



ANNUAL STATEMENT

For the Year Ended December 31, 2020
of the Condition and Affairs of the

Superior Dental Care, Inc.

NAIC Group Code..... 730, 730 (Current Period) (Prior Period) NAIC Company Code..... 96280 Employer's ID Number..... 31-1119867

Organized under the Laws of OH State of Domicile or Port of Entry OH Country of Domicile US

Licensed as Business Type DENTAL SERVICE CORPORATION Is HMO Federally Qualified? Yes [] No [X]

Incorporated/Organized..... November 30, 1984 Commenced Business..... January 1, 1986

Statutory Home Office 2060 East Ninth Street .. Cleveland .. OH .. US .. 44115-1355
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 2060 East Ninth Street .. Cleveland .. OH .. US .. 44115-1355 216-687-7000
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 2060 East Ninth Street .. Cleveland .. OH .. US .. 44115-1355
(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 2060 East Ninth Street .. Cleveland .. OH .. US .. 44115-1355 216-687-7000
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.SuperiorDental.com

Statutory Statement Contact Kevin Spruch 216-687-2759
(Name) (Area Code) (Telephone Number) (Extension)
Kevin.Spruch@medmutual.com 216-687-4073
(E-Mail Address) (Fax Number)

OFFICERS

| Name | Title | Name | Title |
|-------------------------|-----------|--------------------------|-----------|
| 1. Andrea Marie Hogben | CEO | 2. Patricia Bunn Decensi | Secretary |
| 3. Raymond Karl Mueller | Treasurer | 4. | |

OTHER

Richard Alan Chiricosta Chairman

DIRECTORS OR TRUSTEES

Richard Alan Chiricosta Andrea Marie Hogben Raymond Karl Mueller Patricia Bunn Decensi

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

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

| | | |
|------------------------------------|--------------------------------------|-------------------------------------|
| (Signature) Andrea Marie Hogben | (Signature) Patricia Bunn Decensi | (Signature) Raymond Karl Mueller |
| 1. (Printed Name) CEO | 2. (Printed Name) Secretary | 3. (Printed Name) Treasurer |
| (Title) | (Title) | (Title) |

Subscribed and sworn to before me This _____ day of _____ 2021

a. Is this an original filing? Yes [X] No []

b. If no

1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

ASSETS

| | Current Year | | | Prior Year |
|--|--------------|--------------------|-----------------------------------|---------------------|
| | 1 | 2 | 3 | 4 |
| | Assets | Nonadmitted Assets | Net Admitted Assets (Cols. 1 - 2) | Net Admitted Assets |
| 1. Bonds (Schedule D)..... | 1,482,419 | | 1,482,419 | 3,290,059 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks..... | | | .0 | |
| 2.2 Common stocks..... | | | .0 | |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens..... | | | .0 | |
| 3.2 Other than first liens..... | | | .0 | |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less \$.....0 encumbrances)..... | 1,088,618 | | 1,088,618 | 1,134,729 |
| 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 (\$.....14,866,542, Schedule E-Part 1), cash equivalents (\$.....2,807,283, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA)..... | 17,673,825 | | 17,673,825 | 10,160,794 |
| 6. Contract loans (including \$.....0 premium notes)..... | | | .0 | |
| 7. Derivatives (Schedule DB)..... | | | .0 | |
| 8. Other invested assets (Schedule BA)..... | | | .0 | |
| 9. Receivables for securities..... | | | .0 | |
| 10. Securities lending reinvested collateral assets (Schedule DL)..... | | | .0 | |
| 11. Aggregate write-ins for invested assets..... | .0 | .0 | .0 | .0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11)..... | 20,244,862 | .0 | 20,244,862 | 14,585,582 |
| 13. Title plants less \$.....0 charged off (for Title insurers only)..... | | | .0 | |
| 14. Investment income due and accrued..... | 8,727 | | 8,727 | 18,371 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection..... | 472,297 | | 472,297 | 909,936 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)..... | | | .0 | |
| 15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0)..... | | | .0 | |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers..... | | | .0 | |
| 16.2 Funds held by or deposited with reinsured companies..... | | | .0 | |
| 16.3 Other amounts receivable under reinsurance contracts..... | | | .0 | |
| 17. Amounts receivable relating to uninsured plans..... | 280,354 | | 280,354 | 391,323 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon..... | | | .0 | |
| 18.2 Net deferred tax asset..... | 63,360 | | 63,360 | 300,434 |
| 19. Guaranty funds receivable or on deposit..... | | | .0 | |
| 20. Electronic data processing equipment and software..... | 5,086 | | 5,086 | 20,075 |
| 21. Furniture and equipment, including health care delivery assets (\$.....0)..... | 144,955 | 144,955 | .0 | |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates..... | | | .0 | |
| 23. Receivables from parent, subsidiaries and affiliates..... | | | .0 | |
| 24. Health care (\$.....0) and other amounts receivable..... | | | .0 | |
| 25. Aggregate write-ins for other-than-invested assets..... | 62,358 | 52,656 | 9,702 | 2,226 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)..... | 21,281,999 | 197,611 | 21,084,388 | 16,227,947 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | | | .0 | |
| 28. TOTAL (Lines 26 and 27)..... | 21,281,999 | 197,611 | 21,084,388 | 16,227,947 |

DETAILS OF WRITE-INS

| | | | | |
|--|--------|--------|-------|-------|
| 1101. | | | .0 | |
| 1102. | | | .0 | |
| 1103. | | | .0 | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | .0 | .0 | .0 | .0 |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)..... | .0 | .0 | .0 | .0 |
| 2501. Prepaid Expenses..... | 52,656 | 52,656 | .0 | |
| 2502. Other Receivables..... | 9,702 | | 9,702 | 2,226 |
| 2503. | | | .0 | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | .0 | .0 | .0 | .0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)..... | 62,358 | 52,656 | 9,702 | 2,226 |

LIABILITIES, CAPITAL AND SURPLUS

| | Current Period | | | Prior Year |
|--|----------------|----------------|------------|------------|
| | 1 Covered | 2 Uncovered | 3 Total | 4 Total |
| 1. Claims unpaid (less \$.....0 reinsurance ceded)..... | 1,740,000 | | 1,740,000 | 2,060,000 |
| 2. Accrued medical incentive pool and bonus amounts..... | | | 0 | |
| 3. Unpaid claims adjustment expenses..... | 48,720 | | 48,720 | 41,488 |
| 4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act..... | | | 0 | |
| 5. Aggregate life policy reserves..... | | | 0 | |
| 6. Property/casualty unearned premium reserves..... | | | 0 | |
| 7. Aggregate health claim reserves..... | | | 0 | |
| 8. Premiums received in advance..... | 1,322,127 | | 1,322,127 | 1,062,378 |
| 9. General expenses due or accrued..... | 819,111 | | 819,111 | 966,467 |
| 10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))..... | 1,289,391 | | 1,289,391 | 831,904 |
| 10.2 Net deferred tax liability..... | | | 0 | |
| 11. Ceded reinsurance premiums payable..... | | | 0 | |
| 12. Amounts withheld or retained for the account of others..... | 128,260 | | 128,260 | 37,430 |
| 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..... | 649,234 | | 649,234 | |
| 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 \$.....0 certified reinsurers)..... | | | 0 | |
| 20. Reinsurance in unauthorized and certified (\$.....0) companies..... | | | 0 | |
| 21. Net adjustments in assets and liabilities due to foreign exchange rates..... | | | 0 | |
| 22. Liability for amounts held under uninsured plans..... | | | 0 | 22,641 |
| 23. Aggregate write-ins for other liabilities (including \$.....358 current)..... | 358 | 0 | 358 | 8,339 |
| 24. Total liabilities (Lines 1 to 23)..... | 5,997,201 | 0 | 5,997,201 | 5,030,647 |
| 25. Aggregate write-ins for special surplus funds..... | XXX | XXX | 0 | 1,192,000 |
| 26. Common capital stock..... | XXX | XXX | 500 | 500 |
| 27. Preferred capital stock..... | XXX | XXX | | |
| 28. Gross paid in and contributed surplus..... | XXX | XXX | | |
| 29. Surplus notes..... | XXX | XXX | | |
| 30. Aggregate write-ins for other-than-special surplus funds..... | XXX | XXX | 0 | 0 |
| 31. Unassigned funds (surplus)..... | XXX | XXX | 15,086,687 | 10,004,800 |
| 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 | 15,087,187 | 11,197,300 |
| 34. Total liabilities, capital and surplus (Lines 24 and 33)..... | XXX | XXX | 21,084,388 | 16,227,947 |

DETAILS OF WRITE-INS

| | | | | |
|--|-----|-----|-----|-----------|
| 2301. Accrued Postemployment Benefits Other than Pension..... | | | 0 | 8,339 |
| 2302. Unclaimed Funds..... | 358 | | 358 | |
| 2303. | | | 0 | |
| 2398. Summary of remaining write-ins for Line 23 from overflow page..... | 0 | 0 | 0 | 0 |
| 2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)..... | 358 | 0 | 358 | 8,339 |
| 2501. 2020 ACA Fee Assessment..... | XXX | XXX | | 1,192,000 |
| 2502. | XXX | XXX | | |
| 2503. | XXX | XXX | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | XXX | XXX | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)..... | XXX | XXX | 0 | 1,192,000 |
| 3001. | XXX | XXX | | |
| 3002. | XXX | XXX | | |
| 3003. | XXX | XXX | | |
| 3098. Summary of remaining write-ins for Line 30 from overflow page..... | XXX | XXX | 0 | 0 |
| 3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)..... | XXX | XXX | 0 | 0 |

STATEMENT OF REVENUE AND EXPENSES

| | Current Year | | Prior Year |
|---|----------------|-----------------|-----------------|
| | 1 Uncovered | 2 Total | 3 Total |
| 1. Member months..... | XXX..... | 2,325,785..... | 2,305,133..... |
| 2. Net premium income (including \$.....0 non-health premium income)..... | XXX..... | 52,491,560..... | 54,270,277..... |
| 3. Change in unearned premium reserves and reserve for rate credits..... | XXX..... | ..... | ..... |
| 4. Fee-for-service (net of \$.....0 medical expenses)..... | XXX..... | ..... | ..... |
| 5. Risk revenue..... | XXX..... | ..... | ..... |
| 6. Aggregate write-ins for other health care related revenues..... | XXX..... |0..... |0..... |
| 7. Aggregate write-ins for other non-health revenues..... | XXX..... |0..... |0..... |
| 8. Total revenues (Lines 2 to 7)..... | XXX..... | 52,491,560..... | 54,270,277..... |
| Hospital and Medical: | | | |
| 9. Hospital/medical benefits..... | ..... | ..... | ..... |
| 10. Other professional services..... | ..... | 36,665,224..... | 41,779,889..... |
| 11. Outside referrals..... | ..... | ..... | ..... |
| 12. Emergency room and out-of-area..... | ..... | ..... | ..... |
| 13. Prescription drugs..... | ..... | ..... | ..... |
| 14. Aggregate write-ins for other hospital and medical.....0..... |0..... |0..... |0..... |
| 15. Incentive pool, withhold adjustments and bonus amounts..... | ..... | ..... | ..... |
| 16. Subtotal (Lines 9 to 15)..... |0..... | 36,665,224..... | 41,779,889..... |
| Less: | | | |
| 17. Net reinsurance recoveries..... | ..... | ..... | ..... |
| 18. Total hospital and medical (Lines 16 minus 17).....0..... |0..... | 36,665,224..... | 41,779,889..... |
| 19. Non-health claims (net)..... | ..... | ..... | ..... |
| 20. Claims adjustment expenses, including \$....632,138 cost containment expenses..... | ..... | 1,467,354..... | 915,816..... |
| 21. General administrative expenses..... | ..... | 9,625,452..... | 9,112,853..... |
| 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..... |0..... | 47,758,030..... | 51,808,558..... |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23)..... | XXX..... | 4,733,530..... | 2,461,719..... |
| 25. Net investment income earned (Exhibit of Net Investment Income, Line 17)..... | ..... | 239,143..... | 326,003..... |
| 26. Net realized capital gains or (losses) less capital gains tax of \$....21..... | ..... | 80..... | 1,709..... |
| 27. Net investment gains or (losses) (Lines 25 plus 26).....0..... |0..... | 239,223..... | 327,712..... |
| 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..... | 51,633..... | 44,290..... |
| 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..... | 5,024,386..... | 2,833,721..... |
| 31. Federal and foreign income taxes incurred..... | XXX..... | 1,060,714..... | 864,787..... |
| 32. Net income (loss) (Lines 30 minus 31)..... | XXX..... | 3,963,672..... | 1,968,934..... |

| DETAILS OF WRITE-INS | | | |
|--|-------------|-------------|-------------|
| 0601. | XXX..... | ..... | ..... |
| 0602. | XXX..... | ..... | ..... |
| 0603. | XXX..... | ..... | ..... |
| 0698. Summary of remaining write-ins for Line 6 from overflow page..... | XXX..... |0..... |0..... |
| 0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)..... | XXX..... |0..... |0..... |
| 0701. | XXX..... | ..... | ..... |
| 0702. | XXX..... | ..... | ..... |
| 0703. | XXX..... | ..... | ..... |
| 0798. Summary of remaining write-ins for Line 7 from overflow page..... | XXX..... |0..... |0..... |
| 0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)..... | XXX..... |0..... |0..... |
| 1401. .... | ..... | ..... | ..... |
| 1402. .... | ..... | ..... | ..... |
| 1403. .... | ..... | ..... | ..... |
| 1498. Summary of remaining write-ins for Line 14 from overflow page.....0..... |0..... |0..... |0..... |
| 1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....0..... |0..... |0..... |0..... |
| 2901. Other Income..... | ..... | 51,633..... | 44,290..... |
| 2902. .... | ..... | ..... | ..... |
| 2903. .... | ..... | ..... | ..... |
| 2998. Summary of remaining write-ins for Line 29 from overflow page.....0..... |0..... |0..... |0..... |
| 2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....0..... |0..... | 51,633..... | 44,290..... |

STATEMENT OF REVENUE AND EXPENSES (Continued)

| CAPITAL AND SURPLUS ACCOUNT | 1 Current Year | 2 Prior Year |
|---|-------------------|-----------------|
| 33. Capital and surplus prior reporting period..... | 11,197,300 | 8,245,784 |
| 34. Net income or (loss) from Line 32..... | 3,963,672 | 1,968,934 |
| 35. Change in valuation basis of aggregate policy and claim reserves..... | | |
| 36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....0..... | | |
| 37. Change in net unrealized foreign exchange capital gain or (loss)..... | | |
| 38. Change in net deferred income tax..... | (237,075) | 282,455 |
| 39. Change in nonadmitted assets..... | 163,290 | 980,946 |
| 40. Change in unauthorized and certified reinsurance..... | | |
| 41. Change in treasury stock..... | | |
| 42. Change in surplus notes..... | | |
| 43. Cumulative effect of changes in accounting principles..... | | |
| 44. Capital changes: | | |
| 44.1 Paid in..... | | |
| 44.2 Transferred from surplus (Stock Dividend)..... | | |
| 44.3 Transferred to surplus..... | | |
| 45. Surplus adjustments: | | |
| 45.1 Paid in..... | | |
| 45.2 Transferred to capital (Stock Dividend)..... | | |
| 45.3 Transferred from capital..... | | |
| 46. Dividends to stockholders..... | | |
| 47. Aggregate write-ins for gains or (losses) in surplus..... | 0 | (280,819) |
| 48. Net change in capital and surplus (Lines 34 to 47)..... | 3,889,887 | 2,951,516 |
| 49. Capital and surplus end of reporting period (Line 33 plus 48)..... | 15,087,187 | 11,197,300 |

| DETAILS OF WRITE-INS | | |
|--|---|-----------|
| 4701. 2019 Change in interest rate swap..... | | (953) |
| 4702. Net investment in SDCA merger..... | | (279,866) |
| 4703. | | |
| 4798. Summary of remaining write-ins for Line 47 from overflow page..... | 0 | 0 |
| 4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)..... | 0 | (280,819) |

CASH FLOW

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| CASH FROM OPERATIONS | | |
| 1. Premiums collected net of reinsurance..... | 53,188,948 | 55,029,659 |
| 2. Net investment income..... | 293,067 | 372,063 |
| 3. Miscellaneous income..... | | |
| 4. Total (Lines 1 through 3)..... | 53,482,015 | 55,401,722 |
| 5. Benefit and loss related payments..... | 36,985,224 | 41,654,531 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | | |
| 7. Commissions, expenses paid and aggregate write-ins for deductions..... | 11,100,950 | 10,033,598 |
| 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)..... | 48,086,174 | 51,688,129 |
| 11. Net cash from operations (Line 4 minus Line 10)..... | 5,395,841 | 3,713,593 |
| CASH FROM INVESTMENTS | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds..... | 1,950,000 | 500,000 |
| 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..... | | 953 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7)..... | 1,950,000 | 500,953 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds..... | 140,428 | |
| 13.2 Stocks..... | | |
| 13.3 Mortgage loans..... | | |
| 13.4 Real estate..... | | 467,377 |
| 13.5 Other invested assets..... | | |
| 13.6 Miscellaneous applications..... | | |
| 13.7 Total investments acquired (Lines 13.1 to 13.6)..... | 140,428 | 467,377 |
| 14. Net increase (decrease) in contract loans and premium notes..... | | |
| 15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)..... | 1,809,572 | 33,576 |
| 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..... | | (280,820) |
| 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)..... | 307,618 | 634,672 |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | 307,618 | 353,852 |
| 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)..... | 7,513,031 | 4,101,021 |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year..... | 10,160,794 | 6,059,773 |
| 19.2 End of year (Line 18 plus Line 19.1)..... | 17,673,825 | 10,160,794 |

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

| | | |
|---------------|--|--|
| 20.0001 | | |
|---------------|--|--|

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

| | | 1 | 2 | 3 | 4 |
|------------------|---|--------------------|------------------------|----------------------|--|
| Line of Business | | Direct Business | Reinsurance Assumed | Reinsurance Ceded | Net Premium Income (Cols. 1 + 2 - 3) |
| 1. | Comprehensive (hospital and medical)..... | | | |0 |
| 2. | Medicare Supplement..... | | | |0 |
| 3. | Dental only..... |52,491,560 | | |52,491,560 |
| 4. | Vision only..... | | | |0 |
| 5. | Federal Employees Health Benefits Plan..... | | | |0 |
| 6. | Title XVIII - Medicare..... | | | |0 |
| 7. | Title XIX - Medicaid..... | | | |0 |
| 8. | Other health..... | | | |0 |
| 9. | Health subtotal (Lines 1 through 8)..... |52,491,560 |0 |0 |52,491,560 |
| 10. | Life..... | | | |0 |
| 11. | Property/casualty..... | | | |0 |
| 12. | Totals (Lines 9 to 11)..... |52,491,560 |0 |0 |52,491,560 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|------------|--|------------------------|----------------|----------------|---|----------------------------|--------------------------|-----------------|---------------------|
| | Total | Comprehensive (Hospital and Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. Payments during the year: | | | | | | | | | | |
| 1.1 Direct..... | 36,985,224 | | | 36,985,224 | | | | | | |
| 1.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 1.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 1.4 Net..... | 36,985,224 | 0 | 0 | 36,985,224 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Paid medical incentive pools and bonuses..... | 0 | | | | | | | | | |
| 3. Claim liability December 31, current year from Part 2A: | | | | | | | | | | |
| 3.1 Direct..... | 1,740,000 | | | 1,740,000 | | | | | | |
| 3.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 3.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 3.4 Net..... | 1,740,000 | 0 | 0 | 1,740,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Claim reserve December 31, current year from Part 2D: | | | | | | | | | | |
| 4.1 Direct..... | 0 | | | | | | | | | |
| 4.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 4.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 4.4 Net..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Accrued medical incentive pools and bonuses, current year..... | 0 | | | | | | | | | |
| 6. Net healthcare receivables (a)..... | 0 | | | | | | | | | |
| 7. Amounts recoverable from reinsurers December 31, current year..... | 0 | | | | | | | | | |
| 8. Claim liability December 31, prior year from Part 2A: | | | | | | | | | | |
| 8.1 Direct..... | 2,060,000 | | | 2,060,000 | | | | | | |
| 8.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 8.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 8.4 Net..... | 2,060,000 | 0 | 0 | 2,060,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. Claim reserve December 31, prior year from Part 2D: | | | | | | | | | | |
| 9.1 Direct..... | 0 | | | | | | | | | |
| 9.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 9.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 9.4 Net..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. Accrued medical incentive pools and bonuses, prior year..... | 0 | | | | | | | | | |
| 11. Amounts recoverable from reinsurers December 31, prior year..... | 0 | | | | | | | | | |
| 12. Incurred benefits: | | | | | | | | | | |
| 12.1 Direct..... | 36,665,224 | 0 | 0 | 36,665,224 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12.2 Reinsurance assumed..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12.3 Reinsurance ceded..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12.4 Net..... | 36,665,224 | 0 | 0 | 36,665,224 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13. Incurred medical incentive pools and bonuses..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-----------|--|------------------------|----------------|----------------|---|----------------------------|--------------------------|-----------------|---------------------|
| | Total | Comprehensive (Medical and Hospital) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. Reported in process of adjustment: | | | | | | | | | | |
| 1.1 Direct..... | 0 | | | | | | | | | |
| 1.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 1.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 1.4 Net..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Incurred but unreported: | | | | | | | | | | |
| 2.1 Direct..... | 1,740,000 | | | 1,740,000 | | | | | | |
| 2.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 2.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 2.4 Net..... | 1,740,000 | 0 | 0 | 1,740,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Amounts withheld from paid claims and capitations: | | | | | | | | | | |
| 3.1 Direct..... | 0 | | | | | | | | | |
| 3.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 3.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 3.4 Net..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Totals: | | | | | | | | | | |
| 4.1 Direct..... | 1,740,000 | 0 | 0 | 1,740,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.2 Reinsurance assumed..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.3 Reinsurance ceded..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.4 Net..... | 1,740,000 | 0 | 0 | 1,740,000 | 0 | 0 | 0 | 0 | 0 | 0 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

| Line of Business | Claims Paid During the Year | | Claim Reserve and Claim Liability December 31 of Current Year | | 5 Claims Incurred in Prior Years (Columns 1 + 3) | 6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year |
|--|--|---|--|---|---|--|
| | 1 On Claims Incurred Prior to January 1 of Current Year | 2 On Claims Incurred During the Year | 3 On Claims Unpaid December 31 of Prior Year | 4 On Claims Incurred During the Year | | |
| 1. Comprehensive (hospital and medical)..... | | | | | 0 | |
| 2. Medicare Supplement..... | | | | | 0 | |
| 3. Dental only..... | 1,754,369 | 35,230,855 | | 1,740,000 | 1,754,369 | 2,060,000 |
| 4. Vision only..... | | | | | 0 | |
| 5. Federal Employees Health Benefits Plan..... | | | | | 0 | |
| 6. Title XVIII - Medicare..... | | | | | 0 | |
| 7. Title XIX - Medicaid..... | | | | | 0 | |
| 8. Other health..... | | | | | 0 | |
| 9. Health subtotal (Lines 1 to 8)..... | 1,754,369 | 35,230,855 | 0 | 1,740,000 | 1,754,369 | 2,060,000 |
| 10. Healthcare receivables (a)..... | | | | | 0 | |
| 11. Other non-health..... | | | | | 0 | |
| 12. Medical incentive pools and bonus amounts..... | | | | | 0 | |
| 13. Totals (Lines 9 - 10 + 11 + 12)..... | 1,754,369 | 35,230,855 | 0 | 1,740,000 | 1,754,369 | 2,060,000 |

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2016 | 2 2017 | 3 2018 | 4 2019 | 5 2020 |
| 1. Prior..... | 35,071 | 36,210 | 36,210 | 36,210 | 36,210 |
| 2. 2016..... | 35,189 | 37,063 | 37,063 | 37,063 | 37,063 |
| 3. 2017..... | XXX | 36,134 | 37,974 | 37,979 | 37,979 |
| 4. 2018..... | XXX | XXX | 38,022 | 39,897 | 39,897 |
| 5. 2019..... | XXX | XXX | XXX | 39,775 | 41,529 |
| 6. 2020..... | XXX | XXX | XXX | XXX | 35,231 |

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|---------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2016 | 2 2017 | 3 2018 | 4 2019 | 5 2020 |
| 1. Prior..... | 34,298 | 36,210 | 36,210 | 36,210 | 36,210 |
| 2. 2016..... | 35,189 | 37,063 | 37,063 | 37,063 | 37,063 |
| 3. 2017..... | XXX | 36,134 | 37,974 | 37,979 | 37,979 |
| 4. 2018..... | XXX | XXX | 38,022 | 38,011 | 38,011 |
| 5. 2019..... | XXX | XXX | XXX | 41,786 | 41,470 |
| 6. 2020..... | XXX | XXX | XXX | XXX | 36,971 |

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

| Years in Which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claim Payments | 3 Claim Adjustment Expense Payments | 4 Percent (Col. 3/2) | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 Percent (Col. 5/1) | 7 Claims Unpaid | 8 Unpaid Claim Adjustment Expense | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 Percent (Col. 9/1) |
|--|-----------------------------|----------------------------|---|--------------------------------|--|--------------------------------|---------------------------|--|--|---------------------------------|
| 1. 2016..... | 37,063 | 37,063 | | 0.0 | 37,063 | 100.0 | | | 37,063 | 100.0 |
| 2. 2017..... | 37,974 | 37,979 | | 0.0 | 37,979 | 100.0 | | | 37,979 | 100.0 |
| 3. 2018..... | 38,022 | 39,897 | | 0.0 | 39,897 | 104.9 | | | 39,897 | 104.9 |
| 4. 2019..... | 54,270 | 41,529 | 41 | 0.1 | 41,570 | 76.6 | | | 41,570 | 76.6 |
| 5. 2020..... | 52,492 | 35,231 | 1,419 | 4.0 | 36,650 | 69.8 | 1,740 | 49 | 38,439 | 73.2 |

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

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

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(\$000 Omitted)

SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2016 | 2 2017 | 3 2018 | 4 2019 | 5 2020 |
| 1. Prior..... | 1,139 | 1,139 | 1,139 | 1,139 | 1,139 |
| 2. 2016..... | 35,189 | 37,063 | 37,063 | 37,063 | 37,063 |
| 3. 2017..... | XXX | 36,134 | 37,974 | 37,979 | 37,979 |
| 4. 2018..... | XXX | XXX | 38,022 | 39,897 | 39,897 |
| 5. 2019..... | XXX | XXX | XXX | 39,775 | 41,529 |
| 6. 2020..... | XXX | XXX | XXX | XXX | 35,231 |

SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|---------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2016 | 2 2017 | 3 2018 | 4 2019 | 5 2020 |
| 1. Prior..... | 34,298 | 36,210 | 36,210 | 36,210 | 36,210 |
| 2. 2016..... | 35,189 | 37,063 | 37,063 | 37,063 | 37,063 |
| 3. 2017..... | XXX | 36,134 | 37,974 | 37,979 | 37,979 |
| 4. 2018..... | XXX | XXX | 38,022 | 38,011 | 38,011 |
| 5. 2019..... | XXX | XXX | XXX | 41,786 | 41,470 |
| 6. 2020..... | XXX | XXX | XXX | XXX | 36,971 |

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

| Years in Which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claim Payments | 3 Claim Adjustment Expense Payments | 4 Percent (Col. 3/2) | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 Percent (Col. 5/1) | 7 Claims Unpaid | 8 Unpaid Claim Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 Percent (Col. 9/1) |
|--|-----------------------------|----------------------------|---|--------------------------------|--|--------------------------------|---------------------------|---|--|---------------------------------|
| 1. 2016..... | 37,063 | 37,063 | | 0.0 | 37,063 | 100.0 | | | 37,063 | 100.0 |
| 2. 2017..... | 37,974 | 37,979 | | 0.0 | 37,979 | 100.0 | | | 37,979 | 100.0 |
| 3. 2018..... | 38,022 | 39,897 | | 0.0 | 39,897 | 104.9 | | | 39,897 | 104.9 |
| 4. 2019..... | 54,270 | 41,529 | 41 | 0.1 | 41,570 | 76.6 | | | 41,570 | 76.6 |
| 5. 2020..... | 52,492 | 35,231 | 1,419 | 4.0 | 36,650 | 69.8 | 1,740 | 49 | 38,439 | 73.2 |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

| | Claim Adjustment Expenses | | 3 General Administrative Expenses | 4 Investment Expenses | 5 Total |
|---|--|--|--|---------------------------------|--------------------|
| | 1 Cost Containment Expenses | 2 Other Claim Adjustment Expenses | | | |
| 1. Rent (\$.....264,165 for occupancy of own building)..... | ..... | ..... | .....264,165 | ..... | .....264,165 |
| 2. Salaries, wages and other benefits..... |591,817 |786,939 |3,705,019 | ..... | .....5,083,775 |
| 3. Commissions (less \$.....0 ceded plus \$.....0 assumed)..... | ..... | ..... | .....2,801,597 | ..... | .....2,801,597 |
| 4. Legal fees and expenses..... | ..... | ..... | .....8,229 | ..... | .....8,229 |
| 5. Certifications and accreditation fees..... | ..... | ..... | ..... | ..... | .....0 |
| 6. Auditing, actuarial and other consulting services..... | ..... | ..... | .....157,794 | ..... | .....157,794 |
| 7. Traveling expenses..... |68 |16 |38,654 | ..... | .....38,738 |
| 8. Marketing and advertising..... | ..... | ..... | .....109,661 | ..... | .....109,661 |
| 9. Postage, express and telephone..... |2,385 |300 |209,261 | ..... | .....211,946 |
| 10. Printing and office supplies..... | ..... | ..... | .....73,743 | ..... | .....73,743 |
| 11. Occupancy, depreciation and amortization..... | ..... | ..... | .....92,808 | ..... | .....92,808 |
| 12. Equipment..... | ..... | ..... | .....50,972 | ..... | .....50,972 |
| 13. Cost or depreciation of EDP equipment and software..... | ..... | ..... | .....141,953 | ..... | .....141,953 |
| 14. Outsourced services including EDP, claims, and other services..... |2,002 |3,177 |527,763 | ..... | .....532,942 |
| 15. Boards, bureaus and association fees..... | ..... | ..... | .....25,181 | ..... | .....25,181 |
| 16. Insurance, except on real estate..... | ..... | ..... | .....22,020 | ..... | .....22,020 |
| 17. Collection and bank service charges..... | ..... | ..... | ..... | .....35,431 |35,431 |
| 18. Group service and administration fees..... | ..... | ..... | ..... | ..... | .....0 |
| 19. Reimbursements by uninsured plans..... | ..... | ..... | .....(389,252) | ..... | .....(389,252) |
| 20. Reimbursements from fiscal intermediaries..... | ..... | ..... | ..... | ..... | .....0 |
| 21. Real estate expenses..... | ..... | ..... | ..... | ..... | .....0 |
| 22. Real estate taxes..... | ..... | ..... | ..... | ..... | .....0 |
| 23. Taxes, licenses and fees: | | | | | |
| 23.1 State and local insurance taxes..... | ..... | ..... | ..... | ..... | .....0 |
| 23.2 State premium taxes..... | ..... | ..... | .....495,017 | ..... | .....495,017 |
| 23.3 Regulatory authority licenses and fees..... | ..... | ..... | .....41,437 | ..... | .....41,437 |
| 23.4 Payroll taxes..... |35,866 |44,784 |224,279 | ..... | .....304,929 |
| 23.5 Other (excluding federal income and real estate taxes)..... | ..... | ..... | .....1,025,151 | ..... | .....1,025,151 |
| 24. Investment expenses not included elsewhere..... | ..... | ..... | ..... | .....1,015 |1,015 |
| 25. Aggregate write-ins for expenses..... |0 |0 |0 |0 |0 |
| 26. Total expenses incurred (Lines 1 to 25)..... |632,138 |835,216 |9,625,452 |36,446 | (a).....11,129,252 |
| 27. Less expenses unpaid December 31, current year..... | ..... | .....48,720 |819,111 | ..... | .....867,831 |
| 28. Add expenses unpaid December 31, prior year..... | ..... | .....41,488 |966,467 | ..... | .....1,007,955 |
| 29. Amounts receivable relating to uninsured plans, prior year..... | ..... | ..... | .....391,323 | ..... | .....391,323 |
| 30. Amounts receivable relating to uninsured plans, current year..... | ..... | ..... | .....280,354 | ..... | .....280,354 |
| 31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)..... |632,138 |827,984 |9,661,839 |36,446 |11,158,407 |

DETAILS OF WRITE-INS

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

(a) Includes management fees of \$.....1,200,202 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).....1,305 |1,626 |
| 1.1 Bonds exempt from U.S. tax..... | (a)..... | ..... |
| 1.2 Other bonds (unaffiliated)..... | (a).....60,327 |51,496 |
| 1.3 Bonds of affiliates..... | (a)..... | ..... |
| 2.1 Preferred stocks (unaffiliated)..... | (b)..... | ..... |
| 2.11 Preferred stocks of affiliates..... | (b)..... | ..... |
| 2.2 Common stocks (unaffiliated)..... | ..... | ..... |
| 2.21 Common stocks of affiliates..... | ..... | ..... |
| 3. Mortgage loans..... | (c)..... | ..... |
| 4. Real estate..... | (d)..... |264,165 |
| 5. Contract loans..... | ..... | ..... |
| 6. Cash, cash equivalents and short-term investments..... | (e).....3,233 |4,413 |
| 7. Derivative instruments..... | (f)..... | ..... |
| 8. Other invested assets..... | ..... | ..... |
| 9. Aggregate write-ins for investment income..... |0 |0 |
| 10. Total gross investment income..... |64,865 |321,700 |
| 11. Investment expenses..... | ..... | (g).....36,446 |
| 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).....46,111 |
| 15. Aggregate write-ins for deductions from investment income..... | ..... | .....0 |
| 16. Total deductions (Lines 11 through 15)..... | ..... | .....82,557 |
| 17. Net investment income (Line 10 minus Line 16)..... | ..... | .....239,143 |

DETAILS OF WRITE-INS

| | | |
|--|--------|--------|
| 0901. .... | ..... | ..... |
| 0902. .... | ..... | ..... |
| 0903. .... | ..... | ..... |
| 0998. Summary of remaining write-ins for Line 9 from overflow page..... |0 |0 |
| 0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)..... |0 |0 |
| 1501. .... | ..... | ..... |
| 1502. .... | ..... | ..... |
| 1503. .... | ..... | ..... |
| 1598. Summary of remaining write-ins for Line 15 from overflow page..... | ..... | .....0 |
| 1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)..... | ..... | .....0 |

- (a) Includes \$....4,135 accrual of discount less \$....2,304 amortization of premium and less \$....1,299 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 \$....264,165 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 \$....46,111 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

| | 1 Realized Gain (Loss) on Sales or Maturity | 2 Other Realized Adjustments | 3 Total Realized Capital Gain (Loss) (Columns 1 + 2) | 4 Change in Unrealized Capital Gain (Loss) | 5 Change in Unrealized Foreign Exchange Capital Gain (Loss) |
|---|---|---------------------------------------|---|---|---|
| 1. U.S. Government bonds..... | | |0 | ..... | ..... |
| 1.1 Bonds exempt from U.S. tax..... | | |0 | ..... | ..... |
| 1.2 Other bonds (unaffiliated)..... |101 | ..... | .....101 | ..... | ..... |
| 1.3 Bonds of affiliates..... | | |0 | ..... | ..... |
| 2.1 Preferred stocks (unaffiliated)..... | | |0 | ..... | ..... |
| 2.11 Preferred stocks of affiliates..... | | |0 | ..... | ..... |
| 2.2 Common stocks (unaffiliated)..... | | |0 | ..... | ..... |
| 2.21 Common stocks of affiliates..... | | |0 | ..... | ..... |
| 3. Mortgage loans..... | | |0 | ..... | ..... |
| 4. Real estate..... | | |0 | ..... | ..... |
| 5. Contract loans..... | | |0 | ..... | ..... |
| 6. Cash, cash equivalents and short-term investments..... | | |0 | ..... | ..... |
| 7. Derivative instruments..... | | |0 | ..... | ..... |
| 8. Other invested assets..... | | |0 | ..... | ..... |
| 9. Aggregate write-ins for capital gains (losses)..... |0 |0 |0 |0 |0 |
| 10. Total capital gains (losses)..... |101 |0 |101 |0 |0 |

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

| | 1 Current Year Total Nonadmitted Assets | 2 Prior Year Total Nonadmitted Assets | 3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1) |
|---|--|--|---|
| 1. Bonds (Schedule D)..... | | | 0 |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks..... | | | 0 |
| 2.2 Common stocks..... | | | 0 |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens..... | | | 0 |
| 3.2 Other than first liens..... | | | 0 |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company..... | | | 0 |
| 4.2 Properties held for the production of income..... | | | 0 |
| 4.3 Properties held for sale..... | | | 0 |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)..... | | | 0 |
| 6. Contract loans..... | | | 0 |
| 7. Derivatives (Schedule DB)..... | | | 0 |
| 8. Other invested assets (Schedule BA)..... | | | 0 |
| 9. Receivables for securities..... | | | 0 |
| 10. Securities lending reinvested collateral assets (Schedule DL)..... | | | 0 |
| 11. Aggregate write-ins for invested assets..... | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11)..... | 0 | 0 | 0 |
| 13. Title plants (for Title insurers only)..... | | | 0 |
| 14. Investment income due and accrued..... | | | 0 |
| 15. Premiums and considerations: | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection..... | | | 0 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due..... | | | 0 |
| 15.3 Accrued retrospective premiums and contracts subject to redetermination..... | | | 0 |
| 16. Reinsurance: | | | |
| 16.1 Amounts recoverable from reinsurers..... | | | 0 |
| 16.2 Funds held by or deposited with reinsured companies..... | | | 0 |
| 16.3 Other amounts receivable under reinsurance contracts..... | | | 0 |
| 17. Amounts receivable relating to uninsured plans..... | | | 0 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon..... | | | 0 |
| 18.2 Net deferred tax asset..... | | | 0 |
| 19. Guaranty funds receivable or on deposit..... | | | 0 |
| 20. Electronic data processing equipment and software..... | | 4,268 | 4,268 |
| 21. Furniture and equipment, including health care delivery assets..... | 144,955 | 180,137 | 35,182 |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates..... | | | 0 |
| 23. Receivables from parent, subsidiaries and affiliates..... | | | 0 |
| 24. Health care and other amounts receivable..... | | | 0 |
| 25. Aggregate write-ins for other-than-invested assets..... | 52,656 | 176,496 | 123,840 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)..... | 197,611 | 360,901 | 163,290 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | | | 0 |
| 28. TOTALS (Lines 26 and 27)..... | 197,611 | 360,901 | 163,290 |

DETAILS OF WRITE-INS

| | | | |
|--|--------|---------|---------|
| 1101. | | | 0 |
| 1102. | | | 0 |
| 1103. | | | 0 |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)..... | 0 | 0 | 0 |
| 2501. Prepaid Expenses..... | 52,656 | 176,496 | 123,840 |
| 2502. | | | 0 |
| 2503. | | | 0 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)..... | 52,656 | 176,496 | 123,840 |

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..... | 192,700 | 195,866 | 194,248 | 192,857 | 191,782 | 2,325,785 |
| 2. Provider service organizations..... | | | | | | |
| 3. Preferred provider organizations..... | | | | | | |
| 4. Point of service..... | | | | | | |
| 5. Indemnity only..... | | | | | | |
| 6. Aggregate write-ins for other lines of business..... | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Total..... | 192,700 | 195,866 | 194,248 | 192,857 | 191,782 | 2,325,785 |

DETAILS OF WRITE-INS

| | | | | | | |
|---|---|---|---|---|---|---|
| 0601. | | | | | | |
| 0602. | | | | | | |
| 0603. | | | | | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page..... | 0 | 0 | 0 | 0 | 0 | 0 |
| 0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)..... | 0 | 0 | 0 | 0 | 0 | 0 |

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The accompanying statutory financial statements of Superior Dental Care, Inc. (the Company or SDC) have been prepared in conformity with the National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) as prescribed by the Ohio Department of Insurance (ODI). No accounting practices were employed by the Company in 2020 or 2019 that departed from NAIC SAP.

| | SSAP # | F/S Page | F/S Line # | 2020 | 2019 |
|--|--------|----------|------------|---------------|---------------|
| NET INCOME | | | | | |
| (1) Company state basis (Page 4, Line 32, Columns 2 & 3) | XXX | XXX | XXX | \$ 3,963,672 | \$ 1,968,934 |
| (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 | \$ 3,963,672 | \$ 1,968,934 |
| SURPLUS | | | | | |
| (5) Company state basis (Page 3, Line 33, Columns 3 & 4) | XXX | XXX | XXX | \$ 15,087,187 | \$ 11,197,300 |
| (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 | \$ 15,087,187 | \$ 11,197,300 |

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

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

C. Accounting Policy

Basis of Presentation

Statutory accounting practices vary from U.S. generally accepted accounting principles (GAAP). The more significant variances from GAAP are as follows:

Nonadmitted Assets

Certain assets designated as “nonadmitted”, principally certain health care receivables, prepaid expenses and premiums in the course of collections over 90 days past due, not identified as an admitted asset in the NAIC’s *Accounting Practices and Procedures Manual*, are excluded from the accompanying statutory statements of admitted assets, liabilities and capital and surplus and are charged directly to capital and surplus. In accordance with GAAP, such assets are included in the balance sheet, net of valuation allowance, if necessary. Capital and surplus was reduced by nonadmitted assets of \$198,000 and \$361,000 at December 31, 2020 and 2019, respectively.

Real Estate

Real estate is reported at cost, net of accumulated depreciation. The cost of the property included in the real estate investment, other than land, is depreciated on a straight-line basis over the estimated useful life of the building which the Company has estimated to range from 25-39 years. Depreciation expense is included in investment expense. The Company includes in both income and expense an amount for rent relating to the real estate. The amount recorded is at a rate comparable to rental rates of like property in the same area. For GAAP, no rental income or expense is recognized.

Depreciation

Depreciation is charged on a straight-line basis over the estimated useful lives of software, furniture, and equipment. Depreciation and amortization expense were \$57,000 and \$125,000 in 2020 and 2019, respectively.

Deferred Income Taxes

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

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

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

NOTES TO FINANCIAL STATEMENTS

versus capital) and reversal patterns of the deferred tax assets and liabilities. The remaining adjusted deferred income tax assets are nonadmitted.

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

Health Insurer Fee

The Company is subject to a mandatory annual non tax-deductible assessment on health insurers imposed by the ACA (the Health Insurer Fee). The Company estimates the expense for the Health Insurer Fee based upon the preceding year’s ratio of the Company’s applicable net written premium compared to the U.S. health insurance industry total applicable net written premium.

In accordance with NAIC SAP, the estimated liability and corresponding the Health Insurer Fee are both recognized in full on January 1 of the applicable calendar year in which the assessment is paid; and the Company reclassifies from unassigned surplus to special surplus the estimated assessment amount for the subsequent year. In accordance with GAAP, the liability would be recognized in full on January 1 with a corresponding deferred cost that is amortized to expense using a straight-line method of allocation.

H.R. 195, Division D – Suspension of Certain Health-Related Taxes, § 4003, suspended the Health Insurer Fee for 2019. The fee returned in 2020 but is permanently repealed for years 2021 and after as a result of H.R. 1865: Further Consolidated Appropriations Act, 2020. See Note 22 for further detail.

Statutory Statements of Cash Flows

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

Other significant accounting policies are as follows:

Invested Assets

U.S. government securities and corporate bonds not backed by other assets are recorded at cost adjusted for amortization of premiums and discounts using the interest method. The fair values disclosed for these securities are obtained from independent pricing services.

Other-Than-Temporary Impairment

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

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

Fair Value Measurements

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

| | |
|---------|---|
| Level 1 | Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date. |
| Level 2 | Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves. |
| Level 3 | Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company’s best estimate of what hypothetical market participants would use to determine a transaction price for the asset at the reporting date. |

Premiums

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

Uncertain Tax Policies

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

Changes to liabilities for uncertain tax positions are recorded as income tax expense in the accompanying statutory statement of revenue and expenses. SDC believes it has no uncertain tax positions requiring recognition or disclosure in the financial statements. The Company does not expect any significant changes in its uncertain tax positions in 2021.

NOTES TO FINANCIAL STATEMENTS

(1) Basis for Short-Term Investments

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

(2) Basis for Bonds and Amortization Schedule

Investments in bonds are reported at cost, or amortized cost or fair value based on their NAIC rating; for GAAP, such fixed maturity investments are held as available-for-sale and are reported at fair value with unrealized holding gains and losses reported as a separate component of capital and surplus.

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

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

(3) Basis for Common Stocks

Not applicable.

(4) Basis for Preferred Stocks

Not applicable

(5) Basis for Mortgage Loans

Not applicable

(6) Basis for Loan-Backed Securities and Adjustment Methodology

Not applicable

(7) Accounting Policies for Investments in Subsidiaries, Controlled and Affiliated Entities

Not applicable

(8) Accounting Policies for Investments in Joint Ventures, Partnerships and Limited Liability Entities

Not applicable

(9) Accounting Policies for Derivatives

Not Applicable

(10) Anticipated Investment Income Used in Premium Deficiency Calculation

The Company anticipates investment income as a factor of premium deficiency calculation, in accordance with SSAP No 54, Individual and Group Accident and Health Contracts

(11) Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses

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

(12) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period

Not Applicable

(13) Method Used to Estimate Pharmaceutical Rebate Receivables

Not Applicable

D. Going Concern

Not Applicable

Note 2 – Accounting Changes and Corrections of Errors

Not Applicable

NOTES TO FINANCIAL STATEMENTS

Note 3 – Business Combinations and Goodwill

- A.

Statutory Purchase Method

Not applicable.
- B.

Statutory Merger

As of August 31, 2018, the Company’s parent holding company, Superior Dental Care Alliance, Inc. (PHC), became a wholly owned subsidiary of Medical Mutual of Ohio (MMO), a mutual casualty insurance organization domiciled in Ohio. On December 31, 2019, the assets, liabilities, capital and deficit of PHC were statutorily merged into SDC, with SDC surviving the merger.
- C.

Assumption Reinsurance

Not Applicable
- D.

Impairment Loss

Not Applicable

Note 4 – Discontinued Operations

Not Applicable

Note 5 – Investments

- A.

Mortgage Loans, including Mezzanine Real Estate Loans

Not Applicable
- B.

Debt Restructuring

Not Applicable
- C.

Reverse Mortgages

Not Applicable
- D.

Loan-Backed Securities

Not Applicable
- E.

Dollar Repurchase Agreements and/or Securities Lending Transactions

Not Applicable
- F.

Repurchase Agreements Transactions Accounted for as Secured Borrowing
Repurchase Transaction – Cash Taker – Overview of Secured Borrowing Transactions

Not Applicable
- G.

Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing
Repurchase Transactions – Cash Provider – Overview of Secured Borrowing Transactions

Not Applicable
- H.

Repurchase Agreements Transactions Accounted for as a Sale
Repurchase Transaction – Cash Taker – Overview of Sale Transactions

Not Applicable
- I.

Reverse Repurchase Agreements Transactions Accounted for as a Sale
Repurchase Transaction – Cash Provider – Overview of Sale Transactions

Not Applicable
- J.

Real Estate

NOTES TO FINANCIAL STATEMENTS

Not applicable.

K. Low-Income Housing Tax Credits (LIHTC)

Not applicable.

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

| Restricted Asset Category | 1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year | 2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year | 3 Increase (Decrease) (1 minus 2) | 4 Total Current Year Nonadmitted Restricted | 5 Total Current Year Admitted Restricted (1 minus 4) | 6 Gross (Admitted & Nonadmitted) Restricted to Total Assets (a) | 7 Additional Restricted to Total Admitted Assets (b) |
|--|--|--|--------------------------------------|--|---|--|---|
| a. Subject to contractual obligation for which liability is not shown | \$ | \$ | \$ | \$ | \$ | % | % |
| b. Collateral held under security lending arrangements | | | | | | % | % |
| c. Subject to repurchase agreements | | | | | | % | % |
| d. Subject to reverse repurchase agreements | | | | | | % | % |
| e. Subject to dollar repurchase agreements | | | | | | % | % |
| f. Subject to dollar reverse repurchase agreements | | | | | | % | % |
| g. Placed under option contracts | | | | | | % | % |
| h. Letter stock or securities restricted as to sale – excluding FHLB capital stock | | | | | | % | % |
| i. FHLB capital stock | | | | | | % | % |
| j. On deposit with states | 139,525 | 124,977 | 14,548 | | 139,525 | 0.7% | 0.7% |
| k. On deposit with other regulatory bodies | | | | | | % | % |
| l. Pledged as collateral to FHLB (including assets backing funding agreements) | | | | | | % | % |
| m. Pledged as collateral not captured in other categories | | | | | | % | % |
| n. Other restricted assets | | | | | | % | % |
| o. Total Restricted Assets | \$ 139,525 | \$ 124,977 | \$ 14,548 | \$ | \$ 139,525 | 0.7% | 0.7% |

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

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

M. Working Capital Finance Investments

Not applicable.

N. Offsetting and Netting of Assets and Liabilities

Not applicable.

O. 5GI Securities

Not applicable.

P. Short Sales

Not applicable.

Q. Prepayment Penalty and Acceleration Fees

There was no prepayment penalty or acceleration fees related to the called bonds.

| | |
|---|----|
| (1) Number of CUSIPs | 2 |
| (2) Aggregate Amount of Investment Income | \$ |

NOTES TO FINANCIAL STATEMENTS

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

Not applicable.

Note 7 – Investment Income

Not applicable.

Note 8 – Derivative Instruments

Not applicable.

Note 9 – Income Taxes

A. Deferred Tax Assets/(Liabilities)

The Company is taxed as a stock property and casualty insurance company and files a consolidated federal income tax return with Medical Mutual of Ohio (Parent or MMO) and other affiliates. The Company is party to a written tax sharing agreement with its Parent and other affiliates. According to the agreement each member pays taxes or receives credits (from the Parent) as if the member had filed a separate tax return. The payment is finalized for the tax year after the return is filed and/or after an IRS audit is completed. A member generating a taxable loss, or whose net operating losses (NOLs) or other tax attributes are utilized in the current year, or whose tax attributes are utilized, is compensated for such losses or attributes utilized in the year absorbed.

Deferred income tax assets (DTAs) and liabilities (DTLs) represent the expected future tax consequences of temporary items with differences generated by statutory accounting as defined in SSAP No. 101. DTAs and DTLs are computed by means of identifying temporary differences which are measured using a balance sheet approach whereby statutory and tax basis statutory statements of admitted assets, liabilities and capital and surplus are compared.

Current federal income tax receivables from Parent include all current income taxes, including interest, expected to be collected in a subsequent accounting period. Any tax related to the tax sharing agreement is included in the current federal income tax payable balance until the tax return is filed and amounts are then settled with the Parent.

The Company paid no federal income taxes during 2020 or 2019.

The Company is subject to federal income tax examinations by tax authorities for the years 2017 through 2020. 2016 and prior years are closed.

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

| | 2020 | | | 2019 | | | Change | | |
|--|------------|---------|--------------------|------------|---------|--------------------|-----------------------|----------------------|--------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | Ordinary | Capital | (Col 1+2) Total | Ordinary | Capital | (Col 4+5) Total | (Col 1-4) Ordinary | (Col 2-5) Capital | (Col 7+8) Total |
| a. Gross deferred tax assets | \$ 124,376 | \$ | \$ 124,376 | \$ 376,520 | \$ | \$ 376,520 | \$ (252,144) | \$ | \$ (252,144) |
| b. Statutory valuation allowance adjustment | | | | | | | | | |
| c. Adjusted gross deferred tax assets (1a-1b) | \$ 124,376 | \$ | \$ 124,376 | \$ 376,520 | \$ | \$ 376,520 | \$ (252,144) | \$ | \$ (252,144) |
| d. Deferred tax assets nonadmitted | | | | | | | | | |
| e. Subtotal net admitted deferred tax asset (1c-1d) | \$ 124,376 | \$ | \$ 124,376 | \$ 376,520 | \$ | \$ 376,520 | \$ (252,144) | \$ | \$ (252,144) |
| f. Deferred tax liabilities | 61,016 | | 61,016 | 76,086 | | 76,086 | (15,070) | | (15,070) |
| g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f) | \$ 63,360 | \$ | \$ 63,360 | \$ 300,434 | \$ | \$ 300,434 | \$ (237,074) | \$ | \$ (237,074) |

2. Admission Calculation Components SSAP No. 101

| | 2020 | | | 2019 | | | Change | | |
|---|------------|---------|--------------------|------------|---------|--------------------|-----------------------|----------------------|--------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | Ordinary | Capital | (Col 1+2) Total | Ordinary | Capital | (Col 4+5) Total | (Col 1-4) Ordinary | (Col 2-5) Capital | (Col 7+8) Total |
| a. Federal income taxes paid in prior years recoverable through loss carrybacks | \$ 105,864 | \$ | \$ 105,864 | \$ 376,520 | \$ | \$ 376,520 | \$ (270,656) | \$ | \$ (270,656) |
| b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a)) | | | | | | | | | |

NOTES TO FINANCIAL STATEMENTS

| | | 2020 | | | 2019 | | | Change | |
|---|------------|---------|--------------------|------------|---------|--------------------|-----------------------|----------------------|--------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | Ordinary | Capital | (Col 1+2) Total | Ordinary | Capital | (Col 4+5) Total | (Col 1-4) Ordinary | (Col 2-5) Capital | (Col 7+8) Total |
| 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 | | | | | | | | | |
| 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 | 18,512 | | 18,512 | | | | 18,512 | | 18,512 |
| d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c)) | \$ 124,376 | \$ | \$ 124,376 | \$ 376,520 | \$ | \$ 376,520 | \$ (252,144) | \$ | \$ (252,144) |

3. Other Admissibility Criteria

| | 2020 | 2019 |
|---|---------------|---------------|
| a. Ratio percentage used to determine recovery period and threshold limitation amount | 978.8% | 653.9% |
| b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above | \$ 15,023,827 | \$ 10,896,866 |

4. Impact of Tax Planning Strategies

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

| | 2020 | | 2019 | | Change | |
|--|------------|---------|------------|---------|------------------------|-----------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| | Ordinary | Capital | Ordinary | Capital | (Col. 1-3) Ordinary | (Col. 2-4) Capital |
| 1. Adjusted gross DTAs amount from Note 9A1(c) | \$ 124,376 | \$ | \$ 376,520 | \$ | \$ (252,144) | \$ |
| 2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies | % | % | % | % | % | % |
| 3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e) | \$ 124,376 | \$ | \$ 376,520 | \$ | \$ (252,144) | \$ |
| 4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies | % | % | % | % | % | % |

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

NOTES TO FINANCIAL STATEMENTS

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

C. Current and Deferred Income Taxes

1. Current Income Tax

| | 1 | 2 | 3 |
|---|--------------|------------|---------------------|
| | 2020 | 2019 | (Col 1-2) Change |
| a. Federal | \$ 1,289,349 | \$ 831,907 | \$ 457,442 |
| b. Foreign | \$ | \$ | \$ |
| c. Subtotal | \$ 1,289,349 | \$ 831,907 | \$ 457,442 |
| d. Federal income tax on net capital gains | \$ 21 | \$ | \$ 21 |
| e. Utilization of capital loss carry-forwards | \$ | \$ | \$ |
| f. Other | \$ (228,656) | \$ 32,880 | \$ (261,536) |
| g. Federal and Foreign income taxes incurred | \$ 1,060,714 | \$ 864,787 | \$ 195,927 |

2. Deferred Tax Assets

| | 1 | 2 | 3 |
|---|------------|------------|---------------------|
| | 2020 | 2019 | (Col 1-2) Change |
| a. Ordinary: | | | |
| 1. Discounting of unpaid losses | \$ | \$ | \$ |
| 2. Unearned premium reserve | 55,529 | 45,594 | 9,935 |
| 3. Policyholder reserves | 5,334 | 234,689 | (229,355) |
| 4. Investments | | | |
| 5. Deferred acquisition costs | | | |
| 6. Policyholder dividends accrual | | | |
| 7. Fixed assets | | | |
| 8. Compensation and benefits accrual | | | |
| 9. Pension accrual | | | |
| 10. Receivables - nonadmitted | | | |
| 11. Net operating loss carry-forward | | | |
| 12. Tax credit carry-forward | | | |
| 13. Other (items <=5% and >5% of total ordinary tax assets) | 63,513 | 96,237 | (32,724) |
| Other (items listed individually >5%of total ordinary tax assets) | | | |
| 99. Subtotal | \$ 124,376 | \$ 376,520 | \$ (252,144) |
| b. Statutory valuation allowance adjustment | | | |
| c. Nonadmitted | | | |
| d. Admitted ordinary deferred tax assets (2a99-2b-2c) | \$ 124,376 | \$ 376,520 | \$ (252,144) |
| e. Capital: | | | |
| 1. Investments | \$ | \$ | \$ |
| 2. Net capital loss carry-forward | | | |
| 3. Real estate | | | |
| 4. Other (items <=5% and >5% of total capital tax assets) | | | |
| Other (items listed individually >5% of total capital tax assets) | | | |
| 99. Subtotal | \$ | \$ | \$ |
| f. Statutory valuation allowance adjustment | | | |
| g. Nonadmitted | | | |
| h. Admitted capital deferred tax assets (2e99-2f-2g) | | | |
| i. Admitted deferred tax assets (2d+2h) | \$ 124,376 | \$ 376,520 | \$ (252,144) |

3. Deferred Tax Liabilities

| | 1 | 2 | 3 |
|---|-----------|-----------|---------------------|
| | 2020 | 2019 | (Col 1-2) Change |
| a. Ordinary: | | | |
| 1. Investments | \$ | \$ | \$ |
| 2. Fixed assets | | | |
| 3. Deferred and uncollected premium | | | |
| 4. Policyholder reserves | | | |
| 5. Other (items <=5% and >5% of total ordinary tax liabilities) | 61,016 | 76,086 | (15,070) |
| Other (items listed individually >5% of total ordinary tax liabilities) | | | |
| 99. Subtotal | \$ 61,016 | \$ 76,086 | \$ (15,070) |
| b. Capital: | | | |

NOTES TO FINANCIAL STATEMENTS

| | | | |
|--|----|--------|--------------|
| 1. Investments | \$ | \$ | \$ |
| 2. Real estate | | | |
| 3. Other (Items <=5% and >5% of total capital tax liabilities) | | | |
| Other (items listed individually >5% of total capital tax liabilities) | | | |
| | | | |
| 99. Subtotal | \$ | \$ | \$ |
| c. Deferred tax liabilities (3a99+3b99) | \$ | 61,016 | \$ 76,086 |
| 4. Net Deferred Tax Assets/Liabilities (2i – 3c) | \$ | 63,360 | \$ 300,434 |
| | | | \$ (237,074) |

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

| | December 31 | | |
|--|-------------|-----------|--------------|
| | 2020 | 2019 | Change |
| Ordinary DTAs | | | |
| Claims and other reserves | \$ 5,000 | \$235,000 | \$ (230,000) |
| Premiums received in advance | 56,000 | 46,000 | 10,000 |
| Nonadmitted assets | 41,000 | 76,000 | (35,000) |
| Other | 22,000 | 19,000 | 3,000 |
| Gross ordinary DTAs | 124,000 | 376,000 | (252,000) |
| Statutory valuation allowance – ordinary | - | - | - |
| Nonadmitted ordinary DTAs | - | - | - |
| Admitted ordinary DTAs | 124,000 | 376,000 | (252,000) |
| Total admitted DTAs | 124,000 | 376,000 | (252,000) |
| Ordinary DTLs | | | |
| Total ordinary DTLs | 61,000 | 76,000 | (15,000) |
| Net admitted DTA | \$ 63,000 | \$300,000 | \$ (237,000) |

E. Operating Loss Carry Forwards and Income Taxes Available for Recoupment

At December 31, 2020 and 2019, the Company did not have any net operating loss carryforwards. The Company has no capital loss carryforwards to utilize in future years at December 31, 2020 and 2019.

F. Consolidated Federal Income Tax Return

1. The Company’s federal income tax return is consolidated with the following entities:

Medical Mutual of Ohio
MedMutual Life Insurance Company
Medical Health Insuring Corporation of Ohio
Superior Dental Care, Inc.

2. The manner in which the Board of Directors sets forth for allocating the consolidated federal income tax:

A valid tax sharing agreement.

G. Federal or Foreign Federal Income Tax Loss Contingencies:

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

H. Repatriation Transition Tax (RTT) - RTT owed under the TCJA

Not applicable.

I. Alternative Minimum Tax Credit

Not applicable.

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

A - B; D - L.

MMO provides administrative services including billing, accounting, marketing, provider relations, claims adjudication, and management information systems to the Company in connection with an administrative services agreement. Expense allocations are reviewed periodically to ensure expenses are being appropriately charged to each affiliate, and could vary from year-to-year. In 2020 and 2019, charges to the Company for these services totaled \$1,200,000 and \$0, respectively. These charges could vary if the administrative services were provided by an unaffiliated vendor. Amounts payable and receivable between the Company and MMO are settled within three months.

C. Transactions with Related Parties who are not Reported on Schedule Y

Not applicable.

M. All SCA Investments

NOTES TO FINANCIAL STATEMENTS

- Not applicable.

N. Investment in Insurance SCAs

Not applicable.

O. SCA or SSAP 48 Entity Loss Tracking

Not applicable.

Note 11 – Debt

Not Applicable

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

- A -D.

Not applicable.
- E.

Defined Contribution Plans

On January 1, 2020, employees of the Company became participants of the MMO defined contribution retirement savings plan (the 401(k) Plan) and defined contribution retirement plan (the Horizons Plan).

The 401(k) Plan is available to eligible employees. The Company contributes 100% of the first 3% and 50% of the next 2% of compensation that a participant contributes to the 401(k) Plan. Participants in the 401(k) Plan immediately vest in employer matching contributions. The Company’s contributions to the 401(k) Plan totaled \$135,000 for 2020.

The Horizons Plan provides for a fixed contribution to eligible employees, calculated as a percentage of the employees’ covered compensation. The fixed contribution is calculated using percentages ranging from 3% to 8%, based on an age plus years of service-graded scale. At December 31, 2020, the Company accrued \$191,000 for the fixed contribution relating to the 2020 plan year, which was subsequently paid in January 2021.

The Company’s previous 401(k) savings and profit sharing plan was frozen and assets were transferred to the 401(k) Plan. It covered substantially all employees of SDC meeting minimum age and service requirements. Discretionary corporate matching contributions, determined annually by the Board of Directors, were \$35,000 in 2019. There were no additional discretionary profit sharing contributions in 2019.
- F - I.

Not applicable.

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

- A.

Number of Share and Par or State Value of Each Class

1,000 shares common stock authorized, issued and outstanding - no par value
- B.

Dividend Rate, Liquidation Value and Redemption Schedule of Preferred Stock Issues

The Company has no preferred stock authorized or outstanding
- C.

Dividend Restrictions

The payment of dividends by the Company to MMO is limited and can only be made from earned profits unless prior approval is received from the Ohio Insurance Commissioner. The maximum amount of dividends that may be paid by insurance companies without prior approval of the Ohio Insurance Commissioner is also subject to restrictions relating to statutory capital and surplus and net income. There were no dividends paid by the Company in 2020 or 2019.
- D.

Dates and Amounts of Dividends Paid

Not Applicable
- E.

Profits that may be Paid as Ordinary Dividends to Stockholders

Within the limitations of (C) above, there are no restrictions placed on the portion of the Company profits that may be paid as ordinary dividends to stockholders.
- F.

Restrictions Placed on Unassigned Funds (Surplus)

There were no restrictions placed on the Company’s surplus, including for whom the surplus is being held.
- G.

Amount of Advances to Surplus not Repaid

There were no advances to surplus not repaid.
- H.

Amount of Stock Held for Special Purposes

Not applicable
- I.

Reasons for Changes in Balance of Special Surplus Funds from Prior Period

NOTES TO FINANCIAL STATEMENTS

Changes in the balance of special surplus funds from the prior year are due to the decrease in the Health Insurer Fee

- J. The Portion of Unassigned Funds (Surplus) Represented or Reduced by Unrealized Gains and Losses is: \$ 0.
- K. The Reporting Entity Issued the Following Surplus Debentures or Similar Obligations

Not applicable.
- L. The impact of any restatement due to prior quasi-reorganizations is as follows

Not applicable.
- M. Effective Date of Quasi-Reorganization for a Period of Ten Years Following Reorganization

Not applicable

Note 14 – Liabilities, Contingencies and Assessments

- A. Contingent Commitments

Not applicable
- B. Assessments

The Company is subject to regulations that may result in assessments under Indiana state insurance guaranty association laws. The Company is not anticipating any significant assessments as of December 31, 2020.
- C. Gain Contingencies

Not applicable
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

Not applicable
- E. Joint and Several Liabilities

Not applicable
- F. All Other Contingencies

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

Note 15 – Leases

Not applicable.

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

Not applicable

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

Not applicable.

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

- A. ASO Plans

The gain from operations from Administrative Services Only (ASO) uninsured plans and he uninsured portion of partially insured plans was as follows during 2020:

| | ASO Uninsured Plans | Uninsured Portion of Partially Insured Plans | Total ASO |
|---|------------------------|---|--------------|
| a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses | \$ 389,252 | \$ | \$ 389,252 |
| b. Total net other income or expenses (including interest paid to or received from plans) | | | |
| c. Net gain or (loss) from operations | 389,252 | | 389,252 |
| d. Total claim payment volume | \$ 3,824,440 | \$ | \$ 3,824,440 |

- B. ASC Plans

Not applicable.
- C. Medicare or Similarly Structured Cost Based Reimbursement Contract

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

Not applicable.

Note 20 – Fair Value Measurements

A. Fair Value Measurements

All investments at December 31, 2020 and 2019 are being carried at cost or amortized cost in the accompanying statutory financial statements. All bonds are categorized as Level 2 during 2020 and 2019.

B. Fair Value Reporting under SSAP 100 and Other Accounting Pronouncements

Not applicable.

C. Fair Value Level

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Net Asset Value (NAV) | Not Practicable (Carrying Value) |
|------------------------------|----------------------|-----------------|-----------|--------------|-----------|-----------------------|----------------------------------|
| BONDS | \$ 1,504,352 | \$ 1,482,419 | \$ | \$ 1,504,352 | \$ | \$ | \$ |

D. Not Practicable to Estimate Fair Value

Not applicable.

E. NAV Practical Expedient Investments

Not applicable.

Note 21 – Other Items

A. Unusual or Infrequent Items

In response to the COVID-19 pandemic, the Company voluntarily refunded \$2,347,000 of premiums to its customers in 2020. All amounts were refunded in 2020 and charged to net premiums earned.

B. Troubled Debt Restructuring Debtors

Not applicable.

C. Other Disclosures

The Company is subject to certain RBC requirements specified by the NAIC and required by the ODI. Under those requirements, the amount of capital and surplus maintained by the Company is determined based on various risk factors. At December 31, 2020 and 2019, the Company met the RBC requirements.

D. Business Interruption Insurance Recoveries

Not applicable.

E. State Transferable and Non-Transferable Tax Credits

Not applicable.

F. Subprime Mortgage Related Risk Exposure

Not applicable.

G. Retained Assets

Not applicable.

H. Insurance-Linked Securities (ILS) Contracts

Not applicable.

I. The Amount that Could be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or has Otherwise Obtained Rights to Control the Policy

Not applicable.

Note 22 – Events Subsequent

The Company has evaluated subsequent events from the end of the most recent fiscal year through February 26, 2021, the date the statutory financial statements were available to be issued noting no reportable events.

NOTES TO FINANCIAL STATEMENTS

Subsequent events have been considered through February 26, 2021 for these statutory financial statements which are to be issued on February 26, 2021.

| | | | | |
|----|---|------|------------|---------------|
| A. | Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)? | | Yes [X] | No [] |
| | | 2020 | 2019 | |
| B. | ACA fee assessment payable for the upcoming year | \$ | | \$ 1,192,000 |
| C. | ACA fee assessment paid | \$ | 1,025,151 | \$ |
| D. | Premium written subject to ACA 9010 assessment | \$ | | \$ 54,270,277 |
| E. | Total adjusted capital before surplus adjustment (Five-Year Historical Line 14) | \$ | 15,087,187 | |
| F. | Total adjusted capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above) | \$ | 15,087,187 | |
| G. | Authorized control level (Five-Year Historical Line 15) | \$ | 1,534,970 | |
| H. | Would reporting the ACA assessment as of December 31, 2020 have triggered an RBC action level (YES/NO)? | | Yes [] | No [X] |

Note 23 – Reinsurance

Not applicable.

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

A. Change in Incurred Losses and Loss Adjustment Expenses

The following table provides a reconciliation of the beginning and ending reserve balances for unpaid claims and claim adjustment expenses (CAE), net of reinsurance, and health care receivables.

| | Year Ended December 31 | |
|--|------------------------|--------------|
| | 2020 | 2019 |
| Unpaid claims and CAE | \$ 2,102,000 | \$ 1,966,000 |
| Reinsurance recoverable, net of allowances | - | - |
| Health care receivables | - | - |
| Reserves at beginning of year, net | 2,102,000 | 1,966,000 |
| Add provision for claims and CAE, net of reinsurance, occurring in | | |
| Current year | 38,448,000 | 42,702,000 |
| Prior years | (316,000) | (6,000) |
| Net incurred claims and CAE during the current year | 38,132,000 | 42,696,000 |
| Deduct payments for claims and CAE, net of reinsurance: | | |
| Current year | 36,650,000 | 40,650,000 |
| Prior years | 1,795,000 | 1,910,000 |
| Net claims and CAE payments during the current year | 38,445,000 | 42,560,000 |
| Reserves at end of year, net | 1,789,000 | 2,102,000 |
| Health care receivables | - | - |
| Unpaid claims and unpaid claims adjustment expenses | \$ 1,789,000 | \$ 2,102,000 |

The foregoing reconciliation shows that a \$316,000 redundancy in the December 31, 2019 reserves emerged in 2020, and a \$6,000 redundancy in the December 31, 2018 reserves emerged in 2019. The majority of the 2020 and 2019 redundancies resulted from differences in claims severity and utilization as compared to expectations.

B. Information about Significant Changes in Methodologies and Assumptions

Not applicable.

Note 26 – Intercompany Pooling Arrangements

Not applicable.

Note 27 – Structured Settlements

Not Applicable

Note 28 – Health Care Receivables

Not applicable.

Note 29 – Participating Policies

Not applicable.

Note 30 – Premium Deficiency Reserves

NOTES TO FINANCIAL STATEMENTS

A loss is recognized when it is probable that expected future dental care costs and maintenance costs under a group of existing contracts will exceed anticipated future premiums on those contracts. The estimated future dental care costs and maintenance costs considered in determining whether a loss has been incurred include direct and allocable indirect costs. Contracts are grouped in a manner consistent with the Company's method of establishing premium rates to determine whether a loss has been incurred. Management determined that no premium deficiency reserve was necessary at December 31, 2020 and 2019.

1.

Liability carried for premium deficiency reserve:

\$ 0
2.

Date of most recent evaluation of this liability:

December 31, 2020
3.

Was anticipated investment income utilized in the calculation?

Yes [X] No []

Note 31 – Anticipated Salvage and Subrogation

Not applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

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

Yes [X] No []

1.2

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

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

1.3

State regulating? Ohio

1.4

Is the reporting entity publicly traded or a member of publicly traded group?

Yes [] No [X]

1.5

If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.

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.

12/31/2019

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.

12/31/2019

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).

10/27/2020

3.4

By what department or departments?
Ohio Department of Insurance

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

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

3.6

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

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

4.1

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

4.11

sales of new business?

Yes [] No [X]

4.12

renewals?

Yes [] No [X]

4.2

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

4.21

sales of new business?

Yes [] No [X]

4.22

renewals?

Yes [] No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?
If the answer is YES, complete and file the merger history data file with the NAIC.

Yes [] No [X]

5.2

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

| | | |
|----------------|-------------------|-------------------|
| 1 | 2 | 3 |
| Name of Entity | NAIC Company Code | 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

%

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 | 2 |
| Nationality | Type of Entity |
| | |

8.1

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

Yes [] No [X]

8.2

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

8.3

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

Yes [] No [X]

8.4

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

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

9.

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

10.1

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

Yes [] No [X]

10.2

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

10.3

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

Yes [] No [X]

10.4

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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?
PricewaterhouseCoopers, LLC, 200 Public Square, 18th Floor, Cleveland, OH 44114

12.1

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

Yes [] No [X]

12.11

Name of real estate holding company

12.12

Number of parcels involved

0

12.13

Total book/adjusted carrying value

\$ 0

12.2

If yes, provide explanation

13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1

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

13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []

13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []

13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] N/A []

14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

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

16.

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

Yes [X] No []

17.

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

Yes [X] No []

18.

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

Yes [X] No []

19.

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

Yes [] No [X]

20.1

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

20.11

To directors or other officers

\$ 0

20.12

To stockholders not officers

\$ 0

20.13

Trustees, supreme or grand (Fraternal only)

\$ 0

20.2

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

20.21

To directors or other officers

\$ 0

20.22

To stockholders not officers

0

20.23

Trustees, supreme or grand (Fraternal only)

0

21.1

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

Yes [] No [X]

21.2

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

21.21

Rented from others

\$ 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 [] No [X]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

23.2

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

\$0

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 securities 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

For the reporting entity's securities lending program, report amount of collateral for conforming programs as outlined in the Risk-Based Capital Instructions.

\$0

24.05

For the reporting entity's securities lending program, report amount of collateral for other programs.

\$0

24.06

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]

24.07

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

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

24.08

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]

24.09

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

24.091

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

\$0

24.092

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

\$0

24.093

Total payable for securities lending reported on the liability page:

\$0

25.1

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

Yes [X]No []

25.2

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

25.21

Subject to repurchase agreements

\$0

25.22

Subject to reverse repurchase agreements

\$0

25.23

Subject to dollar repurchase agreements

\$0

25.24

Subject to reverse dollar repurchase agreements

\$0

25.25

Placed under option agreements

\$0

25.26

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

\$0

25.27

FHLB Capital Stock

\$0

25.28

On deposit with states

\$139,525

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?
If no, attach a description with this statement.

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

Lines 26.3 through 26.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

26.3

Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a results of interest rate sensitivity?

Yes []No [X]

26.4

If the response to 26.3 is yes, does the reporting entity utilize:

26.41

Special accounting provision of SSAP No. 108

Yes []No []

26.42

Permitted accounting practice

Yes []No []

26.43

Other accounting guidance

Yes []No []

26.5

By responding yes to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following:

Yes []No []

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guidance Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

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 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes [X]No []

28.01

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

| 1 Name of Custodian(s) | 2 Custodian's Address |
|---------------------------|---|
| FIFTH THIRD BANK | 5050 KINGSLEY DRIVE, CINCINNATI, OHIO 45263 |

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 | 2 | 3 |
|---|---|---|
| | | |

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

| Name(s) | Location(s) | 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 |
|---------------------------------|------------------|
| JAMES CELLURA | I |

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

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

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

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

29.2 If yes, complete the following schedule:

| 1 CUSIP | 2 Name of Mutual Fund | 3 Book/Adjusted Carrying Value |
|---------------|--------------------------|-----------------------------------|
| | | \$ |
| 29.2999 TOTAL | | \$ |

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

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

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

| | | 1 | 2 | 3 |
|------|------------------|----------------------------|--------------|---|
| | | Statement (Admitted) Value | Fair Value | Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
| 30.1 | Bonds | \$ 1,482,419 | \$ 1,504,352 | \$ 21,933 |
| 30.2 | Preferred Stocks | \$ 0 | \$ 0 | \$ 0 |
| 30.3 | Totals | \$ 1,482,419 | \$ 1,504,352 | \$ 21,933 |

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

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

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

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

32.2 If no, list exceptions:

33. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designation 5GI security:
a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
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 5GI securities? Yes [] No [X]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:
a. The security was purchased prior to January 1, 2018.
b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.
Has the reporting entity self-designated PLGI securities? Yes [] No [X]

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:

a. The shares were purchased prior to January 1, 2019.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

b.

The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.

c.

The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.

d.

The fund only or predominantly holds bonds in its portfolio.

e.

The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.

f.

The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria?

Yes [☐] No [☒]

36.

By rolling/renewing short-term or cash equivalent investments with continued reporting on Schedule DA, Part 1 or Schedule E, Part 2 (identified through a code (%) in those investment schedules), the reporting entity is certifying to the following:

a.

The investment is a liquid asset that can be terminated by the reporting entity on the current maturity date.

b.

If the investment is with a nonrelated party or nonaffiliate, then it reflects an arms-length transaction with renewal completed at the discretion of all involved parties.

c.

If the investment is with a related party or affiliate then the reporting entity has completed robust re-underwriting of the transaction for which documentation is available for regulator review.

d.

Short-term and cash equivalent investments that have been renewed/rolled from the prior period that do not meet the criteria in 36.a-36.c are reported as long-term investments.

Has the reporting entity rolled/renewed short-term or cash equivalent investments in accordance with these criteria?

Yes [☐] No [☐] N/A [☒]

OTHER

37.1

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

\$

25,181

37.2

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 |
| | \$ |

38.1

Amount of payments for legal expenses, if any?

\$

7,724

38.2

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

| | |
|---------------------|------------------|
| 1 Name | 2 Amount Paid |
| MULLIN COUGHLIN LLC | \$ 7,724 |

39.1

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

\$

0

39.2

List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

| | |
|-----------|------------------|
| 1 Name | 2 Amount Paid |
| | \$ |

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

1.2

If yes, indicate premium earned on U.S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

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.

\$

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

1.62

Total incurred claims

\$

1.63

Number of covered lives

All years prior to most current three years:

1.64

Total premium earned

\$

1.65

Total incurred claims

\$

1.66

Number of covered lives

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

1.72

Total incurred claims

\$

1.73

Number of covered lives

All years prior to most current three years:

1.74

Total premium earned

\$

1.75

Total incurred claims

\$

1.76

Number of covered lives

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$

52,491,560

\$

54,270,277

2.2

Premium Denominator

\$

52,491,560

\$

54,270,277

2.3

Premium Ratio (2.1/2.2)

100.0%

100.0%

2.4

Reserve Numerator

\$

1,740,000

\$

2,060,000

2.5

Reserve Denominator

\$

1,740,000

\$

2,060,000

2.6

Reserve Ratio (2.4/2.5)

100.0%

100.0%

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes []

No [X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X]

No []

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes []

No [X]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes []

No [X]

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$

5.32

Medical Only

\$

5.33

Medicare Supplement

\$

5.34

Dental and Vision

\$

5.35

Other Limited Benefit Plan

\$

5.36

Other

\$

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:

28

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X]

No []

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

64,108

8.2

Number of providers at end of reporting year

16,807

9.1

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

Yes [X]

No []

9.2

If yes, direct premium earned:

9.21

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

\$

18,233,457

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

0

10.22

Amount actually paid for year bonuses

1,407,289

10.23

Maximum amount payable withholds

0

10.24

Amount actually paid for year withholds

0

11.1

Is the reporting entity organized as:

11.12

A Medical Group/Staff Model,

Yes []

No [X]

11.13

An Individual Practice Association (IPA), or,

Yes [X]

No []

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.

\$

250,000

11.5

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

Yes []

No [X]

11.6

If the amount is calculated, show the calculation

12.

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

| |
|-------------------------|
| 1 |
| Name of Service Area |
| OHIO, KENTUCKY, INDIANA |

13.1

Do you act as a custodian for health savings accounts?

Yes []

No [X]

13.2

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

\$

0

13.3

Do you act as an administrator for health savings accounts?

Yes []

No [X]

13.4

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

\$

0

14.1

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

Yes []

No []

N/A [X]

14.2

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

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

15.

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

15.1

Direct Premium Written

\$

0

15.2

Total Incurred Claims

\$

0

15.3

Number of Covered Lives

0

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

16.

Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states?

Yes [X]

No []

16.1

If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity?

Yes []

No []

FIVE-YEAR HISTORICAL DATA

| | 1 2020 | 2 2019 | 3 2018 | 4 2017 | 5 2016 |
|--|------------|------------|------------|------------|------------|
| Balance Sheet (Pages 2 and 3) | | | | | |
| 1. Total admitted assets (Page 2, Line 28)..... | 21,084,388 | 16,227,947 | 12,006,884 | 10,957,661 | 9,837,376 |
| 2. Total liabilities (Page 3, Line 24)..... | 5,997,201 | 5,030,647 | 3,761,100 | 4,160,074 | 3,893,415 |
| 3. Statutory minimum capital and surplus requirement..... | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| 4. Total capital and surplus (Page 3, Line 33)..... | 15,087,187 | 11,197,300 | 8,245,784 | 6,797,587 | 5,943,961 |
| Income Statement (Page 4) | | | | | |
| 5. Total revenues (Line 8)..... | 52,491,560 | 54,270,277 | 52,702,646 | 49,851,522 | 48,037,792 |
| 6. Total medical and hospital expenses (Line 18)..... | 36,665,224 | 41,779,889 | 39,980,309 | 37,925,998 | 37,068,126 |
| 7. Claims adjustment expenses (Line 20)..... | 1,467,354 | 915,816 | 949,299 | 752,412 | 741,142 |
| 8. Total administrative expenses (Line 21)..... | 9,625,452 | 9,112,853 | 10,258,090 | 9,560,024 | 9,274,330 |
| 9. Net underwriting gain (loss) (Line 24)..... | 4,733,530 | 2,461,719 | 1,514,948 | 1,613,088 | 954,194 |
| 10. Net investment gain (loss) (Line 27)..... | 239,223 | 327,712 | 300,175 | 273,457 | 265,890 |
| 11. Total other income (Lines 28 plus 29)..... | 51,633 | 44,290 | 45,344 | 11 | 12 |
| 12. Net income or (loss) (Line 32)..... | 3,963,672 | 1,968,934 | 1,212,267 | 1,255,086 | 829,296 |
| Cash Flow (Page 6) | | | | | |
| 13. Net cash from operations (Line 11)..... | 5,395,841 | 3,713,593 | 302,439 | 1,102,697 | 971,942 |
| Risk-Based Capital Analysis | | | | | |
| 14. Total adjusted capital..... | 15,087,187 | 11,197,300 | 8,245,784 | 6,797,587 | 5,943,961 |
| 15. Authorized control level risk-based capital..... | 1,534,970 | 1,666,403 | 1,671,933 | 1,499,915 | 1,445,263 |
| Enrollment (Exhibit 1) | | | | | |
| 16. Total members at end of period (Column 5, Line 7)..... | 191,782 | 192,700 | 187,097 | 182,475 | 176,495 |
| 17. Total member months (Column 6, Line 7)..... | 2,325,785 | 2,305,133 | 2,228,606 | 2,140,360 | 2,097,209 |
| Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0 | | | | | |
| 18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 19. Total hospital and medical plus other non-health (Line 18 plus Line 19)..... | 69.8 | 77.0 | 75.9 | 76.1 | 77.2 |
| 20. Cost containment expenses..... | 1.2 | | | | |
| 21. Other claims adjustment expenses..... | 1.6 | 1.7 | 1.8 | 1.5 | 1.5 |
| 22. Total underwriting deductions (Line 23)..... | 91.0 | 95.5 | 97.0 | 96.8 | 98.0 |
| 23. Total underwriting gain (loss) (Line 24)..... | 9.0 | 4.5 | 3.0 | 3.2 | 2.0 |
| Unpaid Claims Analysis (U&I Exhibit, Part 2B) | | | | | |
| 24. Total claims incurred for prior years (Line 13, Col. 5)..... | 1,754,369 | 1,928,805 | 1,839,600 | 1,873,229 | 1,912,121 |
| 25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]..... | 2,060,000 | 1,934,642 | 1,815,737 | 1,896,997 | 1,930,470 |
| Investments in Parent, Subsidiaries and Affiliates | | | | | |
| 26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)..... | | | | | |
| 27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1)..... | | | | | |
| 28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1)..... | | | | | |
| 29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10)..... | | | | | |
| 30. Affiliated mortgage loans on real estate..... | | | | | |
| 31. All other affiliated..... | | | | | |
| 32. Total of above Lines 26 to 31..... | 0 | 0 | 0 | 0 | 0 |
| 33. Total investment in parent included in Lines 26 to 31 above..... | | | | | |

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

Yes [☐] No [☐]

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

| State, Etc. | 1 Active Status (a) | Direct Business Only | | | | | | | |
|--|----------------------------------|---|----------------------------------|--------------------------------|---|--|--|--|--|
| | | 2 Accident & Health Premiums | 3 Medicare Title XVIII | 4 Medicaid Title XIX | 5 Federal Employees Health Benefits Plan Premiums | 6 Life & Annuity Premiums and Other Considerations | 7 Property/ Casualty Premiums | 8 Total Columns 2 Through 7 | 9 Deposit- Type Contracts |
| 1. Alabama.....AL | ..N | | | | | | | .0 | |
| 2. Alaska.....AK | ..N | | | | | | | .0 | |
| 3. Arizona.....AZ | ..N | | | | | | | .0 | |
| 4. Arkansas.....AR | ..N | | | | | | | .0 | |
| 5. California.....CA | ..N | | | | | | | .0 | |
| 6. Colorado.....CO | ..N | | | | | | | .0 | |
| 7. Connecticut.....CT | ..N | | | | | | | .0 | |
| 8. Delaware.....DE | ..N | | | | | | | .0 | |
| 9. District of Columbia.....DC | ..N | | | | | | | .0 | |
| 10. Florida.....FL | ..N | | | | | | | .0 | |
| 11. Georgia.....GA | ..N | | | | | | | .0 | |
| 12. Hawaii.....HI | ..N | | | | | | | .0 | |
| 13. Idaho.....ID | ..N | | | | | | | .0 | |
| 14. Illinois.....IL | ..N | | | | | | | .0 | |
| 15. Indiana.....IN | ..L | 144,872 | | | | | | 144,872 | |
| 16. Iowa.....IA | ..N | | | | | | | .0 | |
| 17. Kansas.....KS | ..N | | | | | | | .0 | |
| 18. Kentucky.....KY | ..L | 2,881,460 | | | | | | 2,881,460 | |
| 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 | 49,465,228 | | | | | | 49,465,228 | |
| 37. Oklahoma.....OK | ..N | | | | | | | .0 | |
| 38. Oregon.....OR | ..N | | | | | | | .0 | |
| 39. Pennsylvania.....PA | ..N | | | | | | | .0 | |
| 40. Rhode Island.....RI | ..N | | | | | | | .0 | |
| 41. South Carolina.....SC | ..N | | | | | | | .0 | |
| 42. South Dakota.....SD | ..N | | | | | | | .0 | |
| 43. Tennessee.....TN | ..N | | | | | | | .0 | |
| 44. Texas.....TX | ..N | | | | | | | .0 | |
| 45. Utah.....UT | ..N | | | | | | | .0 | |
| 46. Vermont.....VT | ..N | | | | | | | .0 | |
| 47. Virginia.....VA | ..N | | | | | | | .0 | |
| 48. Washington.....WA | ..N | | | | | | | .0 | |
| 49. West Virginia.....WV | ..N | | | | | | | .0 | |
| 50. Wisconsin.....WI | ..N | | | | | | | .0 | |
| 51. Wyoming.....WY | ..N | | | | | | | .0 | |
| 52. American Samoa.....AS | ..N | | | | | | | .0 | |
| 53. Guam.....GU | ..N | | | | | | | .0 | |
| 54. Puerto Rico.....PR | ..N | | | | | | | .0 | |
| 55. U.S. Virgin Islands.....VI | ..N | | | | | | | .0 | |
| 56. Northern Mariana Islands.....MP | ..N | | | | | | | .0 | |
| 57. Canada.....CAN | ..N | | | | | | | .0 | |
| 58. Aggregate Other alien.....OT | ..XXX | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 59. Subtotal..... | ..XXX | 52,491,560 | .0 | .0 | .0 | .0 | .0 | 52,491,560 | .0 |
| 60. Reporting entity contributions for Employee Benefit Plans..... | ..XXX | | | | | | | .0 | |
| 61. Total (Direct Business)..... | ..XXX | 52,491,560 | .0 | .0 | .0 | .0 | .0 | 52,491,560 | .0 |

DETAILS OF WRITE-INS

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

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG..... 3
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state..... 0

R - Registered - Non-domiciled RRGs..... 0
Q - Qualified - Qualified or accredited reinsurer..... 0

N - None of the above - Not allowed to write business in the state..... 54

(b) Explanation of basis of allocation by states, premiums by state, etc.

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

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

