

# QUARTERLY STATEMENT

OF THE

RECEIVED

AUG 10 2018

OFFICE OF RISK  
ASSESSMENT

# Sequent Midwest Business Health Fund

Of

Columbus

in the state of OH

to the Insurance Department

of the State of

For the Period Ended

June 30, 2018

2018



# HEALTH QUARTERLY STATEMENT

As of June 30, 2018  
of the Condition and Affairs of the

## Sequent Midwest Business Health Fund

NAIC Group Code.....6371, 6371 (Current Period) (Prior Period)	NAIC Company Code..... 121	Employer's ID Number..... 311732659
Organized under the Laws of OH	State of Domicile or Port of Entry OH	Country of Domicile US
Licensed as Business Type Other	Is HMO Federally Qualified? Yes [ ] No [ ]	
Incorporated/Organized..... October 7, 2015	Commenced Business..... October 7, 2015	
Statutory Home Office	8415 Pulsar Place Suite 200 .. Columbus .. OH .. USA .. 43240 (Street and Number) (City or Town, State, Country and Zip Code)	
Main Administrative Office	8415 Pulsar Place Suite 200 .. Columbus .. OH .. USA .. 43240 (Street and Number) (City or Town, State, Country and Zip Code)	614-436-5880 (Area Code) (Telephone Number)
Mail Address	8415 Pulsar Place Suite 200 .. Columbus .. OH .. USA .. 43240 (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)	
Primary Location of Books and Records	8415 Pulsar Place Suite 200 .. Columbus .. OH .. USA .. 43240 (Street and Number) (City or Town, State, Country and Zip Code)	614-436-5880 (Area Code) (Telephone Number)
Internet Web Site Address	www.quent.biz	
Statutory Statement Contact	Paula Ann Reed (Name) preed@resourcingedge.com (E-Mail Address)	614-410-6045 (Area Code) (Telephone Number) (Extension) 614-410-3715 (Fax Number)

### OFFICERS

Name	Title	Name	Title
1. Dwight William Seeley	Vice President	2.	
3.		4.	

### OTHER

### DIRECTORS OR TRUSTEES

Jeffrey Saunders Smith	Justin Chadwell Eddy	Isabell H Toth	Jonathan Alexander Allison
Michael Peter Stiniano			

State of..... OHIO  
County of.... DELAWARE

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

  
(Signature)

(Signature)

(Signature)

Dwight William Seeley

1. (Printed Name)

Vice President

(Title)

2. (Printed Name)

(Title)

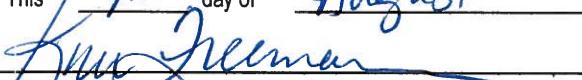
3. (Printed Name)

(Title)

Subscribed and sworn to before me  
This 9th day of August

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 [ ]

  
Kim Freeman



KIM FREEMAN  
Attorney at Law  
Notary Public, State of Ohio  
My Commission Has No Expiration Date  
Section 147.03 O.R.C.

Statement as of June 30, 2018 of the **Sequent Midwest Business Health Fund**  
**ASSETS**

	Current Statement Date			4 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....			0	
2. Stocks:				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....			0	
3. Mortgage loans on real estate:				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$....3,868,794), cash equivalents (\$.....0) and short-term investments (\$.....0).....	3,868,794		3,868,794	2,715,275
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives.....			0	
8. Other invested assets.....			0	
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets.....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	3,868,794	0	3,868,794	2,715,275
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....			0	
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....			0	
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....			0	323,775
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....			0	
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	141,690		141,690	169,179
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	2,625	2,625	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	4,013,109	2,625	4,010,484	3,208,229
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. Total (Lines 26 and 27).....	4,013,109	2,625	4,010,484	3,208,229

DETAILS OF WRITE-INS

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Prepaid Expenses.....	2,625	2,625	0	
2502.....			0	
2503.....			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	2,625	2,625	0	0

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	1,695,363		1,695,363	1,991,846
2. Accrued medical incentive pool and bonus amounts.....			0	
3. Unpaid claims adjustment expenses.....			0	
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....			0	
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserve.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....			0	
9. General expenses due or accrued.....	15,775		15,775	14,110
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses)).....			0	
10.2 Net deferred tax liability.....			0	
11. Ceded reinsurance premiums payable.....			0	
12. Amounts withheld or retained for the account of others.....			0	
13. Remittances and items not allocated.....			0	
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....			0	148
16. Derivatives.....			0	
17. Payable for securities.....			0	
18. Payable for securities lending.....			0	
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and certified \$.....0 reinsurers).....			0	
20. Reinsurance in unauthorized and certified (\$.....0) companies.....			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
22. Liability for amounts held under uninsured plans.....			0	
23. Aggregate write-ins for other liabilities (including \$.....0 current).....	0	0	0	0
24. Total liabilities (Lines 1 to 23).....	1,711,138	0	1,711,138	2,006,104
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	0
26. Common capital stock.....	XXX	XXX		
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX		
29. Surplus notes.....	XXX	XXX	340,000	340,000
30. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	1,959,346	862,124
32. Less treasury stock, at cost:				
32.1 ....0.000 shares common (value included in Line 26 \$.....0).....	XXX	XXX		
32.2 ....0.000 shares preferred (value included in Line 27 \$.....0).....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	2,299,346	1,202,124
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	4,010,484	3,208,228

**DETAILS OF WRITE-INS**

2301. Transitional Re-Insurance Fee.....			0	
2302. ....			0	
2303. ....			0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	0	0	0	0
2501. ....				
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	XXX	XXX	0	0
3001. ....				
3002. ....				
3003. ....				
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	XXX	XXX	0	0

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member months.....	XXX.....	24,833	49,750	100,279
2. Net premium income (including \$.....0 non-health premium income).....	XXX.....	6,871,579	6,274,812	12,573,950
3. Change in unearned premium reserves and reserve for rate credits.....	XXX.....			
4. Fee-for-service (net of \$.....0 medical expenses).....	XXX.....			
5. Risk revenue.....	XXX.....			
6. Aggregate write-ins for other health care related revenues.....	XXX.....	0	0	0
7. Aggregate write-ins for other non-health revenues.....	XXX.....	0	0	0
8. Total revenues (Lines 2 to 7).....	XXX.....	6,871,579	6,274,812	12,573,950
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits.....		2,767,149	3,069,526	8,510,500
10. Other professional services.....		752,369	575,942	1,256,078
11. Outside referrals.....				
12. Emergency room and out-of-area.....		396,841	342,243	778,255
13. Prescription drugs.....		1,220,145	1,066,903	2,357,944
14. Aggregate write-ins for other hospital and medical.....	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....				
16. Subtotal (Lines 9 to 15).....	0	5,136,504	5,054,614	12,902,777
<b>Less:</b>				
17. Net reinsurance recoveries.....		161,264	73,610	1,966,111
18. Total hospital and medical (Lines 16 minus 17).....	0	4,975,240	4,981,004	10,936,666
19. Non-health claims (net).....				
20. Claims adjustment expenses, including \$....104,383 cost containment expenses.....		104,383	122,447	224,590
21. General administrative expenses.....		698,672	815,360	1,735,325
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only).....				
23. Total underwriting deductions (Lines 18 through 22).....	0	5,778,295	5,918,811	12,896,581
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX.....	1,093,284	356,001	(322,631)
25. Net investment income earned.....				
26. Net realized capital gains (losses) less capital gains tax of \$.....0.....				
27. Net investment gains or (losses) (Lines 25 plus 26).....	0	0	0	0
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....				
29. Aggregate write-ins for other income or expenses.....	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX.....	1,093,284	356,001	(322,631)
31. Federal and foreign income taxes incurred.....	XXX.....			
32. Net income (loss) (Lines 30 minus 31).....	XXX.....	1,093,284	356,001	(322,631)

**DETAILS OF WRITE-INS**

0601.....	XXX.....			
0602.....	XXX.....			
0603.....	XXX.....			
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX.....	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	XXX.....	0	0	0
0701.....	XXX.....			
0702.....	XXX.....			
0703.....	XXX.....			
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX.....	0	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	XXX.....	0	0	0
1401.....				
1402.....				
1403.....				
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	0	0	0	0
2901.....				
2902.....				
2903.....				
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	0	0	0

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

CAPITAL AND SURPLUS ACCOUNT	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
33. Capital and surplus prior reporting year.....	1,202,124	1,191,323	1,191,320
34. Net income or (loss) from Line 32.....	1,093,284	356,001	(322,631)
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			
37. Change in net unrealized foreign exchange capital gain or (loss).....			
38. Change in net deferred income tax.....			
39. Change in nonadmitted assets.....	3,938		(6,563)
40. Change in unauthorized and certified reinsurance.....			
41. Change in treasury stock.....			
42. Change in surplus notes.....			340,000
43. Cumulative effect of changes in accounting principles.....			
44. Capital changes:			
44.1 Paid in.....			
44.2 Transferred from surplus (Stock Dividend).....			
44.3 Transferred to surplus.....			
45. Surplus adjustments:			
45.1 Paid in.....			
45.2 Transferred to capital (Stock Dividend).....			
45.3 Transferred from capital.....			
46. Dividends to stockholders.....			
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0	(2)
48. Net change in capital and surplus (Lines 34 to 47).....	1,097,222	356,001	10,804
49. Capital and surplus end of reporting period (Line 33 plus 48).....	2,299,346	1,547,324	1,202,124

**DETAILS OF WRITE-INS**

4701. Prior year adjustment.....			
4702. Current year roundings.....			(2)
4703. .....			
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above).....	0	0	(2)

Statement as of June 30, 2018 of the **Sequent Midwest Business Health Fund**  
**CASH FLOW**

	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>CASH FROM OPERATIONS</b>			
1. Premiums collected net of reinsurance.....	6,871,579	6,274,812	12,573,950
2. Net investment income.....			
3. Miscellaneous income.....			
4. Total (Lines 1 through 3).....	6,871,579	6,274,812	12,573,950
5. Benefit and loss related payments.....	4,947,948	4,894,079	10,797,715
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions.....	801,390	995,871	2,015,604
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....			
10. Total (Lines 5 through 9).....	5,749,338	5,889,950	12,813,319
11. Net cash from operations (Line 4 minus Line 10).....	1,122,241	384,862	(239,369)
<b>CASH FROM INVESTMENTS</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....			
12.2 Stocks.....			
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.....			
12.7 Miscellaneous proceeds.....			
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	0	0	0
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....			
13.2 Stocks.....			
13.3 Mortgage loans.....			
13.4 Real estate.....			
13.5 Other invested assets.....			
13.6 Miscellaneous applications.....			
13.7 Total investments acquired (Lines 13.1 to 13.6).....	0	0	0
14. Net increase or (decrease) in contract loans and premium notes.....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	0	0	0
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....			340,000
16.2 Capital and paid in surplus, less treasury stock.....			
16.3 Borrowed funds.....			
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....			
16.5 Dividends to stockholders.....			
16.6 Other cash provided (applied).....	31,279	(122,720)	(171,196)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	31,279	(122,720)	168,804
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	1,153,520	262,142	(70,565)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	2,715,275	2,785,840	2,785,840
19.2 End of period (Line 18 plus Line 19.1).....	3,868,795	3,047,982	2,715,275

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

20.0001 .....	.....	.....	.....
---------------	-------	-------	-------

**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

	1 Total	2 Individual	3 Group	4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
<b>Total Members at End of:</b>										
1. Prior Year.....	8,440		2,900			1,350	1,483			2,707
2. First Quarter.....	8,623		2,904			1,451	1,603			2,665
3. Second Quarter.....	8,121		2,752			1,360	1,496			2,513
4. Third Quarter.....	0									
5. Current Year.....	0									
6. Current Year Member Months.....	24,833		8,377			4,163	4,574			7,719
<b>Total Member Ambulatory Encounters for Period:</b>										
7. Physician.....	229					229				
8. Non-Physician.....	8,569					8,589				
9. Total.....	8,818	0	8,818	0		0	0	0	0	0
10. Hospital Patient Days Incurred.....	325					325				
11. Number of Inpatient Admissions.....	76					76				
12. Health Premiums Written (a).....	8,349,751					7,688,472				95,718
13. Life Premiums Direct.....	0									
14. Property/Casualty Premiums Written.....	0									
15. Health Premiums Earned.....	8,349,751					7,688,472				
16. Property/Casualty Premiums Earned.....	0									
17. Amount Paid for Provision of Health Care Services.....	4,212,842									
18. Amount Incurred for Provision of Health Care Services.....	5,136,504									

(a) For health premiums written: Amount of Medicare Title XVIII exempt from state taxes or fees \$.....0.

**CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**

Account	1	2	Aging Analysis of Unpaid Claims			7
			3	4	5	
Claims Unpaid (Reported)			31 - 60 Days	61 - 90 Days	91 - 120 Days	
0599999. Unreported Claims and Other Claim Reserves.						1,695,363
0799999. Total Claims Unpaid.						1,695,363

**UNDERWRITING AND INVESTMENT EXHIBIT**

## Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

Line of Business	Analysis of Claims Unpaid - Prior Year - Net of Reinsurance			Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year		
1. Comprehensive (hospital and medical).....	.....1,049,109	.....4,222,614	.....121,408	.....1,573,955	.....1,170,517
2. Medicare Supplement.....	.....0	.....0	.....0	.....0	.....0
3. Dental only.....	.....0	.....0	.....0	.....0	.....0
4. Vision only.....	.....0	.....0	.....0	.....0	.....0
5. Federal Employees Health Benefits Plan.....	.....0	.....0	.....0	.....0	.....0
6. Title XVIII - Medicare.....	.....0	.....0	.....0	.....0	.....0
7. Title XIX - Medicaid.....	.....0	.....0	.....0	.....0	.....0
8. Other health.....	.....0	.....0	.....0	.....0	.....0
9. Health subtotal (Lines 1 to 8).....	.....1,049,109	.....4,222,614	.....121,408	.....1,573,955	.....1,170,517
10. Healthcare receivables (a).....	.....0	.....0	.....0	.....0	.....0
11. Other non-health.....	.....0	.....0	.....0	.....0	.....0
12. Medical incentive pools and bonus amounts.....	.....0	.....0	.....0	.....0	.....0
13. Totals (Lines 9-10+11+12).....	.....1,049,109	.....4,222,614	.....121,408	.....1,573,955	.....1,170,517

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

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

	SSAP #	F/S Page	F/S Line #	2018	2017
<b>NET INCOME</b>					
(1) Sequent Midwest Business Health Fund Company state basis (Page 4, Line 32, Columns 2 & 4)	XXX	XXX	XXX	\$ 1,093,284	\$ (322,631)
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 1,093,284	\$ (322,631)
<b>SURPLUS</b>					
(5) Sequent Midwest Business Health Fund Company state basis (Page 3, line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 2,299,346	\$ 1,202,124
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 2,299,346	\$ 1,202,124

**C. Accounting Policy**

The financial statements are prepared using accounting principles prescribed or permitted by the Insurance Department of the State of Ohio. Under this method, the Fund does not recognize income on unbilled exit assessments. Claim payments are recorded when paid by the third-party claims processor. Amounts due to claims processors that have yet to be reimbursed by the Plan are recorded as payable to claims administrators in the accompanying statements. Plan obligations at June 30, 2018 for health claims incurred but not reported are estimated by the Plan's actuary in accordance with accepted actuarial principles based on claims data provided by the Plan's third-party claims administrators. These amounts are paid by the plan only if claims are submitted and approved for payment. The total health claims incurred but not yet reported as of June 30, 2018 were \$1,430,774

**(6) Basis for Loan-Backed Securities and Adjustment Methodology****D. Going Concern**  
None**Note 2 – Accounting Changes and Corrections of Errors**

No significant changes

**Note 3 – Business Combinations and Goodwill**

None

**Note 4 – Discontinued Operations**

None

**Note 5 – Investments**

None

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

None

**Note 7 – Investment Income**

None

**Note 8 – Derivative Instruments**

None

**Note 9 – Income Taxes**

The VEBA Trust that was established to hold the Plan's assets is qualified pursuant to Section 501(c) of the Internal Revenue Code (IRC). The IRS has determined and informed the company by a letter dated January 16, 2002 that the Trust is designed in accordance with applicable sections of the IRC. The Plan administrator and the Plan's tax council believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the Plan is qualified and the related Trust is tax-exempt.

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

---

**NOTES TO FINANCIAL STATEMENTS**

---

Sequent, Inc. withholds participant contributions through payroll deductions and collects employer contributions on behalf of the Plan, which are then remitted to the Plan and held in the Trust. At June 30, 2018 the Plan had an accounts receivable due from Sequent, Inc of \$141,690 for amounts withheld from the employer and employees but, not yet remitted to the Plan.

**Note 11 – Debt**

None

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

None: Employees of the MEWA participate in the Sequent Retirement Savings Plan.

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

No significant changes

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

No significant changes

**Note 15 – Leases**

None

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

Concentration of Credit Risk: Cash is on deposit in one financial institution, which is insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At times throughout the year, the cash balance may be in excess of the insured limits.

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

None

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

None

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

None

**Note 20 – Fair Value Measurements**

None

**Note 21 – Other Items**

No significant changes

**Note 22 – Events Subsequent**

Subsequent events have been considered through July 31, 2018 for these statutory financial statements which are to be issued on August 15, 2018. There were no events occurring subsequent to the end of the quarter that merited recognition or disclosure in these statements.

**Note 23 – Reinsurance**

No significant changes

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

None

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

Second Quarter 2018 incurred amounts related to prior years, experienced favorable development of \$191,472

**Note 26 – Intercompany Pooling Arrangements**

None

**Note 27 – Structured Settlements**

Not Applicable for Health Companies

**Note 28 – Health Care Receivables**

No significant changes

**Note 29 – Participating Policies**

No significant changes

**Note 30 – Premium Deficiency Reserves**

---

## **NOTES TO FINANCIAL STATEMENTS**

---

No significant changes

**Note 31 – Anticipated Salvage and Subrogation**

None

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

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?  Yes [ ]  No [X]

1.2 If yes, has the report been filed with the domiciliary state?  Yes [ ]  No [ ]

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 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  Yes [ ]  No [X]  
If yes, complete Schedule Y, Parts 1 and 1A.

3.2 Have there been any substantial changes in the organizational chart since the prior quarter end?  Yes [ ]  No [X]

3.3 If the response to 3.2 is yes, provide a brief description of those changes.

3.4 Is the reporting entity publicly traded or a member of a publicly traded group?  Yes [ ]  No [X]

3.5 If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.

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

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

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?  
If yes, attach an explanation.

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

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.  08/31/2015

6.2 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.  08/31/2015

6.3 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).  10/05/2015

6.4 By what department or departments?

Ohio Department of Insurance

6.5 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]

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

7.1 Has this 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]

7.2 If yes, give full information:

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

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

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

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

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

9.1 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.

9.11 If the response to 9.1 is No, please explain:

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

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

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

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

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

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 141,690

**INVESTMENT**

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [  ] No [  ]

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ 0

13. Amount of real estate and mortgages held in short-term investments: \$ 0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [  ] No [  ]

14.2 If yes, please complete the following:

1	Prior Year End Book/Adjusted Carrying Value	2	Current Quarter Book/Adjusted Carrying Value
	\$ 0	\$ 0	
	0		0
	0		0
	0		0
	0		0
	0		0
	\$ 0	\$ 0	
	\$ 0	\$ 0	

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [  ] No [  ]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [  ] No [  ]

If no, attach a description with this statement.

16. For the reporting entity's security lending program, state the amount of the following as of current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 0

16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 0

16.3 Total payable for securities lending reported on the liability page: \$ 0

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

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

1	2
Name of Custodian(s)	Custodian Address

17.2 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	2	3
Name(s)	Location(s)	Complete Explanation(s)

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [  ] No [  ]

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

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

17.5 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	2
Name of Firm or Individual	Affiliation

17.5097 For those firms/individuals listed in the table for Question 17.5, 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 [  ]

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 17.5, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [  ] No [  ]

17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

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

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

18.2 If no, list exceptions:

## **GENERAL INTERROGATORIES**

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

19. By self-designating 5\*GI securities, the reporting entity is certifying the following elements for each self-designated 5\*GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5\*GI securities?

Yes [ ] No [X]

**GENERAL INTERROGATORIES (continued)****PART 2 - HEALTH**

## 1. Operating Percentages:

1.1 A&H loss percent .....	60.8 %
1.2 A&H cost containment percent .....	1.3 %
1.3 A&H expense percent excluding cost containment expenses .....	8.4 %

2.1 Do you act as a custodian for health savings accounts? .....	Yes [ ]	No [ X ]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.	0	
2.3 Do you act as an administrator for health savings accounts? .....	Yes [ ]	No [ X ]
2.4 If yes, please provide the amount of funds administered as of the reporting date.	0	
3. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states?.....	Yes [ ]	No [ X ]
3.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile or the reporting entity?.....	Yes [ ]	No [ X ]

**SCHEDULE E - PART 1 - CASH****Month End Depository Balances**

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 •
					6 First Month	7 Second Month	8 Third Month	

**Open Depositories**

Jp Morgan Chase Bank.....	100 E. Broad St, 10th Floor Columbus, OH 43215-0170				3,138,766	3,455,762	3,695,794	XXX
BMO Harris Bank.....	111 W. Monroe St, Chicago, IL 60603.....				173,000	173,000	173,000	XXX
0199999. Total Open Depositories.....		XXX	XXX	.0	.0	3,311,766	3,628,762	3,888,794
0399999. Total Cash on Deposit.....		XXX	XXX	.0	.0	3,311,766	3,628,762	3,888,794
0599999. Total Cash.....		XXX	XXX	.0	.0	3,311,766	3,628,762	3,888,794

# Sequent Midwest Business Health Fund

## SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

State, Etc.	1 Active Status (a)	Direct Business Only							9 Deposit-Type Contracts
		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 through 7	
1. Alabama.....	AL N.....							0.....	
2. Alaska.....	AK N.....							0.....	
3. Arizona.....	AZ N.....							0.....	
4. Arkansas.....	AR N.....							0.....	
5. California.....	CA N.....							0.....	
6. Colorado.....	CO N.....							0.....	
7. Connecticut.....	CT N.....							0.....	
8. Delaware.....	DE N.....							0.....	
9. District of Columbia.....	DC N.....							0.....	
10. Florida.....	FL N.....							0.....	
11. Georgia.....	GA N.....							0.....	
12. Hawaii.....	HI N.....							0.....	
13. Idaho.....	ID N.....							0.....	
14. Illinois.....	IL N.....							0.....	
15. Indiana.....	IN N.....							0.....	
16. Iowa.....	IA N.....							0.....	
17. Kansas.....	KS N.....							0.....	
18. Kentucky.....	KY N.....							0.....	
19. Louisiana.....	LA N.....							0.....	
20. Maine.....	ME N.....							0.....	
21. Maryland.....	MD N.....							0.....	
22. Massachusetts.....	MA N.....							0.....	
23. Michigan.....	MI N.....							0.....	
24. Minnesota.....	MN N.....							0.....	
25. Mississippi.....	MS N.....							0.....	
26. Missouri.....	MO N.....							0.....	
27. Montana.....	MT N.....							0.....	
28. Nebraska.....	NE N.....							0.....	
29. Nevada.....	NV N.....							0.....	
30. New Hampshire.....	NH N.....							0.....	
31. New Jersey.....	NJ N.....							0.....	
32. New Mexico.....	NM N.....							0.....	
33. New York.....	NY N.....							0.....	
34. North Carolina.....	NC N.....							0.....	
35. North Dakota.....	ND N.....							0.....	
36. Ohio.....	OH L.....	8,254,033				.95,718		.8,349,751	
37. Oklahoma.....	OK N.....							0.....	
38. Oregon.....	OR N.....							0.....	
39. Pennsylvania.....	PA N.....							0.....	
40. Rhode Island.....	RI N.....							0.....	
41. South Carolina.....	SC N.....							0.....	
42. South Dakota.....	SD N.....							0.....	
43. Tennessee.....	TN N.....							0.....	
44. Texas.....	TX N.....							0.....	
45. Utah.....	UT N.....							0.....	
46. Vermont.....	VT N.....							0.....	
47. Virginia.....	VA N.....							0.....	
48. Washington.....	WA N.....							0.....	
49. West Virginia.....	WV N.....							0.....	
50. Wisconsin.....	WI N.....							0.....	
51. Wyoming.....	WY N.....							0.....	
52. American Samoa.....	AS N.....							0.....	
53. Guam.....	GU N.....							0.....	
54. Puerto Rico.....	PR N.....							0.....	
55. U.S. Virgin Islands.....	VI N.....							0.....	
56. Northern Mariana Islands.....	MP N.....							0.....	
57. Canada.....	CAN N.....							0.....	
58. Aggregate Other alien.....	OT XXX.....	0.....	0.....	0.....	0.....	0.....	0.....	0.....	
59. Subtotal.....	XXX.....	8,254,033	0.....	0.....	0.....	.95,718	0.....	.8,349,751	
60. Reporting entity contributions for Employee Benefit Plans.....	XXX.....							0.....	
61. Total (Direct Business).....	XXX.....	8,254,033	0.....	0.....	0.....	.95,718	0.....	.8,349,751	

## DETAILS OF WRITE-INS

58001.....								0.....
58002.....								0.....
58003.....								0.....
58998. Summary of remaining write-ins for line 58 from overflow page.....		0.....	0.....	0.....	0.....	0.....	0.....	0.....
58999. Total (Lines 58001 thru 58003 plus 58998) (Line 58 above).....		0.....	0.....	0.....	0.....	0.....	0.....	0.....

(a) Active Status Count

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG..... 1 R - Registered - Non-domiciled RRGs..... 0

E - Eligible - Reporting entities eligible or approved to write surplus lines in the state ..... 0 Q - Qualified - Qualified or accredited reinsurer..... 0

N - None of the above - Not allowed to write business in the state..... 56

## **SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

**Response**

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

NO

**Explanation:**

1. The data for this supplement is not required to be filed.

**Bar Code:**

