrow and repay operating funds. As of December 31, 2016, AultCare owes \$8,669,940 under the terms of the agreement. The Company also has capitation arrangement with the parent company for anticipation of future services. As of December 31, 2016, the Company has paid \$2,900,000 Aultman Health Foundation for these future services. The Company reported \$769 due to MLIA, an affiliate of AIC.

E. The Company did not make any guarantees or undertakings, written or otherwise, for the benefit of an affiliate or related party which resulted in a material contingent exposure of the Company's assets to any liabilities.

F. Both Aultman Health Foundation, the ultimate controlling entity, and AultCare Corporation, an affiliate, provided various administrative, marketing, and claims processing services for the Company.

G. All outstanding shares of the Company were owned by the parent company, AultCare Health Insuring Corporation, a not-for-profit corporation domiciled in the State of Ohio.

H. The Company has an investment in West Tuscarawas Property Management with an admitted asset value of \$10,490,066. The Company also had an investment in a

Notes to Financial Statements

subsidiary, McKinley Life Agency, Ltd. of \$1,633. Also, the Company had an investment in an affiliate, AultCare Corporation of \$8,669,940.

- I. The Company did not have an investment in an SCA entity that exceeds 10% of admitted assets of the insurer.
- J. The Company did not realize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.
- K. The Company does not have an investment in a foreign insurance subsidiary.
- L. The Company did not hold an investment in a downstream non insurance holding company.

11. Debt

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

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

- A. The Company had no defined benefit plans.
- B. Contributions of 3% of each employee's compensation are made each year. The Company's contribution for the defined contribution plan was \$287,911 and \$264,735 for 2016 and 2015 respectively.
- C – F The Company had no multiemployer plans, consolidated company plans, post-employment plans, compensated absences, or postretirement benefit plans.

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

- (1) The Company has \$1,000,000 in common stock outstanding, which is owned by the parent, AultCare Health Insuring Corporation.
- (2) The Company had no preferred stock outstanding.
- (3) Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, Ohio, to an amount that is based on restrictions relating to statutory surplus and net income.
- (4) The Company paid \$0 dividends in 2016 to Aultman Health Foundation.
- (5) There were no restrictions placed on the Company's profits that may be paid as ordinary dividends to stock holders.
- (6) There were no restrictions placed on the Company's surplus.
- (7) The Total Amount of advances to surplus not repaid is \$0.
- (8) The Amounts of stock held by the Company, including stock of affiliated companies, for special purposes was:
For conversion of preferred stock: 0 shares.
 - A. For employee stock options: 0 shares.
 - B. For stock purchase warrants: 0 shares.
- (9) The Company did not have changes in the balances of any special surplus funds.
- (10) The Company did not have any surplus funds represented that were reduced
- (11) The Company had no outstanding surplus debentures of similar obligations.
- (12) The Company had no restatements due to prior quasi-reorganizations.
- (13) The Company was not involved in quasi-reorganization.

14. Contingencies

- A. The Company is not aware of any material contingent commitments.
- B. The Company was not aware of any assessments that could have a material financial effect.
- C. The Company had no Gain Contingencies.
- D. Contingent liabilities arising from litigation, income taxes and other matters were not considered material in relation to the financial position of the Company.

15. Leases

- A. Lessee Operating Lease
 - (1) The Company leases office space in buildings from Aultman Health Foundation through operating lease agreements that will expire December 31, 2016. In 2016 and 2015 respectively, the company paid \$226,834 and \$229,547 to Aultman Health Foundation for rent expense. Certain rental commitments have renewal options extending through the year 2019. Some of these renewals are subject to adjustments in future periods.
 - (2) At January 1, 2017, the minimum aggregate rental commitments are as follows:

Year Ending December 31	Operating Leases
1. 2017	\$ 211,020
- B. Leasing is not a significant part of the lessor's business activities in terms of revenue, net income, or assets.

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

- A. The Company had no financial instruments with off-balance sheet risk.

Notes to Financial Statements

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
 - A. The Company had no transfers of receivables reported as sales.
 - B. The Company had no transfers of financial assets.
 - C. The Company had no wash sales.
18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans (N/A – Title)
 - A. The Company had no Uninsured A&H Plans or Uninsured Portion of Partially Insured Plans.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators (N/A – Title)
 - A. The Company had no direct premium written or produced by managing general agents or third party administrators.
20. Fair Value Measurement
 - A. The Company has assets that are measured at fair value on a recurring basis.

(1)

Fair Value Measurements at Reporting Date				
(1) Description	(2) (Level 1)	(3) (Level 2)	(4) (Level 3)	(5) Total
a. Assets at fair value				
Common Stock	\$ 7,444,334	\$ -	\$ -	\$ -
Total assets at fair value	\$ 7,444,334	\$ -	\$ -	\$ -

- (2) The Company had no assets with fair value measurements using significant unobservable inputs.
- (3) The Company uses the valuation technique that is based on the quoted prices in the active markets.
21. Other Items
 - A. The Company did not experience an extraordinary event or transaction that resulted in a gain or loss.
 - B. The Company had no troubled debt to restructure.
 - C. There are no other disclosures.
 - D. At December 31, 2016 the Company had admitted assets of \$3,790,888 in accounts receivable and amounts due from agents. The Company routinely assesses the collectability of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition.
 - E. The Company did not have any Business Interruption Insurance Recoveries.
 - F. The Company did not have any State Transferable Tax Credits.
 - G. The Company had no Subprime Mortgage Related Risk Exposure.
 - H. The Company had no offsetting and netting of assets and liabilities.
22. Events Subsequent
 - A. As of March 1, 2017, there have been no Type I events subsequent to December 31, 2016, which would have a material effect on the financial condition of the Company or on the financial statement issued March 1, 2017.
 - B. Subsequent events have been considered through March 1, 2017 for the statement issued on March 1, 2017. On Jan 1, 2015 AultCare Insurance Company will be subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual becomes payable once the entity provides health insurance for an U.S. health risk for each calendar year beginning on or after Jan 1, 2014. On Sept. 30, 2016 the Company paid \$3,812,555.28 for the health insurance industry fee for health insurance business conducted in 2015. As of Dec. 31, 2016, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2017, and estimates their portion of the health insurance industry fee to be payable in 2017 to be \$0 due to the HIT tax freeze for pay year 2017.
23. Reinsurance
 - A. Ceded Reinsurance Report

Section 1 – General Interrogatories

Notes to Financial Statements

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the company?
 Yes () No (X)

Cont. Note 23 A, Section 1

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?
 Yes () No (X)

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?
 Yes () No (X)

(2) Does the company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts which, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurers exceed the total direct premium collected under the reinsured policies?
 Yes () No (X)

Section 3 – Ceded Reinsurance Report – part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year this statement, to included policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?
 Yes () No (X)

B. The Company did not write off any uncollectible reinsurance during the year.
 C. The Company did not have any commutation of ceded reinsurance during the year.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination (N/A –Title)

A. The Company has one contract with Federal Employees Health Benefit Plan that is subject to redetermination upon audits performed by the Office of Personnel Management.

B. The Company records accrued retrospective premiums as an adjustment to earned premiums.

C. The Company has accrued \$0 of net premiums written as of December 31, 2016 for the group health plan. No other net premiums written by the Company are subject to retrospective rating features.

D. 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/NO)? YES

2. Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

Description	Amount
a. Permanent ACA Risk Adjustment Program	
Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment	\$0
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment	\$0
3. Premium adjustments payable due to ACA Risk Adjustment	\$0

Notes to Financial Statements

Operations (Revenue & Expense)		
4.	Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$(761,478)
5.	Reported in expenses as ACA risk adjustment user fees (incurred/paid)	\$(6,454)
b. Transitional ACA Reinsurance Program		
Assets		
1.	Amounts recoverable for claims paid due to ACA Reinsurance	\$626,378
2.	Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	\$0
3.	Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	\$0
Liabilities		
4.	Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	\$(1,314,063)
5.	Ceded reinsurance premiums payable due to ACA Reinsurance	\$0
6.	Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	\$0
Operations (Revenue & Expense)		
7.	Ceded reinsurance premiums due to ACA Reinsurance	\$1,314,062
8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$2,209,598
9.	ACA Reinsurance contributions – not reported as ceded premium	\$0
c. Temporary ACA Risk Corridors Program		
Assets		
1.	Accrued retrospective premium due to ACA Risk Corridors	\$0
Liabilities		
2.	Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	\$0
Operations (Revenue & Expense)		
3.	Effect of ACA Risk Corridors on net premium income (paid/received)	\$16,732
4.	Effect of ACA Risk Corridors on change in reserves for rate credits	\$0

3. Roll-forward of prior year ACA risk sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance.

	Ac crued During the Prior Year on Business Written Before December 31 of the Prior Year	Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year	Differences		Adjustments		Unsettled Balances as of the Reporting Date	
			Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances	Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
			1	2	3	4	5	6
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program								
1. Premium adjustments receivable		\$ -	\$ -	\$ -	\$761,478	\$ -	\$ (761,478)	\$ -
2. Premium adjustments (payable)		\$ -	\$ -	\$ -	\$6,454	\$ -	\$ (6,454)	\$ -
3. Subtotal ACA Permanent Risk Adjustment Program		\$ -	\$ -	\$ -	\$767,932	\$ -	\$ (767,932)	\$ -
b. Transitional ACA Reinsurance Program								
1. Amounts recoverable for claims paid	\$1,533,012	\$ -	\$2,209,598	\$ -	\$ (676,586)	\$ -	\$ -	\$ -
2. Amounts recoverable for claims unpaid (contra liability)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3. Amounts receivable relating to uninsured plans		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium		\$ -	\$2,267,849	\$ -	\$ (1,314,062)	\$ -	\$3,581,911	\$ -
5. Ceded reinsurance premiums payable		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6. Liability for amounts held under uninsured plans		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7. Subtotal ACA Transitional Reinsurance Program	\$1,533,012	\$2,267,849	\$2,209,598	\$ (1,314,062)	\$ (676,586)	\$3,581,911	\$ -	\$ (676,586)
c. Temporary ACA Risk Corridors Program								\$3,581,911
1. Accrued retrospective premium		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Reserve for rate credits or policy experience rating refunds		\$ -	\$ -	\$ -	\$ (16,732)	\$ -	\$16,372	\$ -
3. Subtotal ACA Risk Corridors Program		\$ -	\$ -	\$ -	\$ (16,732)	\$ -	\$16,372	\$ -
d. Total for ACA Risk Sharing	\$1,533,012	\$2,267,849	\$2,209,598	\$ (562,862)	\$ (676,586)	\$2,830,711	\$ -	\$ (676,586)
						\$ -	\$ -	\$2,830,711

Notes to Financial Statements

Provisions										
Explanation of Adjustments										
A.										
B.										
C.										
D.										
E.										
F.										
G.										
H.										
I.										
J.										

25. Change in Incurred Claims and Claims Adjustment Expenses

A. Reserves as of December 31, 2016 were \$24 million. As of December 31, 2016, \$18 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years.

26. Intercompany Pooling Arrangements

A. The Company had no intercompany pooling arrangements.

27. Structured Settlements

A. The Company had no structured settlements.

28. Health Care Receivables

A.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received within 90 Days of Billing	Actual Rebates Received within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2016	\$1,223,357	\$ -	\$ -	\$ -	\$ -
9/30/2016	\$940,602	\$ -	\$ -	\$ -	\$ -
6/30/2016	\$940,602	\$ -	\$ -	\$556,059	\$ -
3/31/2016	\$940,602	\$ -	\$ -	\$417,122	\$ -
12/31/2015	\$932,154	\$ 8,449	\$ -	\$540,028	\$ -
9/30/2015	\$922,180	\$18,423	\$ 27,933	\$531,205	\$ -
6/30/2015	\$1,560,133	\$13,238	\$ -	\$352,148	\$ -
3/31/2015	\$1,573,372	\$ -	\$ -	\$364,040	\$ 20,009
12/31/2014	\$1,668,219	\$14,736	\$ -	\$ 478,983	\$ 369,100
9/30/2014	\$577,770	\$13,645	\$ -	\$ 761,601	\$ -
6/30/2014	\$578,596	\$12,818	\$ -	\$752,127	\$ -
3/31/2014	\$576,220	\$15,195	\$ -	\$716,029	\$ -

B. The Company does not estimate risk sharing receivables.

29. Participating Policies

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

30. Premium Deficiency Reserves

A. The Company does not have Premium Deficiency Reserves.

31. Anticipated Salvage and Subrogation

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

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. 12/31/2015

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2010

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). 09/21/2011

3.4 By what department or departments?
Ohio Department of Insurance

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[] No[] N/A[X]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[] No[] N/A[X]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes[] No[X]
4.12 renewals? Yes[] No[X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes[] No[X]
4.22 renewals? Yes[] No[X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]

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

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[] No[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 0.000%
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 by the Federal Reserve Board? Yes[] No[X]

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

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

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

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
..... Yes[] No[X] ..	..... Yes[ ] No[X] ..	..... Yes[ ] No[X] ..	..... Yes[ ] No[X] ..

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Clifton Larson Allen, LLP, 4505 Stephen Circle NW, Suite 200, Canton, OH 44718

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

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

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

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Lee Benefits Consulting, 702 Saxony Drive, Seven Fields, PA 16046 - Actuary - Mr. Duane P. Lee

GENERAL INTERROGATORIES (Continued)

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

12.11 Name of real estate holding company
West Tuscarawas Property Management

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value \$ 10,490,066 4

12.2 If yes, provide explanation
AultCare Insurance Company owns \$10,490,066,.36 worth of shares of West Tusc. Property Management, which is a for profit real estate holding company located in Canton OH.

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? Yes[] No[X]

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

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

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

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
	15.2001 .....	.....	.....	.....

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes[X] No[]

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes[X] No[]

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes[X] No[]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes[] No[X]

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

20.11 To directors or other officers \$ 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 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 reported in the statement? Yes[] No[X]

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

21.21 Rented from others \$ 0

21.22 Borrowed from others \$ 0

21.23 Leased from others \$ 0

21.24 Other \$ 0

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 \$ 0

22.22 Amount paid as expenses \$ 0

22.23 Other amounts paid \$ 0

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[X] No[]

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$,1824,965

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes[X] No[]

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

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

24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes[] No[X]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$,0

24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$,0

GENERAL INTERROGATORIES (Continued)

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 currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [] No [X]

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 to sale - excluding FHLB Capital Stock	\$ 0
25.27 FHLB Capital Stock	\$ 0
25.28 On deposit with states	\$ 0
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. \$ 0

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 I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No []

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

1 Name of Custodian(s)	2 Custodian's Address
FirstMerit Trust Company The Vanguard Group	4481 Munson St. NW #200, Canton, OH 44718 P.O. Box 2600 Valley Forge, PA 19482

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
.....

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

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

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

GENERAL INTERROGATORIES (Continued)

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

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
..... 60934N708	WILLIAM BLAIR INT EQUITY FUND .....	..... 289,187
..... 922908728	VANGUARD TOTAL MKT IDX ADMIRAL FUND .....	..... 3,434,216
29.2999 Total .....		..... 3,723,403

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
WILLIAM BLAIR INT EQUITY FUND	ROYAL DUTCH SHELL PLC .....	..... 5,437 .....	... 12/31/2016 ..
VANGUARD TOTAL MKT IDX ADMIRAL FUND	Apple Inc .....	..... 85,169 .....	... 12/31/2016 ..

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 .....	..... 23,156,343 .....	..... 23,106,035 .....	..... (50,308)
30.2 Preferred stocks			
30.3 Totals .....	..... 23,156,343 .....	..... 23,106,035 .....	..... (50,308)

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

The market value of the bonds reported on the FirstMerit Investment statements are used to report Fair Value.

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[] No[X] N/A[]

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? \$ 701,988

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? \$ 319,171

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

1 Name	2 Amount Paid
SQUIRE PATTON BOGGS	

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ 30,089

35.2 List the name of 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.

GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid
American Health Insurance Plans	15,413

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes[X] No[]
1.2 If yes, indicate premium earned on U.S. business only:	\$ 762,516
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.	\$ 463,435
1.6 Individual policies - Most current three years:	
1.61 TOTAL Premium earned	\$ 0
1.62 TOTAL Incurred claims	\$ 0
1.63 Number of covered lives	..... 0
All years prior to most current three years:	
1.64 TOTAL Premium earned	\$ 762,516
1.65 TOTAL Incurred claims	\$ 463,435
1.66 Number of covered lives	..... 393
1.7 Group policies - Most current three years:	
1.71 TOTAL Premium earned	\$ 0
1.72 TOTAL Incurred claims	\$ 0
1.73 Number of covered lives	..... 0
All years prior to most current three years:	
1.74 TOTAL Premium earned	\$ 0
1.75 TOTAL Incurred claims	\$ 0
1.76 Number of covered lives	..... 0

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator	259,076,483	244,796,535
2.2 Premium Denominator	259,316,046	250,163,139
2.3 Premium Ratio (2.1 / 2.2)	0.999	0.979
2.4 Reserve Numerator	25,302,918	21,382,552
2.5 Reserve Denominator	25,295,295	21,423,752
2.6 Reserve Ratio (2.4 / 2.5)	1.000	0.998

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] N/A[]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical	\$ 350,000
5.32 Medical Only	\$ 0
5.33 Medicare Supplement	\$ 0
5.34 Dental & Vision	\$ 0
5.35 Other Limited Benefit Plan	\$ 0
5.36 Other	\$ 0

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

N/A

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	..... 1,656
8.2 Number of providers at end of reporting year	..... 1,813

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

Yes[] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months	..... 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[X] No[]

10.2 If yes:

10.21 Maximum amount payable bonuses	\$ 986,471
10.22 Amount actually paid for year bonuses	\$ 967,564
10.23 Maximum amount payable withhold	\$ 0
10.24 Amount actually paid for year withhold	\$ 0

11.1 Is the reporting entity organized as:

Yes[] No[X]

11.12 A Medical Group/Staff Model,

11.13 An Individual Practice Association (IPA), or,

11.14 A Mixed Model (combination of above)?

Yes[] No[X]

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

Yes[X] No[]

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

Ohio

11.4 If yes, show the amount required.

\$ 1,500,000

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 the 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, as authorized reinsurers?

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

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

GENERAL INTERROGATORIES (Continued)

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

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
15.2 Total incurred claims
15.2 Number of covered lives

\$ 0
\$ 0
\$ 0

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

FIVE-YEAR HISTORICAL DATA

	1 2016	2 2015	3 2014	4 2013	5 2012
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	86,057,430	83,951,652	116,104,331	115,201,302	112,832,900
2. TOTAL Liabilities (Page 3, Line 24)	43,308,503	47,999,812	53,662,678	53,502,401	54,468,637
3. Statutory minimum capital and surplus requirement	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
4. TOTAL Capital and Surplus (Page 3, Line 33)	42,748,927	35,951,840	62,441,652	61,698,901	58,364,264
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	259,316,046	250,163,139	465,655,101	454,121,147	468,467,855
6. TOTAL Medical and Hospital Expenses (Line 18)	212,160,251	194,671,478	400,076,890	393,614,410	421,829,062
7. Claims adjustment expenses (Line 20)	7,458,983	6,840,179	10,733,034	11,244,428	7,415,839
8. TOTAL Administrative Expenses (Line 21)	31,117,941	36,013,347	48,942,405	47,407,786	41,618,594
9. Net underwriting gain (loss) (Line 24)	8,578,871	12,638,135	5,902,771	1,854,524	(2,395,640)
10. Net investment gain (loss) (Line 27)	809,349	1,987,816	3,338,213	2,234,582	2,279,160
11. TOTAL Other Income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	5,502,410	8,030,058	5,386,415	4,747,949	(312,711)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	1,486,985	12,573,396	(929,877)	17,737	(15,260,611)
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	42,748,927	35,951,840	62,441,652	61,698,901	58,364,264
15. Authorized control level risk-based capital	9,139,819	8,603,885	14,882,715	14,948,649	16,301,478
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	80,621	86,240	112,281	113,942	120,222
17. TOTAL Members Months (Column 6, Line 7)	998,689	1,075,285	1,378,455	1,389,948	1,424,534
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	81.8	77.8	85.9	86.7	90.0
20. Cost containment expenses	1.9	1.8	1.8	1.8	1.0
21. Other claims adjustment expenses	1.0	0.9	0.5	0.6	0.5
22. TOTAL Underwriting Deductions (Line 23)	96.7	94.9	98.7	99.6	100.5
23. TOTAL Underwriting Gain (Loss) (Line 24)	3.3	5.1	1.3	0.4	(0.5)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	19,007,587	28,229,527	29,767,531	30,865,052	38,802,301
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	21,278,401	32,907,181	34,633,100	32,505,810	40,172,593
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated	19,161,639	19,179,080	13,665,063	12,224,446	16,478,301
32. TOTAL of Above Lines 26 to 31	19,161,639	19,179,080	13,665,063	12,224,446	16,478,301
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 [] N/A [X]

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS ALLOCATED BY STATES AND TERRITORIES

State, Etc.	1 Active Status	Direct Business Only							9 Deposit - Type Contracts
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	L	253,542,529			14,213,995			267,756,525	
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	N								
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X	253,542,529			14,213,995			267,756,525	
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	(a) .. 1	253,542,529			14,213,995			267,756,525	

DETAILS OF WRITE-INS

58001	X X X								
58002	X X X								
58003	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X								

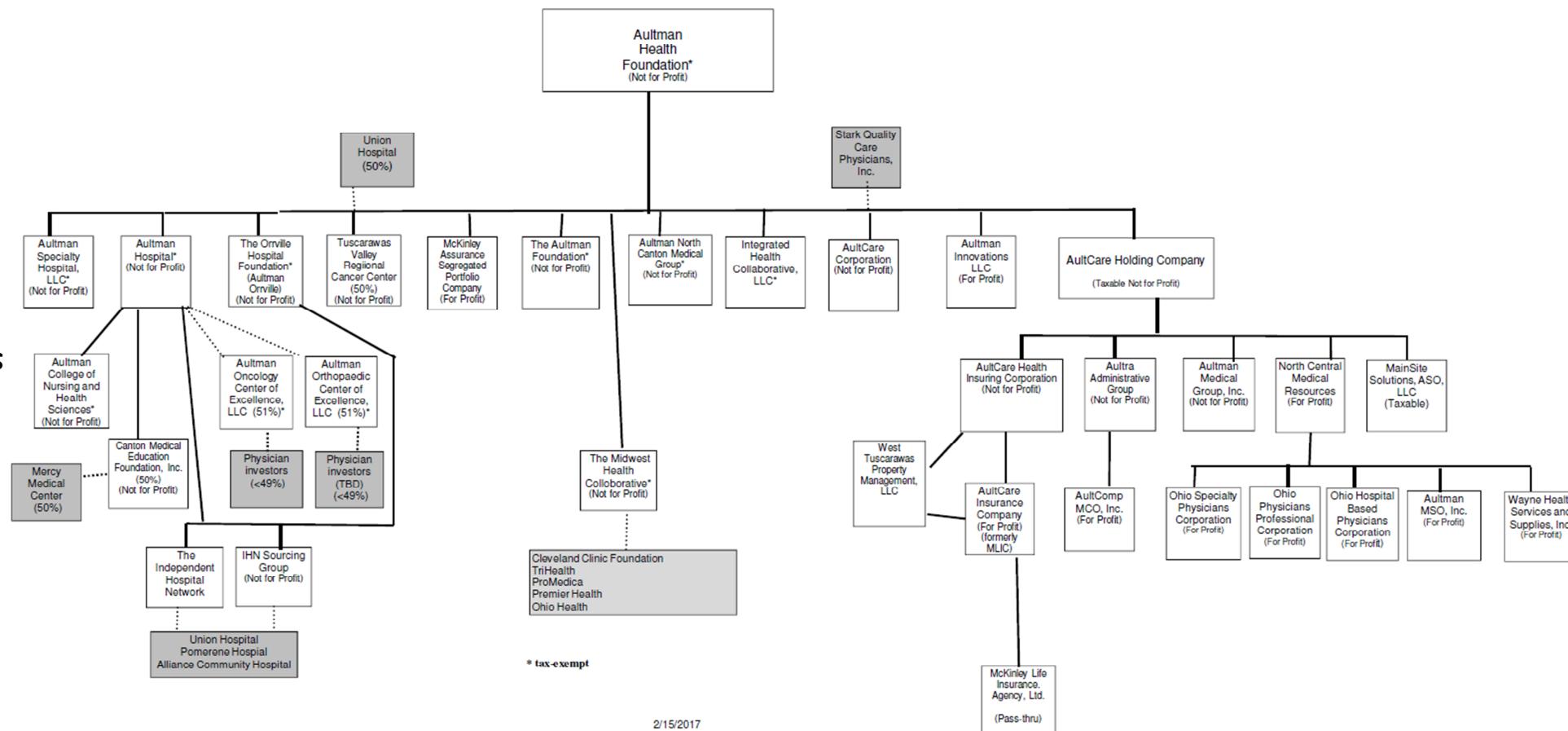
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

Explanation of basis of allocation by state, premiums by state, etc.: The company only has business in the State of Ohio.

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

Aultman Health Foundation Organizational Chart



INDEX TO HEALTH ANNUAL STATEMENT

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 - Enrollment By Product Type for Health Business Only	17
Exhibit 2 - Accident and Health Premiums Due and Unpaid	18
Exhibit 3 - Health Care Receivables	19
Exhibit 3A - Analysis of Health Care Receivables Collected and Accrued	20
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus	21
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates	22
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates	23
Exhibit 7 - Part 1 - Summary of Transactions With Providers	24
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries	24
Exhibit 8 - Furniture, Equipment and Supplies Owned	25
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	30
Five-Year Historical Data	29
General Interrogatories	27
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	26
Overflow Page For Write-ins	44
Schedule A - Part 1	E01
Schedule A - Part 2	E02
Schedule A - Part 3	E03
Schedule A - Verification Between Years	SI02
Schedule B - Part 1	E04
Schedule B - Part 2	E05
Schedule B - Part 3	E06
Schedule B - Verification Between Years	SI02
Schedule BA - Part 1	E07
Schedule BA - Part 2	E08
Schedule BA - Part 3	E09
Schedule BA - Verification Between Years	SI03
Schedule D - Part 1	E10
Schedule D - Part 1A - Section 1	SI05
Schedule D - Part 1A - Section 2	SI08
Schedule D - Part 2 - Section 1	E11
Schedule D - Part 2 - Section 2	E12
Schedule D - Part 3	E13
Schedule D - Part 4	E14
Schedule D - Part 5	E15
Schedule D - Part 6 - Section 1	E16
Schedule D - Part 6 - Section 2	E16
Schedule D - Summary By Country	SI04
Schedule D - Verification Between Years	SI03
Schedule DA - Part 1	E17
Schedule DA - Verification Between Years	SI10
Schedule DB - Part A - Section 1	E18
Schedule DB - Part A - Section 2	E19
Schedule DB - Part A - Verification Between Years	SI11
Schedule DB - Part B - Section 1	E20
Schedule DB - Part B - Section 2	E21
Schedule DB - Part B - Verification Between Years	SI11
Schedule DB - Part C - Section 1	SI12
Schedule DB - Part C - Section 2	SI13
Schedule DB - Part D - Section 1	E22
Schedule DB - Part D - Section 2	E23

INDEX TO HEALTH ANNUAL STATEMENT

Schedule DB - Verification	SI14
Schedule DL - Part 1	E24
Schedule DL - Part 2	E25
Schedule E - Part 1 - Cash	E26
Schedule E - Part 2 - Cash Equivalents	E27
Schedule E - Part 3 - Special Deposits	E28
Schedule E - Verification Between Years	SI15
Schedule S - Part 1 - Section 2	31
Schedule S - Part 2	32
Schedule S - Part 3 - Section 2	33
Schedule S - Part 4	34
Schedule S - Part 5	35
Schedule S - Part 6	36
Schedule S - Part 7	37
Schedule T - Part 2 - Interstate Compact	39
Schedule T - Premiums and Other Considerations	38
Schedule Y - Part 1 - Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule Y - Part 1A - Detail of Insurance Holding Company System	41
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates	42
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	43
Underwriting and Investment Exhibit - Part 1	8
Underwriting and Investment Exhibit - Part 2	9
Underwriting and Investment Exhibit - Part 2A	10
Underwriting and Investment Exhibit - Part 2B	11
Underwriting and Investment Exhibit - Part 2C	12
Underwriting and Investment Exhibit - Part 2D	13
Underwriting and Investment Exhibit - Part 3	14