

Amended Explanation Page

Page

March

- Page 4 Revenue and Expenses-reclass expenses to correct line
- Page 7 Analysis of Operations By Lines of Business-reclass expenses to correct line
- Page 26 Footnote 12 and 15-correct current year and prior year amounts
- Page 30 State Page-correct premiums earned to correct amount
- S101 Summary investment Schedule-correct admitted amounts



95189202020100105

2020

Document Code: 201

ANNUAL STATEMENT
95169202020100105
For the Year Ending **DECEMBER 31, 2020**
OF THE CONDITION AND AFFAIRS OF THE
Paramount Care Inc.

NAIC Group Code	1212 (Current Period)	1212 (Prior Period)	NAIC Company Code	95189	Employer's ID Number	341549926
Organized under the Laws of		Ohio	State of Domicile or Port of Entry		OH	
Country of Domicile		United States of America				
Licensed as business type:	Life, Accident & Health <input type="checkbox"/>	Property/Casualty <input type="checkbox"/>	Hospital, Medical & Dental Service or Indemnity <input type="checkbox"/>			
	Dental Service Corporation <input type="checkbox"/>	Vision Service Corporation <input type="checkbox"/>	Health Maintenance Organization <input checked="" type="checkbox"/>			
	Other <input type="checkbox"/>	Is HMO Federally Qualified? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/>				
Incorporated/Organized	04/22/1987		Commenced Business	01/01/1988		
Statutory Home Office	1901 Indian Wood Circle (Street and Number)		Maumee, OH, US 43537 (City or Town, State, Country and Zip Code)			
Main Administrative Office	1901 Indian Wood Circle (Street and Number)		Maumee, OH, US 43537 (Area Code) (Telephone Number)			
Mail Address	1901 Indian Wood Circle (Street and Number or P.O. Box)		Maumee, OH, US 43537 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	1901 Indian Wood Circle (Street and Number)		Maumee, OH, US 43537 (Area Code) (Telephone Number)			
Internet Website Address	www.paramounthealthcare.com		(419)887-2500			
Statutory Statement Contact	Rich Potter, Mr. (Name) rich.potter@promedica.org (E-Mail Address)		(419)887-2006 (Area Code)(Telephone Number)(Extension) (419)887-2020 (Fax Number)			

OFFICERS

Name	Title
James Frederick White Mr.	Chairman
Lori Ann Johnston Mrs.	President
Steven Michael Cavanaugh Mr.	Treasurer
Jeffrey Craig Kuhn Mr.	Secretary

OTHERS

Dee Ann Bialecki-Haase M.D., Chief Medical Officer
David Roger Brackett Mr., Chief Information Officer
Tod L Phillips Mr., Vice President Paramount Preferred Options

DIRECTORS OR TRUSTEES

David Frantz Waterman Mr. # Lori Ann Johnston Mrs.
Andrea Marie Gibbons Ms. Traci Nicole Watkins M.D.
John Paul Imm M.D. Lynn Azar Isaac Mr.
Douglas J Welch Mr. Joseph Alphonse Assenmacher M.D.
Elaine Marie Canning Ms. Tammy Lou Claus Ms.
Stephanie Michelle Cole M.D. Patrice Akilah McClellan PhD
Zak Jon Vassar Mr. Larry Carl Peterson Mr. #

State of Ohio
County of Lucas ss

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)
Lori Ann Johnston
(Printed Name)
1.
President
(Title)

(Signature)
Jeffrey Craig Kuhn
(Printed Name)
3.
Secretary
(Title)

Subscribed and sworn to before me this
day of _____, 2021

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

Yes [] No [X]
1
04/29/2021
7

(Notary Public Signature)

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
	XXX	170,770	171,824
1. Member Months	XXX	170,770	171,824
2. Net premium income (including \$.....0 non-health premium income)	XXX	183,058,338	182,644,419
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		
7. Aggregate write-ins for other non-health revenues	XXX		
8. TOTAL Revenues (Lines 2 to 7)	XXX	183,058,338	182,644,419
Hospital and Medical:			
9. Hospital/medical benefits		125,039,860	136,262,927
10. Other professional services		1,841,097	928,895
11. Outside referrals			
12. Emergency room and out-of-area		3,715,296	4,865,859
13. Prescription drugs		24,865,806	24,558,584
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts		1,315,195	1,254,789
16. Subtotal (Lines 9 to 15)		156,777,254	167,871,054
Less:			
17. Net reinsurance recoveries			
18. TOTAL Hospital and Medical (Lines 16 minus 17)		156,777,254	167,871,054
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....1,890,337 cost containment expenses		2,191,257	2,906,552
21. General administrative expenses		16,797,217	13,265,998
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)		175,765,728	184,043,604
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	7,292,610	(1,399,185)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		384,180	2,145,345
26. Net realized capital gains (losses) less capital gains tax of \$.....7,890		29,682	409,544
27. Net investment gains (losses) (Lines 25 plus 26)		413,862	2,554,889
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)	XXX	7,706,472	1,155,704
31. Federal and foreign income taxes incurred	XXX	1,871,282	475,446
32. Net income (loss) (Lines 30 minus 31)	XXX	5,835,190	680,258
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX		
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	XXX		
1401.			
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)			
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)			

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	8	9	10
1. Net premium income	183,058,338						183,058,338			
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	Other Non-Health
7. TOTAL Revenues (Lines 1 to 6)	183,058,338						183,058,338			
8. Hospital/medical benefits	125,039,860						125,039,860			XXX
9. Other professional services	1,841,097						1,841,097			XXX
10. Outside referrals										XXX
11. Emergency room and out-of-area	3,715,296						3,715,296			XXX
12. Prescription drugs	24,865,806						24,865,806			XXX
13. Aggregate write-ins for other hospital and medical										XXX
14. Incentive pool, withhold adjustments and bonus amounts	1,315,195						1,315,195			XXX
15. Subtotal (Lines 8 to 14)	156,777,254						156,777,254			XXX
16. Net reinsurance recoveries										XXX
17. TOTAL Hospital and Medical (Lines 15 minus 16)	156,777,254						156,777,254			XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$.....1,890,337 cost containment expenses			2,191,257					2,191,257		
20. General administrative expenses	16,797,217						16,153,537		643,680	
21. Increase in reserves for accident and health contracts										XXX
22. Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. TOTAL Underwriting Deductions (Lines 17 to 22)	175,765,728						175,122,048		643,680	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	7,292,610						7,936,290		(643,680)	
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										
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301.										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)										XXX

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Paramount Insurance Company (the “Company”) are presented on a basis of accounting practices prescribed by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed 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 practices by the State of Ohio.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Ohio is shown below:

	State of Domicile	2020	2019
	Ohio		
NET INCOME			
Paramount Health Care state basis	5,835,190	680,258	
State Prescribed Practices that increase/(decrease) NAIC SAP	-	-	
State Permitted Practices that increase/(decrease) NAIC SAP	-	-	
NAIC SAP	5,835,190	680,258	
SURPLUS			
Paramount Health Care state basis	20,486,362	22,872,139	
State Prescribed Practices that increase/(decrease) NAIC SAP	-	-	
State Permitted Practices that increase/(decrease) NAIC SAP	-	-	
NAIC SAP	20,486,362	22,872,139	

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

The preparation of financial statements 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

Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds are stated at amortized cost.
3. Common stock investments are stated at Fair Market Value.
4. The Company does not have any preferred stock investments.
5. The Company does not invest in mortgage loans.
6. The Company has no investments in loan-backed securities.
7. The Company has no investments in subsidiaries.
8. The Company has no investments in joint ventures.
9. The Company does not invest in derivatives.

Notes to Financial Statements

10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54, Individual and Group Accident and Health Contracts.
11. Unpaid losses and loss adjustment expenses include an amount from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability is continually reviewed and any adjustments are reflected in the period determined.
12. The Company has not modified its capitalization policy from the prior period.
13. The Company estimates its pharmaceutical rebate receivables based on historical cash payment and prescriptions filled.

2. Accounting Changes and Corrections of Errors

-NOT APPLICABLE

3. Business Combinations and Goodwill

-NOT APPLICABLE

4. Discontinued Operations

-NOT APPLICABLE

5. Investments

- A. The company does not have any Mortgage Loan investments.
- B. The company is not a creditor for any Restructured Debt.
- C. The company does not have any reverse mortgages.
- D.
 1. When necessary the Company uses internal estimates in determining prepayment assumptions and whether an other-than-temporary impairment has occurred.
 2. None
 3. None
 4. None
 5. None
- E. The company does not have any repurchase agreements or security lending transactions.
- F. The company does not have any repurchase agreements.
- G. The company does not have any reverse repurchase agreements.
- H. The company does not have repurchase agreements accounted for as a sale.
- I. The company does not have reverse repurchase agreements accounted for as a sale.
- J. The company does not have any real estate investments
- K. The company does not have any low-income housing tax credits.
- L. Restricted Assets

Notes to Financial Statements

Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted from Prior Year	Increase/ (Decrease)	Total Current year nonadmitted Restricted	Total Current year admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which the liability is not shown							
b. collateral held under security lending agreements							
c. Subject to repurchase agreements							
d. Subject to reverse repurchase agreements							
e. Subject to dollar repurchase agreements							
f. Subject to dollar reverse repurchase agreements							
g. Placed under option contracts							
h. Letter stock or securities restricted as to sale-excluding FHLB capital stock							
i. FHLB capital stock							
j. On deposit with states							
k. On deposit with other regulatory bodies	399,778	399,760	18	-	399,778	0.7%	0.7%
l. Pledged as collateral to FHLB (including assets backing funding agreements)							
m. Pledged as collateral not captured in other categories							
n. Other restricted assets							
o. Total Restricted Assets	399,778	399,760	18		399,778	0.7%	0.7%

- M. The company does not have any working capital financing investments.
- N. The company does not have any netting of assets and liabilities relating to derivatives, repurchase and reverse repurchase and securities borrowing and lending.
- O. The company does not have any 5* securities.
- P. The company does not have any short sales.
- Q. Prepayment Penalty and Acceleration Fees
 - 1. Number of Cusips 1
 - 2. Aggregate Amount of Investment Income \$2,604

6. Joint ventures, Partnerships and Limited Liability Companies

-NOT APPLICABLE

7. Investment Income

Notes to Financial Statements

The Company does not have any non-admitted accrued investment income.

8. Derivative Instruments

-NOT APPLICABLE

9. Income Taxes

The application of SSAP No. 101 requires a company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance if necessary to reduce the deferred tax asset to an amount which is more likely than not to be realized.

Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the Company considers many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) the timing of reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry forwards; (5) the length of time that carryovers can be used; (6) unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Company would employ to avoid a tax benefit expiring unused. Although the realization is not assured, the Company believes it is more likely than not that the deferred tax assets, net of valuation allowances, will be realized. The Company has not recorded a valuation allowance as of December 31, 2020 or 2019.

A. The components of DTAs and DTLs as of December 31 are as follows:

	December 31, 2020			December 31, 2019			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$ 1,475,412	\$	\$ 1,475,412	\$ 1,243,181	\$ 2,232	\$ 1,245,413	\$ 232,231	\$ (2,232)	\$ 229,999
(b) Statutory valuation allowance	_____	_____	_____	_____	_____	_____	_____	_____	_____
(c) Adjusted gross deferred tax assets	<u>1,475,412</u>	_____	<u>1,475,412</u>	<u>1,243,181</u>	<u>2,232</u>	<u>1,245,413</u>	<u>232,231</u>	<u>(2,232)</u>	<u>229,999</u>
(d) Deferred tax assets nonadmitted	<u>431,625</u>	_____	<u>431,625</u>	<u>709,393</u>	_____	<u>709,393</u>	<u>(277,768)</u>	_____	<u>(277,768)</u>
(e) Subtotal net admitted deferred tax assets	<u>1,043,787</u>	_____	<u>1,043,787</u>	<u>533,788</u>	<u>2,232</u>	<u>536,020</u>	<u>509,999</u>	<u>(2,232)</u>	<u>507,767</u>
(f) Deferred tax liabilities	<u>339,042</u>	<u>25,454</u>	<u>364,496</u>	<u>16,665</u>	<u>14,300</u>	<u>30,965</u>	<u>322,377</u>	<u>11,154</u>	<u>333,531</u>
(g) Net admitted deferred tax asset	<u>\$ 704,745</u>	<u>\$ (25,454)</u>	<u>\$ 679,291</u>	<u>\$ 517,123</u>	<u>\$ (12,068)</u>	<u>\$ 505,055</u>	<u>\$ 187,622</u>	<u>\$ (13,386)</u>	<u>\$ 174,236</u>

	12/31/2020			12/31/2019			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission Calculation Components SSSAP No. 101									
(a) Federal Income Taxes Paid in Prior Years									
Recoverable Through Loss Carrybacks	<u>\$ 679,291</u>	<u>\$ -</u>	<u>\$ 679,291</u>	<u>\$ 505,055</u>	<u>\$ -</u>	<u>\$ 505,055</u>	<u>\$ 174,236</u>	<u>\$ -</u>	<u>\$ 174,236</u>
(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)									
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.				<u>1,947,718</u>			<u>2,218,479</u>		
(c) Adjusted Gross Deferred Tax Assets									
(Excluding The Amount of Deferred Tax	<u>25,454</u>	<u>(25,454)</u>	<u>-</u>	<u>12,068</u>	<u>(12,068)</u>	<u>-</u>	<u>\$ 13,386</u>	<u>\$ (13,386)</u>	<u>\$ -</u>
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	<u>\$ 704,745</u>	<u>\$ (25,454)</u>	<u>\$ 679,291</u>	<u>\$ 517,123</u>	<u>\$ (12,068)</u>	<u>\$ 505,055</u>	<u>\$ 187,622</u>	<u>\$ (13,386)</u>	<u>\$ 174,236</u>

Notes to Financial Statements

	2020	2019
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation		
Amount	283%	298%
(b) Amount of Adjusted Capital and Surplus Used To Determine Recovery Period And Threshold Limitation in 2(b)2 above	19,807,071	22,367,084

	2020		2019		Change	
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
Impact of tax planning strategies						
Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, by Tax Character as a Percentage						
(1) Adjusted gross DTAs from 9A1c	1,475,412		1,243,181	2,232	232,231	(2,232)
(2) % total adjusted gross DTAs	-	-	-	-	-	-
(3) Net admitted adjusted gross DTAs from 9A1e	1,043,788		533,788	2,232	510,000	(2,232)
(4) % of total net admitted adjusted gross DTAs	-	-	-	-	-	-

B. -There are no temporary differences for deferred tax liabilities that are not recognized at December 31, 2020 and 2019.

C. -Current income taxes incurred consisted of the following major components:

Notes to Financial Statements

			<u>12/31/2020</u>	<u>12/31/2019</u>	<u>Change</u>
1. Current Income Tax					
	(a) Federal		\$ 2,160,357	\$ 456,820	\$ 1,703,537
	(b) Federal income tax on capital gains		7,890	108,866	(100,976)
	(c) Other		<u>(289,075)</u>	<u>18,627</u>	<u>(307,702)</u>
	(d) Federal income taxes incurred		\$ 1,879,172	\$ 584,313	\$ 1,294,859
2. Deferred tax assets:					
	(a) Ordinary				
	(1) Discounting on claims payable		\$ 51,752	\$ 47,058	\$ 4,694
	(2) Unearned premiums		4,016	12,269	(8,253)
	(3) Accrued Vacation		335,527	287,517	48,010
	(4) Other accruals		293,062	291,216	1,846
	(5) Depreciation		11,597	524,304	(512,707)
	(6) Non admitted other aggregate write ins		401,642	79,740	321,902
	(7) Other		<u>377,816</u>	<u>1,077</u>	<u>376,739</u>
	Subtotal		1,475,412	1,243,181	232,231
	(b) Statutory valuation allowance adjustment		-	-	-
	(c) Nonadmitted		<u>431,625</u>	<u>709,393</u>	<u>(277,768)</u>
	(d) Admitted ordinary deferred tax assets		<u>1,043,787</u>	<u>533,788</u>	<u>509,999</u>
	(e) Capital				
	(1) Impairment of securities		-	-	-
	(2) Other		<u>-</u>	<u>2,232</u>	<u>(2,232)</u>
	Subtotal		<u>-</u>	<u>2,232</u>	<u>(2,232)</u>
	(f) Statutory valuation allowance adjustment		-	-	-
	(g) Nonadmitted		<u>-</u>	<u>-</u>	<u>-</u>
	(h) Admitted capital deferred tax assets		<u>-</u>	<u>2,232</u>	<u>(2,232)</u>
	(i) Admitted deferred tax assets		<u>1,043,787</u>	<u>536,020</u>	<u>507,767</u>
3. Deferred tax liabilities:					
	(a) Ordinary				
	(1) Deferred rent incentive		33,296	-	33,296
	(2) CIP		291,858		
	(3) Other		<u>13,888</u>	<u>16,665</u>	<u>(2,777)</u>
	Subtotal		339,042	16,665	322,377
	(b) Capital				
	(1) Unrealized gain		8,268	-	8,268
	(2) Other		<u>17,186</u>	<u>14,300</u>	<u>2,886</u>
	Subtotal		25,454	14,300	11,154
	(c) Deferred tax liabilities		<u>\$ 364,496</u>	<u>\$ 30,965</u>	<u>\$ 333,531</u>
4. Net deferred tax assets/liabilities			<u>\$ 679,291</u>	<u>\$ 505,055</u>	<u>\$ 174,236</u>

The change in net deferred income taxes is composed of the following:

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>Change</u>
Total deferred tax assets	\$ 1,475,412	\$ 1,245,413	\$ 229,999
Total deferred tax liabilities	(364,496)	(30,965)	(333,531)
Net deferred tax assets/liabilities	1,110,916	1,214,448	(103,532)
Tax effect of unrealized gains/(losses)			10,500
Change in net deferred income tax			\$ (93,032)

Notes to Financial Statements

D.-Analysis of Actual Income Tax Expense

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	2020	%	2019	%
Provision computed at statutory rate	\$ 1,620,016	21 %	\$ 265,559	21 %
Commuter benefits	13,374	2	25,965	2
Executive compensation	5,768	1	10,190	1
Non-deductible transaction costs			17,206	2
Tax Rate Impact-Tax Reform			(10,541)	(1)
Change in non-admitted assets	326,507	4	(112,682)	(9)
Other	<u>6,539</u>	<u>3</u>	<u>41,613</u>	<u>19 %</u>
Total	<u>\$ 1,972,204</u>	<u>25 %</u>	<u>\$ 237,310</u>	<u>19 %</u>
 Federal income taxes incurred	 \$ 2,160,357	 28 %	 \$ 456,820	 36 %
Change in net deferred income taxes	93,032	1	(347,000)	(27)
Tax on capital gains/(losses)	7,890		108,866	9
Other	<u>(289,075)</u>	<u>(4)</u>	<u>18,624</u>	<u>1</u>
 Total statutory income taxes	 <u>\$ 1,972,204</u>	 <u>25 %</u>	 <u>\$ 237,310</u>	 <u>19 %</u>

E.-At December 31, 2020 and 2019, the Company had no operating loss carryforwards to utilize in future years. The Company did not have any deposits admitted under Internal Revenue Code (IRC) 6603.

The following is income tax incurred for 2018, 2019 and 2020 that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2020	2,160,357	7,890	2,168,247
2019	167,747	108,864	276,611
2018	-	-	-

F.-The Company is a party to a tax sharing agreement with the parent company, PIC, and the affiliated entities as follows: Paramount Preferred Options (PPO), Paramount Care of Michigan, Inc. (PCM), Paramount Care, Inc. (PCI), Paramount Benefits Agency (PBA), Paramount Insurance Company (PICO) Health Management Solutions, Inc. (HMS), Health Resources Inc. (HRI) and Paramount Preferred Services (PPS). Tax returns are completed on a consolidated basis. However, allocation is based upon separate return calculations with current credit for net losses. The method of allocation between the companies is subject to a written agreement approved by the Board of Directors. Intercompany tax balances are settled through the holding company, PIC.

G-Accounting for tax contingencies

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within 12 months of the reporting date.

For the years ended December 31, 2020 and 2019, the Company did not have tax contingencies under the principles of SSAP No. 5, *Liabilities, Contingencies and Impairment of Assets*. This is subject to change but it is not expected to significantly increase in the 12 month period following the balance sheet date. The Company is primarily subject to U.S. federal and various U.S. state and local tax authorities. Tax years subsequent to 2016 remain open to examination by the Internal Revenue Service, and 2015 remains open to other state and local tax authorities. As of December 31, 2020, there are no U.S. federal or state returns under examination.

Notes to Financial Statements

10. Information Concerning Parent, Subsidiaries and Affiliates

The Company is ultimately controlled by ProMedica Health System, Inc. (“ProMedica”), a nonprofit holding company exempt from federal taxation under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code. The Company’s affiliates include PCM, PPO, PICO, PBA, HRI, PCIN and PA. The Company also has many area hospitals as affiliates such as Toledo Hospital, Toledo Children’s Hospital, Bay Park Hospital, Emma L. Bixby Hospital, Defiance Hospital, Fostoria Hospital and Herrick Memorial Hospital. ProMedica Physician Group, a group of physicians owned by ProMedica, is also an affiliate of the Company.

Through management service agreements the company provides administrative support to four of its affiliated entities, PCM, PBA, PICO and PA. The following table shows the amounts allocated to the companies. These amounts were to compensate the Company for administrative support staff in all functional areas. The cost of shared services is allocated between the Company and affiliates based upon the percentage of subscribers at the end of each month.

	2020	2019
PCM	1,041,889	702,514
PICO	12,368,577	12,548,022
PA	59,303,238	42,786,827

ProMedica allocates corporate overhead to all ProMedica entities pursuant to a Cost Allocation Agreement. The Company was allocated \$1,848,638 and \$2,594,172 of overhead expense in 2020 and 2019, respectively. The amount is to compensate ProMedica for the services provided to the Company for corporate staff primarily in management, legal services, information services and investment management.

Balances outstanding with affiliated entities at December 31, 2020 and 2019

	2020		2019	
	Due from	Due to	Due from	Due to
Bay Park Community Hospital		121,805		92,922
Defiance Hospital		28,340		28,749
Fostoria Hospital		25,884		21,156
Health Management Solutions	391,286		194,995	
Health Resources Inc.			153,670	
Memorial Hospital		53,008		15,372
Paramount Insurance Co.	274,312		2,733,584	
Paramount Advantage	1,821,308		9,096,019	
Paramount Care of Michigan		1,959,114		1,486,892
Paramount Preferred Solutions	277,490		170,202	
ProMedica Continuing Care Services		93,400		105,463
ProMedica Health System	3,596,487			2,049,217
ProMedica Insurance Corp	10,741,850			124,029
ProMedica Health Network				758,879
ProMedica Central Physicians LLC		289,412		287,426
ProMedica North Region		38,483		69,683
ProMedica Physicians Group	4,380		17,626	
The Toledo Hospital		593,748		446,082
Other affiliated entities	18,610	88,887	13,007	63,684
	\$ 17,125,723	\$ 3,292,081	\$ 12,379,103	\$ 5,549,554

Claims paid to affiliated entities during fiscal year 2020 and 2019

Notes to Financial Statements

	2020	2019
	Paid	Paid
Bay Park Community Hospital	\$ 4,048,078	\$ 4,995,260
ProMedica North Region	7,268	31,609
Defiance Hospital	697,860	712,896
Fostoria Hospital	183,988	97,630
Memorial Hospital	529,394	437,763
Mercy Memorial Hospital	22,372	12,817
ProMedica Physicians Group	8,927,300	9,905,870
ProMedica Continuing Care Services	1,545,429	5,021,003
The Toledo Hospital	39,958,650	39,616,789
	\$ 55,920,339	\$ 59,884,093

The Company is a party to a tax sharing agreement with the parent company, PIC, and the affiliated entities as follows: Paramount Preferred Options (PPO), Paramount Care of Michigan, Inc. (PCM), Paramount Care, Inc. (PCI), Paramount Benefits Agency (PBA), Paramount Insurance Company (PICO) Health Management Solutions, Inc. (HMS), Health Resources Inc. (HRI) and Paramount Preferred Services (PPS). Tax returns are completed on a consolidated basis. However, allocation is based upon separate return calculations with current credit for net losses. The method of allocation between the companies is subject to a written agreement approved by the Board of Directors. Intercompany tax balances are settled through the holding company, PIC.

Tax payable/receivable amounts to affiliated entities as of 2020 and 2019:

	2020	2019
Paramount Care Inc	\$ 2,316,246	\$ 951,247
Paramount Care of Michigan	(338,029)	(219,270)
Paramount Benefits Agency	12,183	12,226
Paramount Preferred Options	(30,899)	(7,188)
Paramount Insurance Company	(1,000,019)	(255,504)
Health Management Solutions	763,979	1,157,749
Paramount Preferred Solutions	295,500	244,238
Health Resources Inc.	(3,415,595)	(2,648,234)
ProMedica Insurance Corp	1,396,634	764,736

11. Debt

-NOT APPLICABLE

12. Retirement Plans, Deferred Compensation, Postemployment Benefits

- A. The company does not participate in defined benefit plans.
- B. Effective July 1, 2002, the System extended the ProMedica pension plan to the eligible employees of Paramount. The pension costs for Paramount are based on a direct calculation of certain cost components and the application of reasonable methodology for other cost components. In 2007, the pension asset was transferred to ProMedica Health System. The company did not contribute anything for the year ended December 31, 2020 and 2019.

ProMedica Health System sponsors a 401 (k) savings plan for certain eligible employees and may voluntarily contribute a percentage of their annual compensation. Under the provisions of the plan, the Company annually matches employees' contributions of up to 3% of compensation. All employees with at least one year of service are eligible for the plan match.

Notes to Financial Statements

For the years ended December 31, 2020 and 2019, contributions by the Company amounted to \$1,615,932 and \$2,009,498 respectively.

- C. The company does not participate in a multi-employer plan.
- D. The company participates in a Consolidated/Holding Company Plan. See description at [B] above.

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

- A. The Company is a non-profit entity and does not issue stock.
- B. The Company has no preferred stock.
- C. As the Company is a non-profit organization, distributions are allowed to a non-profit member.
- D. During 2020 and 2019, the Company made a \$10,000,000 and a \$40,000,000 distribution to its parent company, ProMedica Insurance Corp.
- E. Within the limitations of [C] above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- F. There were no restrictions placed on the Company's surplus.
- G. There were no advances to surplus.
- H. There is no stock being held by the Company.
- I. The Company has no special surplus funds.
- J. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is:

Unrealized gains, net of tax \$39,500

- K. The Company has no surplus debentures or other outstanding obligations.
- L. The Company was not involved in a quasi-reorganization during the year.

14. Contingencies

The Company has been and is currently involved in various governmental investigations, audits, and reviews. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments, state attorneys general, the Office of Inspector General ("OIG"), the Office of Personnel Management, the Office of Civil Rights, U.S. Congressional committees, the U.S. Department of Justice, U.S. Attorneys, the SEC, the IRS, the U.S. Department of Labor ("DOL"), the Federal Deposit Insurance Corporation, and other governmental authorities. Examples of audits include the risk adjustment data validation ("RADV") audits discussed below and a review by the DOL of the Company's administration of applicable customer employee benefit plans with respect to Employee Retirement Income Security Act of 1974 compliance.

Government actions can result in assessment of damages, civil or criminal fines or penalties, or other sanctions, including loss of licensure or exclusion from participation in government programs and could have a material adverse impact on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

Notes to Financial Statements

Risk Adjustment Data Validation Audits (“RADV audits”) — CMS adjusts capitation payments to Medicare Advantage and Medicare Part D plans according to the predicted health status of each beneficiary, as supported by data provided by health care providers. The Company collects claim and encounter data from providers, who the Company generally relies on to appropriately code their claim submissions and document their medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted and member demographic information.

In February 2012, CMS announced a final RADV audit and payment adjustment methodology and that it will conduct RADV audits beginning with the 2011 payment year. These audits involve a review of medical records maintained by care providers and may result in retrospective adjustments to payments made to health plans. CMS has not communicated how the final payment adjustment under its methodology will be implemented. PIC has been selected for audit by CMS for the 2011 payment year. This audit began in 2014. The impact of potential payment adjustments on the Company’s statutory basis financial statement is unknown.

15. Leases

Rental expense charged to operations amounted to \$1,239,422 and \$1,419,746 in 2020 and 2019, respectively.

The Company is not party to any capital or leveraged lease agreements, nor is it a lessor.

16. Off-Balance Sheet Risk

-NOT APPLICABLE

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

-NOT APPLICABLE

18. Gain or loss to the Reporting Entity from Uninsured A&H Plans and the uninsured Portion of partially Insured Plans

The gain from operations from Administrative Services Only (ASO) uninsured plans was as follows during 2020:

	Uninsured Portion		
	ASO		Total ASO
	Uninsured Plans	of Partially Insured Plans	Due from
Net reimbursement for administrative Expenses (including admin fees) in excess fo actual expenses	\$ (643,680)		\$ (643,680)
Total net other income or expenses including interest paid to or received from plans	154,151		154,151
Total gain or (loss) from operations	(489,529)		(489,529)
Claim payments	\$ 27,932,809		\$ 27,932,809

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

-NOT APPLICABLE

20. Fair Value Measurements

- A. NA
- B. NA

Notes to Financial Statements

C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Cash equivalents	87,106	87,106	87,106			
Bonds	4,154,879	4,082,348		4,154,879		

D. NA

21. Other Items

The Company has no extraordinary items, troubled debt restructuring or other unusual disclosures to make.

22. Subsequent Events

There were no Type I or Type II subsequent events at the time of this filing that would materially alter the financial position of the Company.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1

1. None of the reinsurers listed in Schedule S as non-affiliated, are 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.
2. None of the policies issued by the company have 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 an insured or any other person not primarily engaged in the insurance business.

Section 2

1. The company does not 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 credit.
2. The company does not have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies.

Section 3

1. The aggregate reduction in surplus for termination of all reinsurance agreements, by either party, as of the date of this statement is \$0.
2. No new agreements have been executed or existing agreements amended since January 1, 2020 to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement.

B. The Company does not have any uncollectible reinsurance recorded on its books.

C. The company had no commutation of reinsurance.

24. Retrospectively Rated Contracts

-NOT APPLICABLE

Notes to Financial Statements

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2019 were \$14,307,953. As of December 31, 2020, \$9,723,753 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$137,668 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Commercial and Medicare lines of insurance. Therefore, there has been a \$4,446,532 favorable prior-year development since December 31, 2019 to December 31, 2020. The increase is generally a result of ongoing analysis of recent development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

-NOT APPLICABLE

27. Structured Settlements

-NOT APPLICABLE

28. Health Care Receivables

The Company estimates its pharmaceutical rebate receivables based on historical cash payments.

Quarter	Estimated Pharmacy Rebates	Pharmacy Rebates as Billed	Actual Rebates	Actual Rebates	Actual Rebates
			Received within 90 days of billing	Received within 91-180 days of billing	Received More than 180 days after billing
12/31/2020	2,551,657	2,551,657	-	-	-
9/30/2020	2,791,257	1,890,597	-	1,890,597	-
6/30/2020	1,527,811	2,071,681	-	2,071,681	-
3/31/2020	1,526,421	2,312,514	-	2,312,514	-
12/31/2019	1,627,673	1,795,051	-	1,795,051	-
9/30/2019	1,627,674	1,900,574	-	1,283,411	617,163
6/30/2019	1,704,425	1,963,808	-	1,331,916	631,892
3/31/2019	1,786,158	1,950,139	-	1,812,043	138,096
12/31/2018	1,771,218	1,678,310	-	1,678,310	-
9/30/2018	1,859,829	1,693,467	-	1,693,467	-
6/30/2018	1,789,762	1,691,940	-	1,697,298	(5,358)
3/31/2018	1,487,138	1,741,300	-	1,741,300	-

29. Participating Policies

-NOT APPLICABLE

30. Premium Deficiency Reserves

Liability carried for premium deficiency reserve :	\$0
Date of most recent evaluation of this liability:	1/20/2021
Was anticipated investment income utilized in the calculation?	Yes

31. Anticipated Salvage and Subrogation

The Company did not have any estimated anticipated salvage and subrogation to reduce the liability.