



## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols.1-2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....				
2. Stocks (Schedule D)				
2.1 Preferred stocks .....				
2.2 Common Stocks .....				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$.....8,875,237, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....0, Schedule DA) .....	8,875,237		8,875,237	10,059,592
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....				
9. Receivables for securities .....				
10. Securities Lending Reinvested Collateral Assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	8,875,237		8,875,237	10,059,592
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....				
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	16,164		16,164	11,000
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0) .....	553,021		553,021	40,034
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....				
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....	205,101		205,101	32,737
18.1 Current federal and foreign income tax recoverable and interest thereon .....				
18.2 Net deferred tax asset .....	107,317	19,833	87,484	
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....				
21. Furniture and equipment, including health care delivery assets (\$.....0) .....				
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	1,249,843		1,249,843	332,206
24. Health care (\$.....93,479) and other amounts receivable .....	179,024	85,545	93,479	35,575
25. Aggregate write-ins for other than invested assets .....	30,272	28,008	2,264	
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	11,215,979	133,386	11,082,593	10,511,144
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. TOTAL (Lines 26 and 27) .....	11,215,979	133,386	11,082,593	10,511,144
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. Prepays .....	26,646	26,646		
2502. Other AR .....	3,626	1,362	2,264	
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	30,272	28,008	2,264	

## LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded) .....	1,751,928		1,751,928	1,690,413
2. Accrued medical incentive pool and bonus amounts .....				
3. Unpaid claims adjustment expenses .....	22,000		22,000	35,000
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act .....	38,746		38,746	965,191
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserves .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....	39,552		39,552	44,748
9. General expenses due or accrued .....	248,142		248,142	229,549
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....	192,918		192,918	280,100
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....				
13. Remittances and items not allocated .....				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15. Amounts due to parent, subsidiaries and affiliates .....	245,312		245,312	35,611
16. Derivatives .....				
17. Payable for securities .....				
18. Payable for securities lending .....				
19. Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers) .....				
20. Reinsurance in unauthorized and certified (\$.....0) companies .....				
21. Net adjustments in assets and liabilities due to foreign exchange rates .....				
22. Liability for amounts held under uninsured plans .....				
23. Aggregate write-ins for other liabilities (including \$.....0 current) .....				
24. TOTAL Liabilities (Lines 1 to 23) .....	2,538,598		2,538,598	3,280,612
25. Aggregate write-ins for special surplus funds .....	X X X	X X X		
26. Common capital stock .....	X X X	X X X	10,000	10,000
27. Preferred capital stock .....	X X X	X X X		
28. Gross paid in and contributed surplus .....	X X X	X X X	9,990,000	9,990,000
29. Surplus notes .....	X X X	X X X		
30. Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
31. Unassigned funds (surplus) .....	X X X	X X X	(1,456,005)	(2,769,468)
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$.....0) .....	X X X	X X X		
32.2 .....0 shares preferred (value included in Line 27 \$.....0) .....	X X X	X X X		
33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) .....	X X X	X X X	8,543,995	7,230,532
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) .....	X X X	X X X	11,082,593	10,511,144
<b>DETAILS OF WRITE-INS</b>				
2301. ....				
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				
2501. ....	X X X	X X X		
2502. ....	X X X	X X X		
2503. ....	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	X X X	X X X		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	X X X	X X X		
3001. ....	X X X	X X X		
3002. ....	X X X	X X X		
3003. ....	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page .....	X X X	X X X		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	X X X	X X X		

## STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months .....	X X X	21,272	20,299
2. Net premium income (including \$.....0 non-health premium income) .....	X X X	18,736,026	16,849,975
3. Change in unearned premium reserves and reserve for rate credits .....	X X X		
4. Fee-for-service (net of \$.....0 medical expenses) .....	X X X		
5. Risk revenue .....	X X X		
6. Aggregate write-ins for other health care related revenues .....	X X X		
7. Aggregate write-ins for other non-health revenues .....	X X X		
8. TOTAL Revenues (Lines 2 to 7) .....	X X X	18,736,026	16,849,975
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		13,604,496	13,411,402
10. Other professional services .....		105,445	82,783
11. Outside referrals .....			
12. Emergency room and out-of-area .....		693,001	599,190
13. Prescription drugs .....		2,707,811	2,076,493
14. Aggregate write-ins for other hospital and medical .....			
15. Incentive pool, withhold adjustments and bonus amounts .....			
16. Subtotal (Lines 9 to 15) .....		17,110,753	16,169,868
<b>Less:</b>			
17. Net reinsurance recoveries .....			
18. TOTAL Hospital and Medical (Lines 16 minus 17) .....		17,110,753	16,169,868
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$.....127,050 cost containment expenses .....		153,713	119,168
21. General administrative expenses .....		847,452	706,997
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....		(840,000)	230,000
23. TOTAL Underwriting Deductions (Lines 18 through 22) .....		17,271,918	17,226,033
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X	1,464,108	(376,058)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		588	1,032
26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....			
27. Net investment gains (losses) (Lines 25 plus 26) .....		588	1,032
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 .....			913
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X	1,464,696	(374,113)
31. Federal and foreign income taxes incurred .....	X X X	217,726	(102,927)
32. Net income (loss) (Lines 30 minus 31) .....	X X X	1,246,970	(271,186)
<b>DETAILS OF WRITE-INS</b>			
0601. ....	X X X		
0602. ....	X X X		
0603. ....	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X		
0701. ....	X X X		
0702. ....	X X X		
0703. ....	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	X X X		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X		
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
2901. Other .....			913
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....			913

## STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year .....	7,230,532	7,523,347
34. Net income or (loss) from Line 32 .....	1,246,970	(271,186)
35. Change in valuation basis of aggregate policy and claim reserves .....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....		
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....	107,317	
39. Change in nonadmitted assets .....	(40,824)	(21,629)
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 .....		
48. Net change in capital and surplus (Lines 34 to 47) .....	1,313,463	(292,815)
49. Capital and surplus end of reporting year (Line 33 plus 48) .....	8,543,995	7,230,532
<b>DETAILS OF WRITE-INS</b>		
4701. ....		
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....		
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		

**CASH FLOW**

		1	2
		Current Year	Prior Year
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	17,286,234	17,017,093
2.	Net investment income .....	588	1,032
3.	Miscellaneous income .....		
4.	TOTAL (Lines 1 through 3) .....	17,286,822	17,018,125
5.	Benefit and loss related payments .....	16,280,377	16,641,938
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	1,167,936	1,022,789
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	304,908	(577,439)
10.	TOTAL (Lines 5 through 9) .....	17,753,221	17,087,288
11.	Net cash from operations (Line 4 minus Line 10) .....	(466,399)	(69,163)
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....		
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7) .....		
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....		
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6) .....		
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....		
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	(717,956)	(224,418)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(717,956)	(224,418)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(1,184,355)	(293,581)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	10,059,592	10,353,173
19.2	End of year (Line 18 plus Line 19.1) .....	8,875,237	10,059,592

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

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## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income .....	18,736,026	468,446					18,267,580			
2. Change in unearned premium reserves and reserve for rate credit .....										
3. Fee-for-service (net of \$.....0 medical expenses) .....										X X X
4. Risk revenue .....										X X X
5. Aggregate write-ins for other health care related revenues .....										X X X
6. Aggregate write-ins for other non-health care related revenues .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. TOTAL Revenues (Lines 1 to 6) .....	18,736,026	468,446					18,267,580			
8. Hospital/medical benefits .....	13,604,496	177,122					13,427,374			X X X
9. Other professional services .....	105,445						105,445			X X X
10. Outside referrals .....										X X X
11. Emergency room and out-of-area .....	693,001	13,282					679,719			X X X
12. Prescription drugs .....	2,707,811	178,220					2,529,591			X X X
13. Aggregate write-ins for other hospital and medical .....										X X X
14. Incentive pool, withhold adjustments and bonus amounts .....										X X X
15. Subtotal (Lines 8 to 14) .....	17,110,753	368,624					16,742,129			X X X
16. Net reinsurance recoveries .....										X X X
17. TOTAL Hospital and Medical (Lines 15 minus 16) .....	17,110,753	368,624					16,742,129			X X X
18. Non-health claims (net) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$.....127,050 cost containment expenses .....	153,713	20,627					133,086			
20. General administrative expenses .....	847,452	93,299					754,153			
21. Increase in reserves for accident and health contracts .....	(840,000)						(840,000)			X X X
22. Increase in reserves for life contracts .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. TOTAL Underwriting Deductions (Lines 17 to 22) .....	17,271,918	482,550					16,789,368			
24. Net underwriting gain or (loss) (Line 7 minus Line 23) .....	1,464,108	(14,104)					1,478,212			
<b>DETAILS OF WRITE-INS</b>										
0501. ....										X X X
0502. ....										X X X
0503. ....										X X X
0598. Summary of remaining write-ins for Line 5 from overflow page .....										X X X
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....										X X X
0601. ....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602. ....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603. ....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301. ....										X X X
1302. ....										X X X
1303. ....										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page .....										X X X
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....										X X X

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS

		1	2	3	4
	Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	470,257		1,812	468,445
2.	Medicare Supplement .....				
3.	Dental only .....				
4.	Vision only .....				
5.	Federal Employees Health Benefits Plan .....				
6.	Title XVIII - Medicare .....	18,296,841		29,260	18,267,581
7.	Title XIX - Medicaid .....				
8.	Other health .....				
9.	Health subtotal (Lines 1 through 8) .....	18,767,098		31,072	18,736,026
10.	Life .....				
11.	Property/casualty .....				
12.	TOTALS (Lines 9 to 11) .....	18,767,098		31,072	18,736,026

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & 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 .....	17,120,377	439,341					16,681,036			
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	17,120,377	439,341					16,681,036			
2. Paid medical incentive pools and bonuses .....										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	1,751,928	36,076					1,715,852			
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....	1,751,928	36,076					1,715,852			
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....										
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....										
5. Accrued medical incentive pools and bonuses, current year .....										
6. Net healthcare receivables (a) .....	71,139	717					70,422			
7. Amounts recoverable from reinsurers December 31, current year .....										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	1,690,413	106,076					1,584,337			
8.2 Reinsurance assumed .....										
8.3 Reinsurance ceded .....										
8.4 Net .....	1,690,413	106,076					1,584,337			
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....										
9.2 Reinsurance assumed .....										
9.3 Reinsurance ceded .....										
9.4 Net .....										
10. Accrued medical incentive pools and bonuses, prior year .....										
11. Amounts recoverable from reinsurers December 31, prior year .....										
12. Incurred benefits:										
12.1 Direct .....	17,110,753	368,624					16,742,129			
12.2 Reinsurance assumed .....										
12.3 Reinsurance ceded .....										
12.4 Net .....	17,110,753	368,624					16,742,129			
13. Incurred medical incentive pools and bonuses .....										

(a) Excludes \$.....0 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	Compre- hensive (Hospital & Medical)	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 .....	291,244	2,075					289,169			
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	291,244	2,075					289,169			
2. Incurred but Unreported:										
2.1 Direct .....	1,460,684	34,001					1,426,683			
2.2 Reinsurance assumed .....										
2.3 Reinsurance ceded .....										
2.4 Net .....	1,460,684	34,001					1,426,683			
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....										
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....										
4. TOTALS										
4.1 Direct .....	1,751,928	36,076					1,715,852			
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....	1,751,928	36,076					1,715,852			

## UNDERWRITING AND INVESTMENT EXHIBIT

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

	Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (hospital and medical) .....	24,095	415,246		36,076	24,095	106,076
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....						
6.	Title XVIII - Medicare .....	1,572,802	15,108,234	3,443	1,712,409	1,576,245	1,584,337
7.	Title XIX - Medicaid .....						
8.	Other health .....						
9.	Health subtotal (Lines 1 to 8) .....	1,596,897	15,523,480	3,443	1,748,485	1,600,340	1,690,413
10.	Healthcare receivables (a) .....		179,024				107,885
11.	Other non-health .....						
12.	Medical incentive pool and bonus amounts .....						
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	1,596,897	15,344,456	3,443	1,748,485	1,600,340	1,582,528

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

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

**Grand Total**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	1,964	1,971	1,961	1,961	1,951
2. 2011 .....	26,259	30,066	30,015	30,009	30,007
3. 2012 .....	X X X	24,938	27,354	27,694	27,693
4. 2013 .....	X X X	X X X	21,255	22,888	22,892
5. 2014 .....	X X X	X X X	X X X	14,445	16,051
6. 2015 .....	X X X	X X X	X X X	X X X	15,523

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	1,967	1,971	1,961	1,961	1,951
2. 2011 .....	29,345	30,071	30,015	30,009	30,007
3. 2012 .....	X X X	28,265	27,754	27,694	27,693
4. 2013 .....	X X X	X X X	22,854	22,888	22,892
5. 2014 .....	X X X	X X X	X X X	16,135	16,054
6. 2015 .....	X X X	X X X	X X X	X X X	17,272

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2011 .....	31,737	30,007	278	0.926	30,285	95.425			30,285	95.425
2. 2012 .....	30,364	27,693	329	1.188	28,022	92.287			28,022	92.287
3. 2013 .....	23,094	22,892	217	0.949	23,109	100.066			23,109	100.066
4. 2014 .....	16,850	16,051	158	0.986	16,209	96.198	3		16,212	96.215
5. 2015 .....	18,736	15,523	143	0.924	15,666	83.617	1,749	22	17,437	93.069

12 Total

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

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior .....	1,021	1,023	1,014	1,014	1,014
2.	2011 .....	13,473	14,937	14,931	14,926	14,924
3.	2012 .....	X X X	11,613	12,640	12,995	12,994
4.	2013 .....	X X X	X X X	6,763	7,172	7,178
5.	2014 .....	X X X	X X X	X X X	792	813
6.	2015 .....	X X X	X X X	X X X	X X X	415

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior .....	1,021	1,023	1,014	1,014	1,014
2.	2011 .....	15,048	14,938	14,931	14,926	14,924
3.	2012 .....	X X X	13,154	13,040	12,995	12,994
4.	2013 .....	X X X	X X X	6,849	7,172	7,178
5.	2014 .....	X X X	X X X	X X X	898	813
6.	2015 .....	X X X	X X X	X X X	X X X	451

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

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2011 .....	16,740	14,924	166	1.112	15,090	90.143			15,090	90.143
2.	2012 .....	15,186	12,994	240	1.848	13,234	87.147			13,234	87.147
3.	2013 .....	6,915	7,178	135	1.886	7,313	105.761			7,313	105.761
4.	2014 .....	1,244	813	34	4.220	847	68.112			847	68.112
5.	2015 .....	468	415	19	4.655	434	92.803	36		470	100.495

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . . NONE
  
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
  
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
  
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . . NONE
  
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . . NONE
  
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . . NONE
  
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . . NONE
  
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . . NONE
  
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . . NONE
  
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP . . . . . NONE
  
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP . . . . . NONE
  
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP . . . . . NONE

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

**Title XVIII - Medicare**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior .....	943	948	947	947	937
2.	2011 .....	12,786	15,129	15,084	15,083	15,083
3.	2012 .....	X X X	13,325	14,714	14,699	14,699
4.	2013 .....	X X X	X X X	14,492	15,716	15,714
5.	2014 .....	X X X	X X X	X X X	13,653	15,238
6.	2015 .....	X X X	X X X	X X X	X X X	15,108

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior .....	946	948	947	947	937
2.	2011 .....	14,297	15,133	15,084	15,083	15,083
3.	2012 .....	X X X	15,111	14,714	14,699	14,699
4.	2013 .....	X X X	X X X	16,005	15,716	15,714
5.	2014 .....	X X X	X X X	X X X	15,237	15,241
6.	2015 .....	X X X	X X X	X X X	X X X	16,821

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

	1	2	3	4	5	6	7	8	9	10
Years in Which Premiums were Earned and Claims were Incurred	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2011 .....	14,997	15,083	112	0.743	15,195	101.320			15,195	101.320
2. 2012 .....	15,178	14,699	89	0.605	14,788	97.430			14,788	97.430
3. 2013 .....	16,179	15,714	82	0.521	15,796	97.632			15,796	97.632
4. 2014 .....	15,606	15,238	124	0.814	15,362	98.436	3		15,365	98.456
5. 2015 .....	18,268	15,108	124	0.822	15,232	83.382	1,713	22	16,967	92.879

12 Title XVIII-Medicare

**12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid . . . . . NONE**

**12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid . . . . . NONE**

**12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid . . . . . NONE**

**12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other . . . . . NONE**

**12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other . . . . . NONE**

**12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other . . . . . NONE**

## UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....									
2. Additional policy reserves (a) .....									
3. Reserve for future contingent benefits .....									
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income) .....	38,746						38,746		
5. Aggregate write-ins for other policy reserves .....									
6. TOTALS (Gross) .....	38,746						38,746		
7. Reinsurance ceded .....									
8. TOTALS (Net) (Page 3, Line 4) .....	38,746						38,746		
9. Present value of amounts not yet due on claims .....									
10. Reserve for future contingent benefits .....									
11. Aggregate write-ins for other claim reserves .....									
12. TOTALS (Gross) .....									
13. Reinsurance ceded .....									
14. TOTALS (Net) (Page 3, Line 7) .....									
<b>DETAILS OF WRITE-INS</b>									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page .....									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....									
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page .....									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....									

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

## UNDERWRITING AND INVESTMENT EXHIBIT PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building) .....	2,258	1,617	16,342		20,217
2. Salaries, wages and other benefits .....	117,828	25,029	272,330		415,187
3. Commissions (less \$.....0 ceded plus \$.....0 assumed) .....			16,641		16,641
4. Legal fees and expenses .....			2,776		2,776
5. Certifications and accreditation fees .....			520		520
6. Auditing, actuarial and other consulting services .....	6,023		340,068		346,091
7. Traveling expenses .....	348	2	3,434		3,784
8. Marketing and advertising .....	32		93,780		93,812
9. Postage, express and telephone .....	94		5,382		5,476
10. Printing and office supplies .....	215	15	4,321		4,551
11. Occupancy, depreciation and amortization .....			2,841		2,841
12. Equipment .....			6,827		6,827
13. Cost or depreciation of EDP equipment and software .....			13,352		13,352
14. Outsourced services including EDP, claims, and other services .....	248		13,681		13,929
15. Boards, bureaus and association fees .....	4		20,111		20,115
16. Insurance, except on real estate .....					
17. Collection and bank service charges .....			2,088		2,088
18. Group service and administration fees .....					
19. Reimbursements by uninsured plans .....					
20. Reimbursements from fiscal intermediaries .....					
21. Real estate expenses .....					
22. Real estate taxes .....			925		925
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....			11,862		11,862
23.2 State premium taxes .....			12,600		12,600
23.3 Regulatory authority licenses and fees .....					
23.4 Payroll taxes .....			4,417		4,417
23.5 Other (excluding federal income and real estate taxes) .....			3,154		3,154
24. Investment expenses not included elsewhere .....					
25. Aggregate write-ins for expenses .....					
26. TOTAL Expenses Incurred (Lines 1 to 25) .....	127,050	26,663	847,452		(a) 1,001,165
27. Less expenses unpaid December 31, current year .....	14,960	7,040	248,142		270,142
28. Add expenses unpaid December 31, prior year .....	21,700	13,300	229,549		264,549
29. Amounts receivable relating to uninsured plans, prior year .....					
30. Amounts receivable relating to uninsured plans, current year .....					
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	133,790	32,923	828,859		995,572
<b>DETAILS OF WRITE-INS</b>					
2501. ....					
2502. ....					
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page .....					
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....					

(a) Includes management fees of \$.....636,474 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)	
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
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)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 588	588
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. TOTAL Gross investment income	588	588
11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. TOTAL Deductions (Lines 11 through 15)		
17. Net Investment income (Line 10 minus Line 16)		588

**DETAILS OF WRITE-INS**

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

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

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. TOTAL Capital gains (losses)					
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)					

NONE

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....			
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			
2.2 Common stocks .....			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			
3.2 Other than first liens .....			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			
4.2 Properties held for the production of income .....			
4.3 Properties held for sale .....			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6. Contract loans .....			
7. Derivatives (Schedule DB) .....			
8. Other invested assets (Schedule BA) .....			
9. Receivables for securities .....			
10. Securities lending reinvested collateral assets (Schedule DL) .....			
11. Aggregate write-ins for invested assets .....			
12. Subtotals, cash and invested assets (Lines 1 to 11) .....			
13. Title plants (for Title insurers only) .....			
14. Invested income due and accrued .....			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3 Accrued retrospective premiums and contracts subject to redetermination .....			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....			
16.2 Funds held by or deposited with reinsured companies .....			
16.3 Other amounts receivable under reinsurance contracts .....			
17. Amounts receivable relating to uninsured plans .....			
18.1 Current federal and foreign income tax recoverable and interest thereon .....			
18.2 Net deferred tax asset .....	19,833		(19,833)
19. Guaranty funds receivable or on deposit .....			
20. Electronic data processing equipment and software .....			
21. Furniture and equipment, including health care delivery assets .....			
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			
23. Receivables from parent, subsidiaries and affiliates .....		16,744	16,744
24. Health care and other amounts receivable .....	85,545	72,310	(13,235)
25. Aggregate write-ins for other than invested assets .....	28,008	3,508	(24,500)
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	133,386	92,562	(40,824)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28. TOTAL (Lines 26 and 27) .....	133,386	92,562	(40,824)
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....			
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....			
2501. Prepaid other .....	26,646		(26,646)
2502. Other AR .....	1,362	3,508	2,146
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page .....			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	28,008	3,508	(24,500)

## 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 .....	1,660	1,767	1,774	1,765	1,754	21,272
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....						
4. Point of Service .....						
5. Indemnity Only .....						
6. Aggregate write-ins for other lines of business .....						
7. TOTAL .....	1,660	1,767	1,774	1,765	1,754	21,272
<b>DETAILS OF WRITE-INS</b>						
0601. ....						
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....						

## Notes to Financial Statements

### 1. Summary of Significant Accounting Principles

#### A. Accounting Practices

The financial statements of Paramount Care of Michigan (the “Company”) are presented on a basis of accounting practices prescribed by the Michigan Department of Insurance and Financial Services.

The Michigan Department of Insurance and Financial Services recognizes only statutory accounting practices prescribed by the State of Michigan for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Michigan Insurance Law. The National Association of Insurance Commissioners’ (NAIC) Accounting Practices and Procedures Manual, (NAIC SAP) has been adopted as a component of prescribed practices by the State of Michigan.

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

	State of Domicile	2015	2014
<b>NET INCOME</b>	Michigan		
Paramount Care of Michigan state basis		1,246,970	(271,186)
State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
State Permitted Practices that increase/(decrease) NAIC SAP		-	-
<b>NAIC SAP</b>		<b>1,246,970</b>	<b>(271,186)</b>
<b>SURPLUS</b>			
Paramount Care of Michigan state basis		8,543,995	7,230,532
State Prescribed Practices that increase/(decrease) NAIC SAP		-	-
State Permitted Practices that increase/(decrease) NAIC SAP		-	-
<b>NAIC SAP</b>		<b>8,543,995</b>	<b>7,230,532</b>

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

#### C. Accounting Policies

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

In addition, the company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds are stated at amortized cost.
3. Common stock investments are stated at fair market value.
4. The Company has no preferred stock investments.
5. The Company does not invest in mortgage loans.

## Notes to Financial Statements

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

2. Accounting Changes and Corrections of Errors

-NOT APPLICABLE

3. Business Combinations and Goodwill

-NOT APPLICABLE

4. Discontinued Operations

-NOT APPLICABLE

5. Investments

- A. The company does not have any Mortgage Loan investments.
- B. The company is not a creditor for any Restructured Debt.
- C. The company does not have any reverse mortgages.
- D. The company does not have any loan-backed securities.
- E. The company does not have any re-purchase agreements.
- F. The company does not have any real estate investments
- G. The company does not have any low-income housing tax credits.
- H. Restricted Assets

## Notes to Financial Statements

	1	2	3	4	5	6
Retricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted from Prior Year	Increase/ (Decrease)	Total Current year admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which the liability is not shown						
b. collateral held under security lending agreements						
c. Subject to repurchase agreements						
d. Subject to reverse repurchase agreements						
e. Subject to dollar repurchase agreements						
f. Subject to dollar reverse repurchase agreements						
g. Placed under option contracts						
h. Letter stock or securities restricted as to sale-excluding FHLB capital stock						
i. FHLB capital stock						
j. On deposit with states	1,000,000	1,000,000	-	1,000,000	8.9%	9.0%
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	1,000,000	1,000,000	-	1,000,000	8.9%	9.0%

- I. The company does not have any working capital financing investments.
- J. The company does not have any netting of assets and liabilities relating to derivatives, repurchase and reverse repurchase and securities borrowing and lending.
- K. The company does not have any structured notes.

## 6. Joint Ventures, Partnerships and Limited Liability Companies

-NOT APPLICABLE

## 7. Investment Income

The Company does not have any nonadmitted accrued investment income.

## 8. Derivative Instruments

## Notes to Financial Statements

-NOT APPLICABLE

### 9. Income Taxes

The application of SSAP No. 101 requires a company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance if necessary to reduce the deferred tax asset to an amount which is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the Company considers many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) the timing of reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry forwards; (5) the length of time that carryovers can be used; (6) unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Company would employ to avoid a tax benefit expiring unused. Although the realization is not assured, the Company believes it is more likely than not that the deferred tax assets, net of valuation allowances, will be realized. As of December 31, 2015, no statutory valuation allowance was provided against the company's deferred tax assets. The Company has recorded a valuation allowance as of December 31, 2014 of \$394,916. The change in the statutory valuation allowance from the year ended December 31, 2014 was related to a change in the Company's ability to realize the benefit of future deductions.

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

	December 31, 2015			December 31, 2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$ 107,317		\$ 107,317	\$ 395,293		\$ 395,293	\$ (287,976)	\$ -	\$ (287,976)
(b) Statutory valuation allowance	<u>          </u>	<u>          </u>	<u>          </u>	<u>394,916</u>	<u>          </u>	<u>394,916</u>	<u>(394,916)</u>	<u>          </u>	<u>(394,916)</u>
(c) Adjusted gross deferred tax assets	<u>107,317</u>	<u>          </u>	<u>107,317</u>	<u>377</u>	<u>          </u>	<u>377</u>	<u>106,940</u>	<u>          </u>	<u>106,940</u>
(d) Deferred tax assets nonadmitted	<u>19,833</u>	<u>          </u>	<u>19,833</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>19,833</u>	<u>          </u>	<u>19,833</u>
(e) Subtotal net admitted deferred tax assets	<u>87,484</u>	<u>          </u>	<u>87,484</u>	<u>377</u>	<u>          </u>	<u>377</u>	<u>87,107</u>	<u>          </u>	<u>87,107</u>
(f) Deferred tax liabilities	<u>          </u>	<u>          </u>	<u>          </u>	<u>377</u>	<u>          </u>	<u>377</u>	<u>(377)</u>	<u>          </u>	<u>(377)</u>
(g) Net admitted deferred tax asset	<u>\$ 87,484</u>	<u>\$ -</u>	<u>\$ 87,484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,484</u>	<u>\$ -</u>	<u>\$ 87,484</u>

  

	12/31/2015			12/31/2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission Calculation Components SSSAP No. 101									
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$ 87,484	\$ -	\$ 87,484	\$ -	\$ -	\$ -	\$ 87,484	\$ -	\$ 87,484
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount of Deferred Tax Assets from 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	<u>          </u>	<u>0</u>	<u>0</u>	<u>0</u>					
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	<u>          </u>	<u>0</u>	<u>0</u>	<u>0</u>					
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			<u>1,268,477</u>			<u>1,084,580</u>			<u>183,897</u>
(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.	<u>          </u>	<u>          </u>	<u>          </u>	<u>377</u>	<u>          </u>	<u>377</u>	<u>(377)</u>	<u>0</u>	<u>(377)</u>
(d) Deferred Tax Assets Admitted as the Result of application of SSAP No. 101.									
Total	<u>\$ 87,484</u>	<u>\$ -</u>	<u>87,484</u>	<u>\$ 377</u>	<u>\$ -</u>	<u>377</u>	<u>\$ 87,107</u>	<u>0</u>	<u>87,107</u>

## Notes to Financial Statements

	<u>2015</u>	<u>2014</u>
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount	746%	673%
(b) Amount of Adjusted Capital and Surplus Used To Determine Recovery Period And Threshold Limitation in 2(b)2 above	8,456,511	7,230,532

	<u>2015</u>			<u>2014</u>			<u>Change</u>		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Impact of tax planning strategies									
Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, by Tax Character as a Percentage									
(1) Adjusted gross DTAs from 9A1c	107,317		107,317	377		377	106,940		106,940
(2) % total adjusted gross DTAs	0	0	0	0	0	0	0	0	0
(3) Net admitted adjusted gross DTAs from 9A1c	87,484		87,484	377		377	87,107		87,107
(4) % of total net admitted adjusted gross DTAs	0	0	0	0	0	0	0	0	0

The Company's tax-planning strategies does not include the use of reinsurance.

**B.** -There are no temporary differences for deferred tax liabilities that are not recognized at December 31, 2015 and 2014.

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

	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>Change</u>
1. Current Income Tax			
(a) Federal	\$ 217,819	\$ (104,910)	\$ 322,729
(b) Federal income tax on capital gains	-	-	-
(c) Other	(93)	1,983	(2,076)
(d) Federal income taxes incurred	\$ 217,726	\$ (102,927)	\$ 320,653
2. Deferred tax assets:			
(a) Ordinary			
(1) Discounting on claims payable	\$ 5,151	\$ 5,711	\$ (560)
(2) Unearned premiums	2,769	3,133	(364)
(3) Premium deficiency reserve	-	294,000	(294,000)
(4) Audit assessment reserve	59,500	59,500	-
(5) Non admitted assets	39,744	32,397	7,347
(4) Other	153	552	(399)
Subtotal	107,317	395,293	(287,976)
(b) Statutory valuation allowance adjustment	-	394,916	(394,916)
(c) Nonadmitted	19,833	-	19,833
(d) Admitted ordinary deferred tax assets	87,484	377	87,107
(e) Capital			
(1) Impairment of securities	-	-	-
(2) Other	-	-	-
Subtotal	-	-	-
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets	-	-	-
(i) Admitted deferred tax assets	87,484	377	87,107
3. Deferred tax liabilities:			
(a) Ordinary			
(1) Discounted salvage & sub	-	377	(377)
Subtotal	-	377	(377)
(b) Capital			
(1) Unrealized gain	-	-	-
Subtotal	-	-	-
(c) Deferred tax liabilities	\$ -	\$ 377	\$ (377)
4. Net deferred tax assets/liabilities	\$ 87,484	\$ -	\$ 87,484

## Notes to Financial Statements

### D.-Analysis of Actual Income Tax Expense

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

	2015	%	2014	%
Provision computed at statutory rate	\$ 512,643	35 %	\$ (130,940)	35 %
Change in statutory valuation allowance	\$ (394,916)	(27)%	\$ 35,345	(9)%
Other	<u>(7,318)</u>	<u>          </u>	<u>(7,332)</u>	<u>2</u>
 Total	 <u>\$ 110,409</u>	 <u>8 %</u>	 <u>\$ (102,927)</u>	 <u>28 %</u>
 Federal income taxes incurred	 \$ 217,819	 15 %	 \$ (104,910)	 28 %
Change in net deferred income taxes	(107,317)	(7)	1,983	
Other	<u>(93)</u>	<u>          </u>	<u>1,983</u>	<u>          </u>
 Total statutory income taxes	 <u>\$ 110,409</u>	 <u>8 %</u>	 <u>\$ (102,927)</u>	 <u>28 %</u>

E.-At December 31, 2015 and 2014, the Company had no operating loss carryforwards to utilize in future years. The Company did not have any deposits admitted under Internal Revenue Code 6603.

The following is income tax incurred for 2013, 2014 and 2015 that is available for recoupment in the event of future net losses:

<u>Year</u>	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
2013	\$ -	-	\$ -
2014	-	-	-
2015	217,819	-	217,819

F.-The Company is a party to a tax sharing agreement with the parent company, PIC, and the affiliated entities as follows: Paramount Preferred Options (PPO), Paramount Care of Michigan, Inc. (PCM), Paramount Care, Inc. (PCI), Paramount Benefits Agency (PBA), Paramount Insurance Company (PICO), Health Management Solutions (HMS), Paramount Advantage (PA) and Paramount Preferred Services (PPS). In 2015, PA applied for not-for-profit 501(c)(3) status. The change in tax status results in PA no longer being subject to federal income tax. The effective date of this status change was October, 1 2015. Tax returns are completed on a consolidated basis. However, allocation is based upon separate return calculations with current credit for net losses. The method of allocation between the companies is subject to a written agreement approved by the Board of Directors. Intercompany tax balances are settled through the holding company, PIC.

### G.-Accounting for tax contingencies

For the years ended December 31, 2015 and 2014, the Company did not have tax contingencies under the principles of SSAP No. 5, *Liabilities, Contingencies and Impairment of Assets*. This is subject to change but it is not expected to significantly increase in the 12 month period following the balance sheet date. The Company is primarily subject to U.S. federal and various U.S. state and local tax authorities. Tax years subsequent to 2011 remain open to examination by the Internal Revenue Service, and 2010 remains open to other state and local tax authorities. As of December 31, 2015 there are no U.S. federal or state returns under examination.

## 10. Information Concerning Parent, Subsidiaries and Affiliates

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

## Notes to Financial Statements

Hospital. ProMedica Physician Group, a group of physicians owned by ProMedica, is also an affiliate of the Company.

The Company shares employees, services and assets pursuant to a Management Services Sharing Agreement with PCI. The shared services include member services, sales, accounting, information systems, medical direction and management, claims processing, provider relations and community relations. The cost of shared services is allocated between the Company and PCI based upon the percentage of subscribers at the end of each calendar month. For the years ended December 31, 2015 and 2014 the Company was allocated general administrative expenses of \$366,304 and \$327,363.

ProMedica allocates corporate overhead to all ProMedica entities pursuant to a Cost Allocation Agreement. The Company was allocated \$270,170 and \$332,565 of overhead expense in 2015 and 2014, respectively. The amount is to compensate ProMedica for the services provided to the Company for corporate staff primarily in management, legal services, information services and investment management.

### Balances outstanding with affiliated entities at December 31, 2015 and 2014

	2015		2014	
	Due from	Due to	Due from	Due to
Paramount Care Inc.	\$ 1,246,750		\$ 315,204	
Paramount Insurance Company	2,460		829	
Paramount Advantage		245,037		8,193
ProMedica Health System		275		27,418
Other	633		16,173	
	\$ 1,249,843	\$ 245,312	\$ 332,206	\$ 35,611

### Claims paid to affiliated entities during fiscal year 2015 and 2014

	2015	2014
Bay Park Community Hospital	\$50,338	\$86,290
Flower Hospital	1,698,507	1,732,997
ProMedica North Region	420,965	396,547
Promedica Physicians Group	1,080,534	1,007,382
ProMedica Continuing Care Services	675,542	614,278
St. Lukes Hospital	46,310	100,556
The Toledo Hospital	4,486,609	4,458,130
Mercy Memorial	149,094	
Total	\$8,607,899	\$8,396,180

The Company is a party to a tax sharing agreement with the parent company, PIC, and the affiliated entities as follows: Paramount Preferred Options (PPO), Paramount Care of Michigan, Inc. (PCM), Paramount Care, Inc. (PCI), Paramount Benefits Agency (PBA), Paramount Insurance Company (PICO), Health Management Solutions (HMS), Paramount Advantage (PA) and Paramount Preferred Services (PPS). In 2015, PA applied for not-for-profit 501(c)(3) status. The change in tax status results in PA no longer being subject to federal income tax. The effective date of this status change was October, 1 2015. Tax returns are completed on a consolidated basis. However, allocation is based upon separate return calculations with current credit for net losses. The method of allocation between the companies is subject to a written agreement approved by the Board of Directors. Intercompany tax balances are settled through the holding company, PIC.

### Tax payable/receivable amounts to affiliated entities as of 2015 and 2014:

## Notes to Financial Statements

	2015	2014
Paramount Health Care	\$ 685,108	\$ 972,387
Paramount Care of Michigan	(192,918)	297,339
Paramount Benefits Agency	664	(7,884)
Paramount Preferred Options	(32,834)	68,670
Paramount Advantage	851,838	(4,866,223)
Paramount Insurance Company	(1,444,196)	(4,460,163)
Health Management Solutions	108,750	(647,386)
Paramount Preferred Solutions	87,030	-
ProMedica Insurance Corporation	(63,442)	8,643,260

11. Debt

-NOT APPLICABLE

12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Plans

-NOT APPLICABLE

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

A. The Company has 60,000 shares authorized and 1 share issued and outstanding.

B. The Company has no preferred stock.

C. No dividends were paid to shareholders during 2015 and 2014.

D. Within the limitations of [C] above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

E. There were no restrictions placed on the Company's surplus.

F. The Company did not receive any capital contributions in 2015 or 2014.

G. There is no stock being held by the Company.

H. The Company has no special surplus funds.

I. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is zero.

J. The Company has no surplus debentures or other outstanding obligations.

K. The Company was not involved in a quasi-reorganization during the year.

14. Contingencies

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

Government actions can result in assessment of damages, civil or criminal fines or penalties, or other sanctions, including loss of licensure or exclusion from participation in

## Notes to Financial Statements

government programs and could have a material adverse impact on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

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

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

15. Leases

The Company has entered into lease agreements for office space and office equipment. Rental expense charged to operations amounted to \$18,938 and \$19,180 in 2015 and 2014, respectively.

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

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentration of Risk:

-NOT APPLICABLE

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

-NOT APPLICABLE

18. Gains or Loss from Uninsured A&H Plans and the Uninsured Portion or Partially Insured Plans

-NOT APPLICABLE

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

-NOT APPLICABLE

20. Fair Value Measurements

-NOT APPLICABLE

21. Other Items

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

22. Subsequent Events

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

23. Reinsurance

## Notes to Financial Statements

### A. Ceded Reinsurance Report

#### Section 1

1. None of the reinsurers listed in Schedule S as non-affiliated, are owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee or director of the company.
2. None of the policies issued by the company have been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business.

#### Section 2

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

#### Section 3

1. The aggregate reduction in surplus for termination of all reinsurance agreements, by either party, as of the date of this statement is zero.
2. No new agreements have been executed or existing agreements amended since January 1, 2015 to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement.

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

C. The company had no commutation of reinsurance.

### 24. Retrospectively Rated Contracts

#### E. Risk Sharing Provisions of the Affordable Care Act

1. PCM writes insured non-individual accident and health insurance premium that is subject to the Affordable Care Act.

The company had zero balances for the risk corridors program due a lack of sufficient data to estimate the recoverable amounts.

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

## Notes to Financial Statements

<b>a. Permanent ACA Risk Adjustment Program</b>	
<b>Assets</b>	Amount
1. Premiums receivable due to ACA Risk Adjustment	\$2,264
<b>Liabilities</b>	
2. Risk adjustment user fees payable for ACA Risk Adjustment	\$23
3. Premium adjustments payable due to ACA Risk Adjustment	\$0
<b>Operations (Revenue &amp; Expense)</b>	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$130,384
5. Reported in expenses as ACA Risk adjustment user fees	\$23
<b>b. Transitional ACA Reinsurance Program</b>	
<b>Assets</b>	
1. Amounts recoverable for claims paid due to ACA Reinsurance	NA
2. Amounts recoverable for claims unpaid due to ACA Reinsurance(Contra Liability)	NA
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	NA
<b>Liabilities</b>	
4. Liabilities for contributions payable due to ACA Reinsurance -not Reported as ceded Premium	\$2,640
5. Ceded reinsurance premiums payable due to ACA Reinsurance	NA
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	NA
<b>Operations (Revenue &amp; Expense)</b>	
7. Ceded reinsurance premiums due to ASA Reinsurance	NA
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	NA
9. ACA Reinsurance contributions-not reported as ceded premium	\$2,640
NA=not applicable to insured non-individual plans	
<b>c. Temporary ACA Risk Corridors Program</b>	
<b>Assets</b>	
1. Accrued retrospective premium due to ACA Risk Corridors	\$0
<b>Liabilities</b>	
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	\$0
<b>Operations (Revenue &amp; Expense)</b>	
3. Effect of ACA Risk Corridors on net premium income (paid/received)	\$0
4. Effect of ACA Risk Corridors on change in reserves for rate	\$0

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

## Notes to Financial Statements

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business written before December 31 of the Prior Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments Col 1-3	Prior Year Accrued Less Payments Col 2-4	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years Col 1-3+7	Cumulative Balance from Prior Years Col 2-4+8
	Rec	Pay	Rec	Pay	Rec	Pay	Rec	Pay		Rec	Pay
a. Permanent ACA Risk Adjustment Program											
1. Premium Adjustment receivables	-	-	127,770	-	(127,770)	-	130,034	-	A	2,264	-
2. Premium adjustments (payable)	-	43	-	43	-	-	-	-		-	-
3. Subtotal ACA Permanent Risk Adjustment Program	-	43	127,770	43	(127,770)	-	130,034	-		2,264	-
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	-	-	-	-	-	-	-	-		-	-
2. Amounts recoverable for claims unpaid (contra liability)	-	-	-	-	-	-	-	-		-	-
4. Liabilities for contributions payable due to ACA reinsurane-not reported as ceded premium	-	7,728	-	7,728	-	-	-	-		-	-
5. Ceded reinsurance premiums payable	-	-	-	-	-	-	-	-		-	-
6. Liability for amounts held under uninsured plans	-	-	-	-	-	-	-	-		-	-
7. Subtotal ACA Transitional Reinsurance Program	-	7,728	-	7,728	-	-	-	-		-	-
c. Temporary ACA Risk Corridors Program											
1. Accrued restrospective premium	-	-	-	-	-	-	-	-		-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-		-	-
3. Subtotal ACA Risk Corridors Program	-	-	-	-	-	-	-	-		-	-
d. Total for ACA Risk Sharing Provisions	-	7,771	127,770	7,771	(127,770)	-	130,034	-		2,264	-
A. Premium risk adjustment receivable was estimated at 0 but actual recovery was 130,034.											

## 25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2014 were \$1,725,413. As of December 31, 2015, \$1,619,788 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$3,443 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Commercial and Medicare lines of insurance. Therefore, there has been a \$102,182 favorable prior-year development since December 31, 2014 to December 31, 2015. The decrease is generally a result of ongoing analysis of recent development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

## 26. Intercompany Pooling Arrangements

-NOT APPLICABLE

## 27. Structured Settlements

-NOT APPLICABLE

## Notes to Financial Statements

### 28. Health Care Receivables

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

Quarter	Estimated Pharmacy Rebates	Pharmacy Rebates as Billed	Actual Rebates Received within 90 days of billing	Actual Rebates Received within 91-180 days of billing	Actual Rebates Received More than 180 days after billing
12/31/2015	160,419	160,419	-	-	-
9/30/2015	71,303	71,303	-	-	-
6/30/2015	9,229	71,246	-	71,246	-
3/31/2015	34,760	67,829	-	67,829	-
12/31/2014	72,155	126,949	-	-	126,949
9/30/2014	-	-	-	-	-
6/30/2014	95,126	137,513	-	-	137,513
3/31/2014	169,194	120,201	-	-	120,201
12/31/2013	124,433	105,567	-	-	105,567
9/30/2013	85,433	119,514	-	-	119,514
6/30/2013	78,171	125,777	-	-	125,777
3/31/2013	22,235	77,487	-	15,530	61,957

### 29. Participating Policies

-NOT APPLICABLE

### 30. Premium Deficiency Reserves

Liability carried for premium deficiency reserve :	\$0
Date of most recent evaluation of this liability:	1/20/2016
Was anticipated investment income utilized in the calculation?	Yes

### 31. Anticipated Salvage and Subrogation

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

### 32. Minimum Net Worth

Under the laws of the State of Michigan, the Plan is required to maintain a statutory certificate of deposit based on 5% of the net revenue from risk contracts plus an additional \$100,000 with a maximum of \$1,000,000. This amount is maintained in the cash balance on the asset page and is broken out separately on the schedule of special deposits. The statutory deposit was calculated as follows:

Net earned subscription revenue	\$18,736,026
	<u>          X5%</u>
5% of revenue	\$ 936,801
 Total required deposit	 \$ 1,000,000
 Actual deposited amount	 \$ 1,000,000

Under the laws of the State of Michigan, the Plan is also required to maintain a working capital amount of greater than \$250,000. The working capital calculation is as follows:

Current Assets	\$9,695,109
Current Liabilities	( <u>\$2,538,598</u> )
Working Capital	\$7,156,511

The company is also expected to maintain a minimum net worth determined by using accounting procedures approved by the commissioner that ensure that a health maintenance organization is financially and actuarially sound. The commissioner takes

## Notes to Financial Statements

into account the risk-based capital requirements as developed by the national association of insurance commissioners in order to determine adequate compliance.

PCM Total Adjusted Capital	\$ 8,543,995
Company Action Level 200%	\$ 2,268,512
Regulatory Action Level 150%	\$ 1,701,384
Authorized Action Level 100%	\$ 1,134,256

# 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? Michigan
- 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[X] No[ ]
- 2.2 If yes, date of change: 06/23/2015
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2015
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2010
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 03/07/2012
- 3.4 By what department or departments?  
Department of Insurance and Financial Services
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[ ] No[ ] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[ ] No[ ] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[ ] No[X]
- 4.12 renewals? Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[ ] No[X]
- 4.22 renewals? Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[ ] No[X]
- 7.2 If yes, 0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Deloitte & Touche LLP, Suite 900, 600 Renaissance Center, Detroit, MI 48243-1895
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[ ] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes[X] No[ ]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:  
Requirements waived as the Company just met the premium threshold as of 12/31/14. Company has two years to comply with requirements.
- 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?  
Timothy Gustafson FSA,MAAA, Deloitte & Touche LLP, 180 N. Stenson Ave., Chicago, IL 60601

## GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] 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 [ ] N/A [X]  
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ] N/A [X]  
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]  
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 c. Compliance with applicable governmental laws, rules and regulations;  
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 e. Accountability for adherence to the code.  
 14.11 If the response to 14.1 is no, please explain:  
 14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]  
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]  
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]  
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001	.....	.....	.....	.....

### BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [ ] No [X]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

### FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.11 To directors or other officers \$ ..... 0  
 20.12 To stockholders not officers \$ ..... 0  
 20.13 Trustees, supreme or grand (Fraternal only) \$ ..... 0  
 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.21 To directors or other officers \$ ..... 0  
 20.22 To stockholders not officers \$ ..... 0  
 20.23 Trustees, supreme or grand (Fraternal only) \$ ..... 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]  
 21.2 If yes, state the amount thereof at December 31 of the current year:  
 21.21 Rented from others \$ ..... 0  
 21.22 Borrowed from others \$ ..... 0  
 21.23 Leased from others \$ ..... 0  
 21.24 Other \$ ..... 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [X] No [ ]  
 22.2 If answer is yes:  
 22.21 Amount paid as losses or risk adjustment \$ ..... (121,097)  
 22.22 Amount paid as expenses \$ ..... 43  
 22.23 Other amounts paid \$ ..... 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]  
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ ..... 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 security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]  
 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ ..... 0  
 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ ..... 0  
 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]  
 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]

## GENERAL INTERROGATORIES (Continued)

- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes[ ] No[ ] N/A[X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ ..... 0
- 24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ ..... 0
- 24.103 Total payable for securities lending reported on the liability page. \$ ..... 0

- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes[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 to sale - excluding FHLB Capital Stock \$ ..... 0
- 25.27 FHLB Capital Stock \$ ..... 0
- 25.28 On deposit with states \$ ..... 0
- 25.29 On deposit with other regulatory bodies \$ ..... 1,000,000
- 25.30 Pledged as collateral - excluding collateral pledged to an FHLB \$ ..... 0
- 25.31 Pledged as collateral to FHLB - including assets backing funding agreements \$ ..... 0
- 25.32 Other \$ ..... 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[ ] No[X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[ ] No[ ] N/A[X]  
If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[ ] No[X]
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$ ..... 0

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

1 Name of Custodian(s)	2 Custodian's Address
The Bank of New York Mellon .....	Three Mellon Center, Suite153-3925, Pittsburg, PA .....

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

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

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes[ ] No[X]
- 28.04 If yes, give full and complete information relating thereto:

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

28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

- 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:

## GENERAL INTERROGATORIES (Continued)

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 .....			
30.2 Preferred stocks .....			
30.3 Totals .....			

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

- 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 [ ] No [X]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [ ] N/A [X]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No [ ]
- 32.2 If no, list exceptions:

### OTHER

- 33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ ..... 0
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid

- 34.1 Amount of payments for legal expenses, if any? \$ ..... 2,776
- 34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ ..... 0
- 35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid

# GENERAL INTERROGATORIES (Continued)

## PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only: \$ ..... 0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ ..... 0
- 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ ..... 0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ ..... 0
- 1.6 Individual policies - Most current three years:
- 1.61 TOTAL Premium earned \$ ..... 0
- 1.62 TOTAL Incurred claims \$ ..... 0
- 1.63 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.64 TOTAL Premium earned \$ ..... 0
- 1.65 TOTAL Incurred claims \$ ..... 0
- 1.66 Number of covered lives ..... 0
- 1.7 Group policies - Most current three years:
- 1.71 TOTAL Premium earned \$ ..... 0
- 1.72 TOTAL Incurred claims \$ ..... 0
- 1.73 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.74 TOTAL Premium earned \$ ..... 0
- 1.75 TOTAL Incurred claims \$ ..... 0
- 1.76 Number of covered lives ..... 0

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator .....	18,736,026	16,849,975
2.2 Premium Denominator .....	18,736,026	16,849,975
2.3 Premium Ratio (2.1 / 2.2) .....	1.000	1.000
2.4 Reserve Numerator .....	1,790,674	2,655,604
2.5 Reserve Denominator .....	1,790,674	2,655,604
2.6 Reserve Ratio (2.4 / 2.5) .....	1.000	1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [ ] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes[X] No [ ]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No[X] N/A [ ]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes[X] No [ ]
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical \$ ..... 435,000
- 5.32 Medical Only \$ ..... 0
- 5.33 Medicare Supplement \$ ..... 0
- 5.34 Dental & Vision \$ ..... 0
- 5.35 Other Limited Benefit Plan \$ ..... 0
- 5.36 Other \$ ..... 0
- 6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:  
The plan has held harmless provisions with network hospitals. The company's reinsurance contract does provide for payment of certain benefits for 30 days following an event of insolvency.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes[X] No [ ]
- 7.2 If no, give details:
- 8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year ..... 1,492
- 8.2 Number of providers at end of reporting year ..... 1,567
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months ..... 0
- 9.22 Business with rate guarantees over 36 months ..... 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [ ] No[X]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ ..... 0
- 10.22 Amount actually paid for year bonuses \$ ..... 0
- 10.23 Maximum amount payable 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 [ ] No[X]
- 11.14 A Mixed Model (combination of above)? Yes[X] No [ ]
- 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.  
Michigan
- 11.4 If yes, show the amount required. \$ ..... 2,268,512
- 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.  
200% of RBC
- 12. List service areas in which the reporting entity is licensed to operate:

1 Name of Service Area
Lenewee .....
Monroe .....

- 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

## GENERAL INTERROGATORIES (Continued)

14.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers?  
 14.2 If the answer to 14.1 is yes, please provide the following:

Yes  No  N/A

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

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

15.1 Direct Premium Written	\$ ..... 0
15.2 Total incurred claims	\$ ..... 0
15.2 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)

## FIVE-YEAR HISTORICAL DATA

	1 2015	2 2014	3 2013	4 2012	5 2011
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. TOTAL Admitted Assets (Page 2, Line 28) .....	11,082,593	10,511,144	10,796,493	13,330,733	13,727,167
2. TOTAL Liabilities (Page 3, Line 24) .....	2,538,598	3,280,612	3,273,146	5,303,059	4,216,781
3. Statutory minimum capital and surplus requirement .....	2,268,512	2,148,652	3,095,336	3,764,010	3,913,868
4. TOTAL Capital and Surplus (Page 3, Line 33) .....	8,543,995	7,230,532	7,523,347	8,027,674	9,510,386
<b>INCOME STATEMENT (Page 4)</b>					
5. TOTAL Revenues (Line 8) .....	18,736,026	16,849,975	23,094,066	30,363,958	31,736,990
6. TOTAL Medical and Hospital Expenses (Line 18) .....	17,110,753	16,169,868	22,165,528	29,059,956	28,676,535
7. Claims adjustment expenses (Line 20) .....	153,713	119,168	228,847	383,707	215,565
8. TOTAL Administrative Expenses (Line 21) .....	847,452	706,997	1,501,934	2,262,414	1,048,200
9. Net underwriting gain (loss) (Line 24) .....	1,464,108	(376,058)	(378,243)	(2,376,119)	1,796,690
10. Net investment gain (loss) (Line 27) .....	588	1,032	2,624	(3,769)	(8,955)
11. TOTAL Other Income (Lines 28 plus 29) .....		913	71		
12. Net income or (loss) (Line 32) .....	1,246,970	(271,186)	(2,409)	(1,896,835)	1,319,726
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	(466,399)	(69,163)	(1,754,892)	(1,139,024)	889,455
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. TOTAL Adjusted Capital .....	8,543,995	7,230,532	7,523,347	8,027,674	9,510,386
15. Authorized control level risk-based capital .....	1,134,256	1,074,326	1,547,668	1,882,005	1,838,917
<b>ENROLLMENT (Exhibit 1)</b>					
16. TOTAL Members at End of Period (Column 5, Line 7) .....	1,754	1,660	1,823	4,543	4,861
17. TOTAL Members Months (Column 6, Line 7) .....	21,272	20,299	38,016	55,118	59,818
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19) .....	91.3	96.0	96.0	95.7	90.4
20. Cost containment expenses .....	0.7	0.5	0.7	0.9	0.5
21. Other claims adjustment expenses .....	0.1	0.2	0.2	0.3	0.2
22. TOTAL Underwriting Deductions (Line 23) .....	92.2	102.2	101.6	107.8	94.3
23. TOTAL Underwriting Gain (Loss) (Line 24) .....	7.8	(2.2)	(1.6)	(7.8)	5.7
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) .....	1,600,340	1,967,695	2,755,868	3,819,278	1,967,778
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	1,582,528	1,824,598	3,269,270	2,960,524	2,507,165
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1) .....					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. TOTAL of Above Lines 26 to 31 .....					
33. TOTAL Investment in Parent Included in Lines 26 to 31 above .....					

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

If no, please explain::

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

State, Etc.	1 Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit - Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	L	470,257	18,296,841				18,767,098		
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	N								
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X	470,257	18,296,841				18,767,098		
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	(a) ... 1	470,257	18,296,841				18,767,098		
<b>DETAILS OF WRITE-INS</b>									
58001.	X X X								
58002.	X X X								
58003.	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X								

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

(a) Insert the number of L responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.: All individual policies are allocated based on residency which is in Michigan. Group policies are allocated based on the employment location. All groups are employed in Michigan.

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

Paramount Care of Michigan is ultimately controlled by ProMedica Health System, Inc., (“ProMedica”), a nonprofit holding company exempt from federal taxation under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code. The following coding system is used to show the interrelationships among the various members of the insurance holding company system:

- A circle means that ProMedica is the sole member/parent of the entity.
- ◆ Each entity marked with a diamond is a subsidiary of the entity listed directly above and denoted with a circle.
- Each entity marked with a square is a subsidiary of the entity listed directly above and marked with a diamond.
- Each entity marked with an arrow is a member of the insurance holding company system.

The following list depicts the identities and interrelationships of affiliated persons within the insurance holding company system:

- ProMedica Foundation, an Ohio nonprofit corporation, of which Bay Park Community Hospital Foundation, Toledo Hospital Foundation, Toledo Children’s Hospital Foundation, Flower Foundation, Defiance Foundation, Fostoria Community Hospital Foundation, ProMedica Physicians & Continuum Services Foundation f/k/a ProMedica Continuing Care Services Corporation, Bixby Hospital Foundation, Herrick Hospital Foundation, and Memorial Hospital Foundation are divisions.
  - ◆ Mission Pointe Golf Course, LLC, a Michigan limited liability company, with ProMedica Foundation d/b/a Herrick Hospital Foundation as its sole member.
- ProMedica Health Network, Inc., an Ohio for profit corporation, with ProMedica Health System, Inc. as the sole shareholder.
- Fostoria Hospital Association, an Ohio nonprofit corporation.
  - ◆ NWO Health Partners, LLC, an Ohio limited liability company in which Fostoria Hospital Association holds 50% ownership interest with Northwest Ohio Orthopedic and Sports Medicine, Inc., holding the remaining 50% interest.
- ProMedica Physicians and Continuum Services f/k/a ProMedica Physician Corporation f/k/a ProMedica Physicians Enterprises, an Ohio nonprofit corporation.
  - ◆ ProMedica Continuing Care Services Corporation f/k/a Crestview of Ohio, Inc., an Ohio nonprofit corporation.
  - ◆ Toledo District Nurse Association, an Ohio nonprofit corporation.

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

### MEMBERS OF A HOLDING COMPANY GROUP

#### PART 1 - ORGANIZATIONAL CHART

- ◆ Visiting Nurse Hospice and Health Care, an Ohio nonprofit corporation.
- ◆ ProMedica Retail Group, Inc., f/k/a The Flower Market, Inc., an Ohio for-profit corporation.
- ◆ ProMedica Courier Services, Inc., an Ohio nonprofit corporation.
- ◆ Erie West Hospice and Palliative Care, Ltd., an Ohio limited liability company.
- ◆ HCRMC- ProMedica JV, LLC, dba Heartland at ProMedica Flower Hospital, a Delaware limited liability company in which ProMedica Physicians & Continuum Services holds 10% ownership interest and ManorCare Health Services of Toledo OH, LLC holding the remaining 90% interest.
- ◆ Lifestream, LLC, an Ohio limited liability company which ProMedica Physicians & Continuum Services holds 50% ownership interest and Harbor holding the remaining 50% interest.
- ◆ The Surgical Institute of Monroe Ambulatory Surgery Center, LLC, a Michigan limited liability company which ProMedica Physicians & Continuum Services holds 51% ownership interest and various physicians holding the remaining 49% interest.
- ◆ ProMedica Physician Group, Inc., an Ohio professional association, which is beneficially owned by ProMedica Physicians & Continuum Services f/k/a ProMedica Physician Corporation pursuant to the terms of a Share Control Agreement, dated as of June 2, 1999, by and among ProMedica Physician Corporation, Lee Hammerling, M.D., and ProMedica Physician Group, Inc. Dr. Hammerling holds legal ownership of all outstanding shares of capital stock of ProMedica Physician Group, Inc.
  - The Pharmacy Counter, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
  - ProMedica Central Corporation of Michigan, a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica Physician Group, Inc.
  - ProMedica Central Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
  - ProMedica North Physicians Corporation, a Michigan nonprofit stock corporation and a wholly-owned subsidiary of ProMedica Physician Group, Inc.
  - Midwest Cardiovascular Consultants, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.

## **SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER**

### **MEMBERS OF A HOLDING COMPANY GROUP**

#### **PART 1 - ORGANIZATIONAL CHART**

- ProMedica Northwest Ohio Cardiology Consultants, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Monroe Cardiology, PLLC, a Michigan limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Physician Management Services, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Surgical Services, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- WellCare Physicians Group, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Monroe Physicians, PLLC, a Michigan limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Multi Specialty Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Genito-Urinary Surgeons, LLC, an Ohio limited liability company with ProMedica Physicians Group, Inc., as its sole member.
- ProMedica Hospitalists, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- ProMedica Hospitalists, PLLC, a Michigan limited liability company with ProMedica Physician Group, Inc., as its sole member.
- Memorial Professional Services, Ltd., and Ohio limited liability company with ProMedica Physician Group, Inc., as its sole member.
- Memorial Anesthesia, Ltd., an Ohio limited liability company with ProMedica Physicians Group, Inc., as its sole member.
- ProMedica Indemnity Corporation, a Vermont nonprofit corporation.
- ProMedica Insurance Corporation f/k/a ProMedica Health Ventures Corporation f/k/a Vanguard Health Ventures, Inc., an Ohio nonprofit corporation.
  - ◆ Paramount Preferred Options, Inc., an Ohio for-profit corporation, which is wholly-owned by ProMedica Insurance Corporation.
    - Health Management Solutions, Inc., an Ohio for-profit corporation which is wholly-owned by Paramount Preferred Options.

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

- Paramount Preferred Solutions, Inc., an Ohio for-profit corporation which is wholly-owned by Paramount Preferred Options
- ◆ NAIC 95189-Paramount Care, Inc., an Ohio nonprofit health-insuring corporation and a wholly-owned subsidiary of ProMedica Insurance Corporation.
- ◆ Paramount Benefits Agency, Inc., an Ohio for-profit corporation and a wholly owned subsidiary of ProMedica Insurance Corporation.
- ◆ NAIC 95566-Paramount Care of Michigan, Inc., a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica Insurance Corporation.
- ◆ NAIC 11518-Paramount Insurance Company f/k/a ProMedica Life Insurance Company, a for-profit corporation and a wholly owned subsidiary of ProMedica Insurance Corporation.
- ◆ NAIC 12353-Paramount Advantage, an Ohio nonprofit corporation wholly owned subsidiary of ProMedica Insurance Corporation.
- Bay Park Community Hospital, an Ohio nonprofit corporation.
- Defiance Hospital, Inc., an Ohio nonprofit corporation.
  - ◆ Kaitlyn's Cottage, Inc., an Ohio nonprofit corporation with Defiance Hospital, Inc., as its sole member.
- Emma L. Bixby Medical Center, a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica Health System, Inc.
  - ◆ Bixby Medical Office Limited Partnership, a Michigan limited partnership in which Emma L. Bixby Medical Center holds 64.44% ownership interest with various physicians having the remaining 35.56% interest.
  - ◆ Lenawee Long Term Care Corporation, a Michigan nonprofit corporation and a wholly owned subsidiary of Emma L. Bixby Medical Center.
  - ◆ Herrick Memorial Development Corporation, a Michigan for-profit corporation and a wholly owned subsidiary of Emma L. Bixby Medical Center.
    - Herrick Memorial Office Plaza Condominium Association, a Michigan nonprofit corporation in which Herrick Memorial Development Corporation holds 71.8% ownership interest with various physicians having the remaining 28.2% interest.

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

### MEMBERS OF A HOLDING COMPANY GROUP

#### PART 1 - ORGANIZATIONAL CHART

- ◆ Lenawee Physician Hospital Organization LLC, a Michigan limited liability company in which Emma L. Bixby Medical Center holds 50% ownership interest with Raisin River Physicians, PLC, holding the remaining 50% interest.
  
- Herrick Memorial Hospital, Inc., a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica Health System, Inc.
  
- The Toledo Hospital, an Ohio nonprofit corporation, of which Toledo Children's Hospital f/k/a ProMedica Children's Medical Center of Northwest Ohio and ProMedica Wildwood Orthopaedic and Spine Hospital are divisions.
  - ◆ Reynolds Road Surgery Center, LLC, an Ohio limited liability company in which The Toledo Hospital holds 62.66% ownership interest, with various physicians holding a remaining 37.34% interest.
  
  - ◆ Northwest Ohio Dedicated Breast MRI, LLC, an Ohio limited liability company in which The Toledo Hospital holds 50% ownership interest with TRA Investment Club, LLC, holding the remaining 50% interest.
  
  - ◆ Arrowhead Behavioral Health, LLC, a Delaware limited liability company in which The Toledo Hospital holds 30% ownership interest and Toledo Holding Company, LLC, holding a remaining 70% interest.
  
  - ◆ West Central Surgical Center, LLC, an Ohio limited liability company of which The Toledo Hospital holds 50% ownership interest and various physicians holding the remaining 50% interest.
  
- Flower Hospital, an Ohio nonprofit corporation.
  
- PHS Ventures, Inc., f/k/a BVPH Ventures, Inc., an Ohio nonprofit corporation in which ProMedica Health System, Inc., an Ohio nonprofit corporation, holds a 100% ownership interest.
  
- St. Luke's Hospital, an Ohio nonprofit corporation.
  - ◆ OhioCare Ambulatory Surgery Center, LLC, an Ohio limited liability company of which St. Luke's Hospital holds 50% ownership interest and various physicians holding the remaining 50% interest.
  
  - ◆ St. Luke's Physician Hospital Organization, Inc., an Ohio for-profit corporation of which St. Luke's Hospital holds 50% ownership interest and various physicians holding the remaining 50% interest.

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

- Care Enterprises, Inc., an Ohio nonprofit corporation.
  - ◆ Waterville Medical Center, LLC, an Ohio limited liability company of which Care Enterprises, Inc., holds 70% ownership interest and SB Medical Building Venture, Ltd., holds the remaining 30% interest.
- Care Holdings, Inc., an Ohio for-profit corporation.
- Physicians Advantage Management Services Organization, Inc., an Ohio for-profit corporation.
- St. Luke's Hospital Foundation, an Ohio nonprofit corporation.
  - ◆ Cobra Ventures, LLC, an Ohio limited liability company.
- Memorial Hospital, an Ohio nonprofit corporation.
  - ◆ Fremont Hospital/Physician Organization d/b/a Cooperative Care, an Ohio for-profit corporation of which Memorial Hospital holds 50% ownership interest and various other physicians hold the remaining 50% interest.
    - Sandusky County Medical Specialists, LLC, an Ohio limited liability company of which Fremont Hospital/Physician Organizations holds 100% ownership interest.
  - ◆ East-West Holding, Ltd., an Ohio limited liability company of which Memorial Hospital holds 50% ownership interest with The Bellevue Hospital, an Ohio nonprofit corporation holding the remaining 50% interest.
- Monroe Regional Hospital, a Michigan nonprofit corporation d/b/a Mercy Memorial Hospital Corporation.
  - ◆ Monroe Community Health Services, a Michigan nonprofit corporation.
  - ◆ Monroe Health Ventures, Inc., a Michigan for-profit corporation.
  - ◆ M Trust Assurance Company, Ltd., a Cayman Islands corporation.
  - ◆ Mercy Memorial Surgical Co-Management Company, LLC, a Michigan limited liability company of which Monroe Regional Hospital holds a 50% ownership interest and various other physicians hold the remaining 50% interest.

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

- ◆ Caymich Insurance Company, Ltd., a Cayman Islands corporation of which Monroe Regional Hospital holds 1.89% ownership interest with various other entities holding the remaining interest.

**Other Affiliated Entities**

- Lima Memorial Joint Operating Company, an Ohio nonprofit corporation, in which Lima Memorial Hospital, an Ohio nonprofit corporation and PHS Ventures, Inc., each hold 50% ownership interest.
- ProMedica Orthopedic Co-Management Company, LLC, an Ohio limited liability company in which The Toledo Hospital, Bay Park Community Hospital, and Flower Hospital share 40% ownership interest with various physicians holding the remaining 60% interest.
- ProMedica Cardiovascular Co-Management Company, LLC, an Ohio limited liability company in which The Toledo Hospital, Bay Park Community Hospital, and Flower Hospital share 38.4% ownership interest with various physicians holding the remaining 61.6% interest.
- Interactive Physical Therapy, an Ohio limited liability company in which ProMedica Health System, Inc., holds 50% ownership interest and various individuals holding the remaining 50% interest.
- ProMedica Surgical Services Co-Management Company, LLC, an Ohio limited liability company in which The Toledo Hospital, Bay Park Community Hospital, and Flower Hospital share 50% ownership interest with various physicians holding the remaining 50% interest.
- Monroe Community Ambulance, a Michigan nonprofit corporation in which ProMedica Continuing Care Services Corporation holds 25% ownership interest, Monroe Regional Hospital holds 25% interest, and various other corporations hold the remaining 50% interest.
- Monroe Cancer Center, a Michigan nonprofit corporation in which Emma L. Bixby Medical Center holds 33.33% ownership interest and Monroe Regional Hospital holds 66.66% interest.

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