



# HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2014  
OF THE CONDITION AND AFFAIRS OF THE

## Sparrow PHP

NAIC Group Code 3408 3408 NAIC Company Code 11537 Employer's ID Number 36-4497604  
(Current) (Prior)

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile United States of America

Licensed as business type: Health Maintenance Organization

Is HMO Federally Qualified? Yes [ ] No [ X ]

Incorporated/Organized 05/23/2002 Commenced Business 01/01/2003

Statutory Home Office 1400 East Michigan Avenue, Lansing, MI, US 48912  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 1400 East Michigan Avenue  
(Street and Number)  
Lansing, MI, US 48912, 517-364-8400  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 1400 East Michigan Avenue, Lansing, MI, US 48912  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 1400 East Michigan Avenue  
(Street and Number)  
Lansing, MI, US 48912, 517-364-8400  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.phpmm.org

Statutory Statement Contact Kevin Essenmacher, 517-364-8400  
(Name) (Area Code) (Telephone Number)  
kevin.essenmacher@phpmm.org, 517-364-8407  
(E-mail Address) (FAX Number)

### OFFICERS

President & Secretary Dennis Reese Controller Kevin Essenmacher  
Chairperson James Butler III

### OTHER

### DIRECTORS OR TRUSTEES

Dennis Reese James Butler III Gwen Hall

State of Michigan SS:  
County of Ingham

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

Dennis Reese  
President & Secretary

James Butler III  
Chairperson

Kevin Essenmacher  
Controller

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_

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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP

**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) .....	0	0	0	0
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	0	0	0	0
2.2 Common stocks .....	5,772,638	0	5,772,638	5,435,010
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....	0	0	0	0
3.2 Other than first liens .....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ .....0 encumbrances) .....	0	0	0	0
4.2 Properties held for the production of income (less \$ .....0 encumbrances) .....	0	0	0	0
4.3 Properties held for sale (less \$ .....0 encumbrances) .....	0	0	0	0
5. Cash (\$ .....(1,458,396) , Schedule E - Part 1), cash equivalents (\$ .....0 , Schedule E - Part 2) and short-term investments (\$ .....15,491,823 , Schedule DA) .....	14,033,427	0	14,033,427	10,008,232
6. Contract loans, (including \$ .....0 premium notes) .....	0	0	0	0
7. Derivatives (Schedule DB) .....	0	0	0	0
8. Other invested assets (Schedule BA) .....	0	0	0	0
9. Receivables for securities .....	126,530	0	126,530	121,871
10. Securities lending reinvested collateral assets (Schedule DL) .....	0	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	19,932,595	0	19,932,595	15,565,113
13. Title plants less \$ .....0 charged off (for Title insurers only) .....	0	0	0	0
14. Investment income due and accrued .....	0	0	0	103
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	90,531	0	90,531	124,234
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ .....0 earned but unbilled premiums) .....	0	0	0	0
15.3 Accrued retrospective premiums .....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	98,528	0	98,528	3,087
16.2 Funds held by or deposited with reinsured companies .....	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts .....	0	0	0	0
17. Amounts receivable relating to uninsured plans .....	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0	0
18.2 Net deferred tax asset .....	0	0	0	0
19. Guaranty funds receivable or on deposit .....	0	0	0	0
20. Electronic data processing equipment and software .....	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$ .....0 ) .....	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates .....	0	0	0	641,120
24. Health care (\$ .....945,421 ) and other amounts receivable .....	1,082,120	89,600	992,520	481,272
25. Aggregate write-ins for other than invested assets .....	80,508	80,508	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	21,284,282	170,108	21,114,174	16,814,929
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0	0
28. Total (Lines 26 and 27) .....	21,284,282	170,108	21,114,174	16,814,929
<b>DETAILS OF WRITE-INS</b>				
1101. ....	0	0	0	0
1102. ....	0	0	0	0
1103. ....	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) .....	0	0	0	0
2501. PREPAIDS .....	80,508	80,508	0	0
2502. ....	0	0	0	0
2503. ....	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	80,508	80,508	0	0

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ .....11,000 reinsurance ceded) .....	7,197,662	0	7,197,662	5,742,420
2. Accrued medical incentive pool and bonus amounts .....	790,185	0	790,185	493,954
3. Unpaid claims adjustment expenses.....	132,334	0	132,334	108,130
4. Aggregate health policy reserves, including the liability of \$ .....0 for medical loss ratio rebate per the Public Health Service Act .....	0	0	0	0
5. Aggregate life policy reserves.....	0	0	0	0
6. Property/casualty unearned premium reserves.....	0	0	0	0
7. Aggregate health claim reserves.....	0	0	0	0
8. Premiums received in advance.....	0	0	0	0
9. General expenses due or accrued.....	3,488,175	0	3,488,175	2,257,446
10.1 Current federal and foreign income tax payable and interest thereon (including \$ .....0 on realized capital gains (losses)) .....	0	0	0	0
10.2 Net deferred tax liability.....	0	0	0	0
11. Ceded reinsurance premiums payable.....	0	0	0	0
12. Amounts withheld or retained for the account of others.....	0	0	0	0
13. Remittances and items not allocated.....	0	0	0	0
14. Borrowed money (including \$ .....0 current) and interest thereon \$ .....0 (including \$ .....0 current).....	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates.....	885,077	0	885,077	363,128
16. Derivatives.....	0	0	0	0
17. Payable for securities.....	126,401	0	126,401	121,871
18. Payable for securities lending .....	0	0	0	0
19. Funds held under reinsurance treaties (with \$ .....0 authorized reinsurers, \$ .....0 unauthorized reinsurers and \$ .....0 certified reinsurers).....	0	0	0	0
20. Reinsurance in unauthorized and certified (\$ .....0 ) companies .....	0	0	0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0	0	0
22. Liability for amounts held under uninsured plans.....	0	0	0	0
23. Aggregate write-ins for other liabilities (including \$ .....0 current).....	0	0	0	0
24. Total liabilities (Lines 1 to 23).....	12,619,834	0	12,619,834	9,086,949
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	3,325,171
26. Common capital stock.....	XXX	XXX	0	0
27. Preferred capital stock.....	XXX	XXX	0	0
28. Gross paid in and contributed surplus.....	XXX	XXX	0	0
29. Surplus notes.....	XXX	XXX	0	0
30. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	8,494,340	4,402,809
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$ .....0 ).....	XXX	XXX	0	0
32.2 .....0 shares preferred (value included in Line 27 \$ .....0 ).....	XXX	XXX	0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	8,494,340	7,727,980
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	21,114,174	16,814,929
<b>DETAILS OF WRITE-INS</b>				
2301. ....	0	0	0	0
2302. ....	0	0	0	0
2303. ....	0	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above).....	0	0	0	0
2501. 2014 AFFORDABLE CARE ACT FEE .....	XXX	XXX	0	3,325,171
2502. ....	XXX	XXX	0	0
2503. ....	XXX	XXX	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above).....	XXX	XXX	0	3,325,171
3001. ....	XXX	XXX	0	0
3002. ....	XXX	XXX	0	0
3003. ....	XXX	XXX	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page .....	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above).....	XXX	XXX	0	0

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	230,243	208,688
2. Net premium income ( including \$ .....0 non-health premium income) .....	XXX	67,506,682	54,326,662
3. Change in unearned premium reserves and reserve for rate credits .....	XXX	0	0
4. Fee-for-service (net of \$ .....0 medical expenses) .....	XXX	0	0
5. Risk revenue .....	XXX	0	0
6. Aggregate write-ins for other health care related revenues .....	XXX	0	0
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	67,506,682	54,326,662
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....	0	37,944,276	32,941,084
10. Other professional services .....	0	2,978,417	3,557,849
11. Outside referrals .....	0	0	0
12. Emergency room and out-of-area .....	0	6,525,298	4,957,426
13. Prescription drugs .....	0	9,825,724	7,357,197
14. Aggregate write-ins for other hospital and medical .....	0	0	609,453
15. Incentive pool, withhold adjustments and bonus amounts .....	0	799,538	527,371
16. Subtotal (Lines 9 to 15) .....	0	58,073,253	49,950,380
<b>Less:</b>			
17. Net reinsurance recoveries .....	0	128,693	239,769
18. Total hospital and medical (Lines 16 minus 17) .....	0	57,944,560	49,710,611
19. Non-health claims (net) .....	0	0	0
20. Claims adjustment expenses, including \$ .....1,586,907 cost containment expenses .....	0	2,008,743	940,938
21. General administrative expenses .....	0	7,118,881	3,308,370
22. Increase in reserves for life and accident and health contracts (including \$ .....0 increase in reserves for life only) .....	0	0	0
23. Total underwriting deductions (Lines 18 through 22).....	0	67,072,184	53,959,919
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	434,498	366,743
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	0	382,033	260,890
26. Net realized capital gains (losses) less capital gains tax of \$ .....0 .....	0	36,773	170,597
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	418,806	431,487
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ .....0 ) (amount charged off \$ .....0 )] .....	0	0	0
29. Aggregate write-ins for other income or expenses .....	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	853,304	798,230
31. Federal and foreign income taxes incurred .....	XXX	0	0
32. Net income (loss) (Lines 30 minus 31) .....	XXX	853,304	798,230
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX	0	0
0602. ....	XXX	0	0
0603. ....	XXX	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above) .....	XXX	0	0
0701. ....	XXX	0	0
0702. ....	XXX	0	0
0703. ....	XXX	0	0
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above) .....	XXX	0	0
1401. Other Medical .....	0	0	609,453
1402. ....	0	0	0
1403. ....	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above) .....	0	0	609,453
2901. ....	0	0	0
2902. ....	0	0	0
2903. ....	0	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above) .....	0	0	0

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

	1 Current Year	2 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year.....	7,727,980	6,257,548
34. Net income or (loss) from Line 32.....	853,304	798,230
35. Change in valuation basis of aggregate policy and claim reserves.....	0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ ..... 0	(91,989)	299,696
37. Change in net unrealized foreign exchange capital gain or (loss).....	0	0
38. Change in net deferred income tax.....	0	0
39. Change in nonadmitted assets.....	5,045	372,506
40. Change in unauthorized and certified reinsurance.....	0	0
41. Change in treasury stock.....	0	0
42. Change in surplus notes.....	0	0
43. Cumulative effect of changes in accounting principles.....	0	0
44. Capital Changes:		
44.1 Paid in.....	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....	0	0
45. Surplus adjustments:		
45.1 Paid in.....	0	0
45.2 Transferred to capital (Stock Dividend).....	0	0
45.3 Transferred from capital.....	0	0
46. Dividends to stockholders.....	0	0
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	766,360	1,470,432
49. Capital and surplus end of reporting period (Line 33 plus 48)	8,494,340	7,727,980
<b>DETAILS OF WRITE-INS</b>		
4701. Additional capital provided by parent company.....	0	0
4702. ....	0	0
4703. ....	0	0
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	67,540,385	54,411,064
2. Net investment income .....	382,136	96,784
3. Miscellaneous income .....	(425,694)	(8,163)
4. Total (Lines 1 through 3) .....	67,496,827	54,499,685
5. Benefit and loss related payments .....	56,288,528	46,530,420
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	7,872,691	4,355,530
8. Dividends paid to policyholders .....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... 0 tax on capital gains (losses) .....	0	0
10. Total (Lines 5 through 9) .....	64,161,219	50,885,950
11. Net cash from operations (Line 4 minus Line 10) .....	3,335,608	3,613,735
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	0	0
12.2 Stocks .....	137,003	930,242
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0
12.7 Miscellaneous proceeds .....	4,530	164,086
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	141,533	1,094,328
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	0	0
13.2 Stocks .....	530,845	699,438
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	0	0
13.5 Other invested assets .....	0	0
13.6 Miscellaneous applications .....	4,659	3
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	535,504	699,441
14. Net increase (decrease) in contract loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(393,971)	394,887
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	0
16.3 Borrowed funds .....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	0	0
16.6 Other cash provided (applied) .....	1,083,558	(1,294,167)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	1,083,558	(1,294,167)
<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) .....	4,025,195	2,714,455
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	10,008,232	7,293,777
19.2 End of year (Line 18 plus Line 19.1) .....	14,033,427	10,008,232

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

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ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP  
**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	67,506,682	1,749,290	0	0	0	0	0	65,757,392	0	0
2. Change in unearned premium reserves and reserve for rate credit	0	0	0	0	0	0	0	0	0	0
3. Fee-for-service (net of \$ medical expenses)	0	0	0	0	0	0	0	0	0	XXX
4. Risk revenue	0	0	0	0	0	0	0	0	0	XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	67,506,682	1,749,290	0	0	0	0	0	65,757,392	0	0
8. Hospital/medical benefits	37,944,276	536,109	0	0	0	0	0	37,408,166	0	XXX
9. Other professional services	2,978,417	42,082	0	0	0	0	0	2,936,336	0	XXX
10. Outside referrals	0	0	0	0	0	0	0	0	0	XXX
11. Emergency room and out-of-area	6,525,298	92,195	0	0	0	0	0	6,433,103	0	XXX
12. Prescription drugs	9,825,724	138,826	0	0	0	0	0	9,686,898	0	XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	799,538	11,297	0	0	0	0	0	788,241	0	XXX
15. Subtotal (Lines 8 to 14)	58,073,253	820,509	0	0	0	0	0	57,252,744	0	XXX
16. Net reinsurance recoveries	128,693	0	0	0	0	0	0	128,693	0	XXX
17. Total medical and hospital (Lines 15 minus 16)	57,944,560	820,509	0	0	0	0	0	57,124,052	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ 1,381,559 cost containment expenses	2,008,743	28,788	0	0	0	0	0	1,979,955	0	0
20. General administrative expenses	7,118,881	102,023	0	0	0	0	0	7,016,858	0	0
21. Increase in reserves for accident and health contracts	0	0	0	0	0	0	0	0	0	XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
23. Total underwriting deductions (Lines 17 to 22)	67,072,184	951,320	0	0	0	0	0	66,120,865	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	434,498	797,970	0	0	0	0	0	(363,472)	0	0
DETAILS OF WRITE-INS										
0501.	0	0	0	0	0	0	0	0	0	XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Other Medical	0	0	0	0	0	0	0	0	0	XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP  
**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 1 - PREMIUMS**

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical) .....	1,749,290	0	0	1,749,290
2. Medicare Supplement .....	0	0	0	0
3. Dental only .....	0	0	0	0
4. Vision only .....	0	0	0	0
5. Federal Employees Health Benefits Plan .....	0	0	0	0
6. Title XVIII - Medicare .....	0	0	0	0
7. Title XIX - Medicaid .....	65,968,341	0	210,949	65,757,392
8. Other health .....	0	0	0	0
9. Health subtotal (Lines 1 through 8) .....	67,717,631	0	210,949	67,506,682
10. Life .....	0	0	0	0
11. Property/casualty .....	0	0	0	0
12. Totals (Lines 9 to 11)	67,717,631	0	210,949	67,506,682

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP  
**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	56,725,572	620,053	0	0	0	0	0	56,105,519	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	189,435	0	0	0	0	0	0	189,435	0	0
1.4 Net	56,536,137	620,053	0	0	0	0	0	55,916,084	0	0
2. Paid medical incentive pools and bonuses	369,193	0	0	0	0	0	0	369,193	0	0
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	7,208,662	87,395	0	0	0	0	0	7,121,267	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	11,000	0	0	0	0	0	0	11,000	0	0
3.4 Net	7,197,662	87,395	0	0	0	0	0	7,110,267	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	790,185	11,297	0	0	0	0	0	778,888	0	0
6. Net healthcare receivables (a)	750,913	8,236	0	0	0	0	0	742,677	0	0
7. Amounts recoverable from reinsurers December 31, current year	98,528	0	0	0	0	0	0	98,528	0	0
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	5,909,604	38,268	0	0	0	0	0	5,871,336	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	167,184	0	0	0	0	0	0	167,184	0	0
8.4 Net	5,742,420	38,268	0	0	0	0	0	5,704,152	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	493,954	480	0	0	0	0	0	493,474	0	0
11. Amounts recoverable from reinsurers December 31, prior year	3,087	0	0	0	0	0	0	3,087	0	0
12. Incurred Benefits:										
12.1 Direct	57,273,717	660,944	0	0	0	0	0	56,612,773	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	128,692	0	0	0	0	0	0	128,692	0	0
12.4 Net	57,145,025	660,944	0	0	0	0	0	56,484,081	0	0
13. Incurred medical incentive pools and bonuses	665,424	10,817	0	0	0	0	0	654,607	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP  
**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - CLAIMS LIABILITY END OF CURRENT 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. Reported in Process of Adjustment:										
1.1 Direct .....	1,654,941	20,095	.0	.0	.0	.0	.0	1,634,846	.0	.0
1.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.3 Reinsurance ceded .....	11,000	.0	.0	.0	.0	.0	.0	11,000	.0	.0
1.4 Net .....	1,643,941	20,095	.0	.0	.0	.0	.0	1,623,846	.0	.0
2. Incurred but Unreported:										
2.1 Direct .....	5,553,721	67,301	.0	.0	.0	.0	.0	5,486,421	.0	.0
2.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.4 Net .....	5,553,721	67,301	.0	.0	.0	.0	.0	5,486,421	.0	.0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. TOTALS:										
4.1 Direct .....	7,208,662	87,395	.0	.0	.0	.0	.0	7,121,267	.0	.0
4.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3 Reinsurance ceded .....	11,000	.0	.0	.0	.0	.0	.0	11,000	.0	.0
4.4 Net .....	7,197,662	87,395	.0	.0	.0	.0	.0	7,110,267	.0	.0

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP  
**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE**

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred In Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	37,062	582,991	0	87,395	37,062	38,268
2. Medicare Supplement .....	3,808,717	52,296,802	61,210	7,049,057	3,869,927	5,704,152
3. Dental Only .....	0	0	0	0	0	0
4. Vision Only .....	0	0	0	0	0	0
5. Federal Employees Health Benefits Plan .....	0	0	0	0	0	0
6. Title XVIII - Medicare .....	0	0	0	0	0	0
7. Title XIX - Medicaid .....	0	0	0	0	0	0
8. Other health .....	0	0	0	0	0	0
9. Health subtotal (Lines 1 to 8) .....	3,845,779	52,879,793	61,210	7,136,452	3,906,989	5,742,420
10. Healthcare receivables (a) .....	176,894	187,158	3,679	1,031,341	180,573	497,396
11. Other non-health .....	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts .....	369,193	0	7,015	783,169	376,208	493,953
13. Totals (Lines 9 - 10 + 11 + 12)	4,038,078	52,692,635	64,546	6,888,280	4,102,624	5,738,977

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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

**Section A - Paid Health Claims - Comprehensive (Hospital & Medical)**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior .....	0	0	0	0	0
2. 2010 .....	0	0	0	0	0
3. 2011 .....	XXX	0	0	0	0
4. 2012 .....	XXX	XXX	0	0	0
5. 2013 .....	XXX	XXX	XXX	13	37
6. 2014 .....	XXX	XXX	XXX	XXX	5,830

**Section B - Incurred Health Claims - Comprehensive (Hospital & Medical)**

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 2010	2 2011	3 2012	4 2013	5 2014
1. Prior .....	0	0	0	0	0
2. 2010 .....	0	0	0	0	0
3. 2011 .....	XXX	0	0	0	0
4. 2012 .....	XXX	XXX	0	0	0
5. 2013 .....	XXX	XXX	XXX	51	0
6. 2014 .....	XXX	XXX	XXX	XXX	5,929

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital & Medical)**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	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. 2010 .....	0	0	0	0.0	0	0.0	0	0	0	0.0
2. 2011 .....	0	0	0	0.0	0	0.0	0	0	0	0.0
3. 2012 .....	0	0	0	0.0	0	0.0	0	0	0	0.0
4. 2013 .....	98	37	1	2.7	38	38.8	38	0	76	77.6
5. 2014 .....	1,749	5,830	28	0.5	5,858	334.9	87	2	5,947	340.0

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

**Section A - Paid Health Claims - Title XIX**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2010	2 2011	3 2012	4 2013	5 2014
1.	Prior	44,527	44,604	44,610	44,610	44,610
2.	2010	45,848	49,120	49,113	49,080	49,080
3.	2011	XXX	46,734	49,606	49,549	49,449
4.	2012	XXX	XXX	49,024	51,602	52,060
5.	2013	XXX	XXX	XXX	48,023	51,828
6.	2014	XXX	XXX	XXX	XXX	51,265

**Section B - Incurred Health Claims - Title XIX**

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 2010	2 2011	3 2012	4 2013	5 2014
1.	Prior	49,644	49,657	49,662	49,662	49,662
2.	2010	49,288	52,631	52,619	52,572	52,572
3.	2011	XXX	50,868	53,747	53,636	53,535
4.	2012	XXX	XXX	52,737	55,235	55,692
5.	2013	XXX	XXX	XXX	54,221	58,114
6.	2014	XXX	XXX	XXX	XXX	59,154

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	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. 2010	54,933	49,080	1,250	2.5	50,330	91.6	0	0	50,330	91.6
2. 2011	54,814	49,449	1,229	2.5	50,678	92.5	0	0	50,678	92.5
3. 2012	53,055	52,060	1,206	2.3	53,266	100.4	0	0	53,266	100.4
4. 2013	54,601	51,828	939	1.8	52,767	96.6	30	1	52,798	96.7
5. 2014	65,968	51,265	1,980	3.9	53,245	80.7	7,832	129	61,206	92.8

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

**Section A - Paid Health Claims - Grand Total**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2010	2 2011	3 2012	4 2013	5 2014
1.	Prior	44,527	44,604	44,610	44,610	44,610
2.	2010	45,848	49,120	49,113	49,080	49,080
3.	2011	XXX	46,734	49,606	49,549	49,449
4.	2012	XXX	XXX	49,024	51,602	52,060
5.	2013	XXX	XXX	XXX	48,036	51,865
6.	2014	XXX	XXX	XXX	XXX	57,095

**Section B - Incurred Health Claims - Grand Total**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2010	2 2011	3 2012	4 2013	5 2014
1.	Prior	49,644	49,657	49,662	49,662	49,662
2.	2010	49,288	52,631	52,619	52,572	52,572
3.	2011	XXX	50,868	53,747	53,636	53,535
4.	2012	XXX	XXX	52,737	55,235	55,692
5.	2013	XXX	XXX	XXX	54,272	58,114
6.	2014	XXX	XXX	XXX	XXX	65,083

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	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. 2010	54,933	49,080	1,250	2.5	50,330	91.6	0	0	50,330	91.6
2. 2011	54,814	49,449	1,229	2.5	50,678	92.5	0	0	50,678	92.5
3. 2012	53,055	52,060	1,206	2.3	53,266	100.4	0	0	53,266	100.4
4. 2013	54,699	51,865	940	1.8	52,805	96.5	68	1	52,874	96.7
5. 2014	67,717	57,095	2,008	3.5	59,103	87.3	7,919	131	67,153	99.2

12.GT

## UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (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 \$ ..... ) for investment income .....									
5. Aggregate write-ins for other policy reserves .....									
6. Totals (gross) .....									
7. Reinsurance ceded .....									
8. Totals (Net)(Page 3, Line 4) .....									
9. Present value of amounts not yet due on claims .....									
10. Reserve for future contingent benefits .....									
11. Aggregate write-ins for other claim reserves .....									
12. Totals (gross) .....									
13. Reinsurance ceded .....									
14. Totals (Net)(Page 3, Line 7)									
<b>NONE</b>									
DETAILS OF WRITE-INS									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page.....									
0599. Totals (Lines 0501 thru 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 thru 1103 plus 1198) (Line 11 above)									

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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP  
**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) .....	38,191	10,152	171,325	0	219,668
2. Salary, wages and other benefits .....	317,658	84,441	1,425,019	0	1,827,118
3. Commissions (less \$ .....0 ceded plus \$ .....0 assumed) .....	0	0	0	0	0
4. Legal fees and expenses .....	0	0	0	0	0
5. Certifications and accreditation fees .....	0	0	0	0	0
6. Auditing, actuarial and other consulting services .....	91,904	24,430	412,281	0	528,615
7. Traveling expenses .....	3,027	805	13,580	0	17,411
8. Marketing and advertising .....	32,699	8,692	146,688	0	188,079
9. Postage, express and telephone .....	8,112	2,156	36,392	0	46,660
10. Printing and office supplies .....	38,295	10,180	171,792	0	220,267
11. Occupancy, depreciation and amortization .....	1,067	284	4,785	0	6,135
12. Equipment .....	267	71	1,196	0	1,534
13. Cost or depreciation of EDP equipment and software .....	0	0	0	0	0
14. Outsourced services including EDP, claims, and other services .....	363,575	96,646	1,630,999	0	2,091,220
15. Boards, bureaus and association fees .....	6,454	1,716	28,952	0	37,122
16. Insurance, except on real estate .....	3,901	1,037	17,498	0	22,435
17. Collection and bank service charges .....	5,396	1,434	24,204	0	31,034
18. Group service and administration fees .....	21,783	5,790	97,717	0	125,290
19. Reimbursements by uninsured plans .....	0	0	0	0	0
20. Reimbursements from fiscal intermediaries .....	0	0	0	0	0
21. Real estate expenses .....	0	0	0	0	0
22. Real estate taxes .....	0	0	0	0	0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....	622,449	165,461	2,792,311	0	3,580,220
23.2 State premium taxes .....	0	0	0	0	0
23.3 Regulatory authority licenses and fees .....	8,840	2,350	39,655	0	50,844
23.4 Payroll taxes .....	17,888	4,755	80,247	0	102,890
23.5 Other (excluding federal income and real estate taxes) .....	2,306	613	10,343	0	13,261
24. Investment expenses not included elsewhere .....	0	0	0	23,588	23,588
25. Aggregate write-ins for expenses .....	3,098	824	13,898	0	17,819
26. Total expenses incurred (Lines 1 to 25) .....	1,586,907	421,836	7,118,881	23,588	(a) 9,151,212
27. Less expenses unpaid December 31, current year .....	104,544	27,790	3,488,175	0	3,620,509
28. Add expenses unpaid December 31, prior year .....	74,177	33,953	2,257,447	0	2,365,577
29. Amounts receivable relating to uninsured plans, prior year .....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year .....	0	0	0	0	0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	1,556,540	427,999	5,888,153	23,588	7,896,280
<b>DETAILS OF WRITE-INS</b>					
2501. OTHER .....	3,098	824	13,898	0	17,819
2502. ....					
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	3,098	824	13,898	0	17,819

(a) Includes management fees of \$ .....0 to affiliates and \$ .....0 to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP  
**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds	(a) 0	0
1.1 Bonds exempt from U.S. tax	(a) 0	0
1.2 Other bonds (unaffiliated)	(a) 0	0
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 0	0
2.11 Preferred stocks of affiliates	(b) 0	0
2.2 Common stocks (unaffiliated)	0	404,889
2.21 Common stocks of affiliates	0	0
3. Mortgage loans	(c) 0	0
4. Real estate	(d) 0	0
5. Contract Loans	0	0
6. Cash, cash equivalents and short-term investments	(e) 0	732
7. Derivative instruments	(f) 0	0
8. Other invested assets	0	0
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	0	405,621
11. Investment expenses		(g) 23,588
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 0
14. Depreciation on real estate and other invested assets		(i) 0
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		23,588
17. Net investment income (Line 10 minus Line 16)		382,033
<b>DETAILS OF WRITE-INS</b>		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (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	0	0	0	0	0
1.1 Bonds exempt from U.S. tax	0	0	0	0	0
1.2 Other bonds (unaffiliated)	0	0	0	0	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	36,774	0	36,774	(92,888)	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	36,774	0	36,774	(92,888)	0
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP

**EXHIBIT OF NON-ADMITTED 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) .....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	0	0	0
2.2 Common stocks .....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale .....	0	0	0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA) .....	0	0	0
6. Contract loans .....	0	0	0
7. Derivatives (Schedule DB) .....	0	0	0
8. Other invested assets (Schedule BA) .....	0	0	0
9. Receivables for securities .....	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL) .....	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	0	0	0
13. Title plants (for Title insurers only) .....	0	0	0
14. Investment income due and accrued .....	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....	0	0	0
15.3 Accrued retrospective premiums .....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	0	0	0
16.2 Funds held by or deposited with reinsured companies .....	0	0	0
16.3 Other amounts receivable under reinsurance contracts .....	0	0	0
17. Amounts receivable relating to uninsured plans .....	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
18.2 Net deferred tax asset .....	0	0	0
19. Guaranty funds receivable or on deposit .....	0	0	0
20. Electronic data processing equipment and software .....	0	0	0
21. Furniture and equipment, including health care delivery assets .....	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
23. Receivable from parent, subsidiaries and affiliates .....	0	0	0
24. Health care and other amounts receivable .....	89,600	175,154	85,554
25. Aggregate write-ins for other than invested assets .....	80,509	0	(80,509)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	170,109	175,154	5,045
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0
28. Total (Lines 26 and 27)	170,109	175,154	5,045
<b>DETAILS OF WRITE-INS</b>			
1101. ....	0	0	0
1102. ....	0	0	0
1103. ....	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501. PREPAIDS .....	80,509	0	(80,509)
2502. ....	0	0	0
2503. ....	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	80,509	0	(80,509)

**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 .....	17,585	18,160	19,770	19,344	19,753	230,243
2. Provider Service Organizations .....	0	0	0	0	0	0
3. Preferred Provider Organizations .....	0	0	0	0	0	0
4. Point of Service .....	0	0	0	0	0	0
5. Indemnity Only .....	0	0	0	0	0	0
6. Aggregate write-ins for other lines of business .....	0	0	0	0	0	0
7. Total	17,585	18,160	19,770	19,344	19,753	230,243
<b>DETAILS OF WRITE-INS</b>						
0601. ....	0	0	0	0	0	0
0602. ....	0	0	0	0	0	0
0603. ....	0	0	0	0	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page .....	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

## 1. SIGNIFICANT ACCOUNTING POLICIES

### A. Accounting Practices

The financial statements of Sparrow PHP are presented on the basis of accounting practices prescribed or permitted by the Michigan Department of Financial & Insurance Services (DFIS).

DFIS recognizes only statutory accounting practices prescribed or permitted by the state of Michigan for determining and reporting the financial condition and results of operations of an insurance company. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual*, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Michigan.

A reconciliation of Sparrow PHP's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Michigan is shown below:

Description	December 31, 2014	December 31, 2013
(1) Net Income, Michigan	\$ 853,303	\$ 798,230
(2) State Prescribed Practices: None	-	-
(3) State Prescribed Practices: None	-	-
(4) Net Income, NAIC SAP	\$ 853,303	\$ 798,230

Description	December 31, 2014	December 31, 2013
(5) Statutory Capital & Surplus, Michigan	\$ 8,494,340	\$ 7,727,980
(6) State Prescribed Practices: None	-	-
(7) State Prescribed Practices: None	-	-
(8) Statutory Capital & Surplus, NAIC SAP	\$ 8,494,340	\$ 7,727,980

### B. Use of Estimates

In preparing the financial statements in conformity with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures Manual*, management makes estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### C. Accounting Policy

1. Short term investments are stated at amortized cost or at market value depending upon the respective investment.
2. Bonds  
Not applicable
3. Common stocks are stated at market value.
4. Preferred stocks  
Not applicable
5. Mortgage loans  
Not applicable
6. Loan-backed securities  
Not applicable
7. Investments in subsidiaries, controlled and affiliated companies  
Not applicable
8. Investments in joint ventures, partnerships and limited liability companies  
Not applicable

9. Derivatives  
Not applicable
10. Premium deficiency reserves  
Not applicable
11. Estimating the liabilities for losses and loss/claim adjustment expenses: Estimates on unpaid losses are based upon the plan's past experience, individual case estimates and an estimate 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 liabilities are continually reviewed and any adjustments are reflected in the period determined. Loss/claim adjustment expenses related to claims are accrued based on estimates of expenses to process those claims.
12. Sparrow PHP has not modified its capitalization from the prior period.
13. Pharmaceutical rebate receivable estimates are based upon historical rebate trends, Plan membership and estimates from Sparrow PHP's pharmacy benefit manager.

## 2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

Not applicable

## 3. BUSINESS COMBINATIONS AND GOODWILL

Not applicable

## 4. DISCONTINUED OPERATIONS

Not applicable

## 5. INVESTMENTS

### A. Mortgage Loans, including Mezzanine Real Estate Loans

Not applicable

### B. Debt Restructuring

Not applicable

### C. Reverse Mortgages

Not applicable

### D. Loan-Backed Securities

Not applicable

### E. Repurchase Agreements and/or Securities Lending Transactions

Not applicable

### F. Real Estate

Not applicable

### G. Low-Income Housing Tax Credit (LIHTC) Investments

Not applicable

### H. Restricted Assets

Not applicable

## 6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

Not applicable

7. INVESTMENT INCOME

All investment income due or accrued has been included in the filing.

8. DERIVATIVE INSTRUMENTS

Not applicable

9. INCOME TAXES

Sparrow PHP is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

A, B, C, D, E, F, G

Sparrow PHP is solely owned by PHP, an HMO organized under the laws of the state of Michigan, and a controlled entity of Sparrow Health System (“SHS”).

Substantially all administrative services are provided by PHP. Sparrow PHP pays PHP for certain administrative expenses incurred by PHP, which totaled \$5,555,727 in 2014 and \$4,224,805 in 2013.

Amounts due from affiliates are \$0 and \$641,120 at 12/31/2014 and 12/31/2013, respectively. Amounts due to affiliates of \$885,077 at 12/31/2014, and \$363,128 at 12/31/2013, are related to amounts owed under the management agreements.

H. Amount Deducted for Investments in Upstream Company

Not Applicable

I. Detail of Investment in Affiliates Greater than 10% of Admitted Assets

Not Applicable

J. Writedown for Impairments of Investments in Affiliates

Not Applicable

K. Foreign Subsidiary Valued Using CARVM

Not Applicable

L. Downstream Holding Company Valued Using Look-Through Method

Not Applicable

11. DEBT

Not applicable

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

Not applicable

13. CAPITAL AND SURPLUS, SHAREHOLDERS’ DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

Not applicable

14. CONTINGENCIES

A. Contingent Commitments

Not Applicable

B. Guaranty Funds and Other Assessments

Not Applicable

C. Gain Contingencies

Not Applicable

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming From Lawsuits

Not Applicable

E. All Other Contingencies

Not Applicable

15. LEASES

A. Lessee Leasing Arrangements

Not Applicable

B. Lessor Leases

Not Applicable

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

Not applicable

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

Not applicable

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

Not applicable

19. DIRECT PREMIUM WRITTEN / PRODUCED BY MANAGING GENERAL AGENTS / THIRD PARTY ADMINISTRATORS

Not applicable

20. FAIR VALUE MEASUREMENTS

A.

1. Assets Measured at Fair Value on a Recurring Basis:

	1	2	3	4	5
Description for Each Class of Asset or Liability	Level 1	Level 2	Level 3		Total
a. Assets at Fair Value					
Mutual Funds	\$ 5,772,638				\$ 5,772,638
Short-Term Investments	15,491,823	-	-		15,491,823
Total Assets at Fair Value	\$ 21,264,460	\$ -	\$ -		\$ 21,264,460

There are no assets or liabilities recorded at fair value on a non-recurring basis as of December 31, 2014 and December 31, 2013.

The Company has categorized its assets and liabilities into the three-level fair value hierarchy based upon the priority of the inputs to the respective valuation technique. The following summarizes the type of assets and liabilities owned by the Company that are included within the three-level fair value hierarchy presented in the table above:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets and liabilities: This category is generally quotes for debt or equity securities actively traded in exchange or over-the-counter markets.

Level 2 – Significant other observable inputs: The Company has no Level 2 assets or liabilities.

Level 3 – Significant unobservable inputs: The Company has no Level 3 assets or liabilities.

2. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

The Company has no assets or liabilities measured at fair value in the Level 3 category

3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

The Company has no assets or liabilities measured at fair value in the Level 3 category.

5. Derivative Fair Value

Not applicable

B. Other Fair Value Disclosures

Not applicable

C. Aggregate Fair Value and Admitted Value for all Financial Instruments

	1	2	3	4	5	6	7
Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3		Not Practicable (Carrying Value)
Mutual Funds	\$ 5,772,638	\$ 5,772,638	\$ 5,772,638				
Short-Term Investments	15,491,823	15,491,823	15,491,823				

D. Reasons Not Practical to Estimate Fair Values

Not applicable

21. OTHER ITEMS

A. Extraordinary Items

Not applicable

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

Effective October 1, 2014, PHP FamilyCare’s name was changed to Sparrow PHP.

D. Business Interruption Insurance Recoveries

Not applicable

E. State Transferable Tax Credits

Not applicable

F. Subprime Mortgage Related Risk Exposure

Not applicable

G. Retained Assets

Not applicable

22. EVENTS SUBSEQUENT

Not applicable

23. REINSURANCE

A. Ceded Reinsurance Report

Section 1 General Interrogatories

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

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) which 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? Yes ( ) No (x)

Section 2 Ceded Reinsurance Report Part A.

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

(2) Does the company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsured of amounts which, 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? Yes ( ) No (x).

Section 3 Ceded Reinsurance Report Part B.

(1) What is the estimated amount of the aggregate reduction in surplus, for agreements, not reflected in Section 2 above, of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0.00

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

B. Uncollectible Reinsurance

Not applicable

C. Commutation of Ceded Reinsurance

Not applicable

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

Not applicable

25. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

The following table provides a reconciliation of beginning and ending reserves for claims unpaid and unpaid claim adjustment expenses, net of reinsurance recoverables:

	2014	2013
	(in thousands)	
Balance—January 1	\$ 5,851	\$ 3,327
Add provision for claims occurring in:		
Current year	59,485	50,453
Prior year	(1,399)	(329)
Net incurred losses during the current year	58,086	50,124
Deduct payments for claims occurring in:		
Current year	52,212	45,100
Prior year	4,395	2,501
Net claim payments during the current year	56,606	47,601
End of year reserve - December 31	\$ 7,330	\$ 5,851

26. INTERCOMPANY POOLING ARRANGEMENTS

Not applicable

27. STRUCTURED SETTLEMENTS

Not applicable

28. HEALTH CARE RECEIVABLES

Healthcare receivables include pharmacy rebates Sparrow PHP receives from third party vendors. These rebates are calculated using estimates based on per claim guarantee calculations, historical rebate trends and membership. Activity for the previous three years is summarized as follows:

A. Pharmacy Rebates (in thousands)

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2014	\$ 62	\$ 62	\$ -	\$ -	\$ -
9/30/2014	51	51	62	-	-
6/30/2014	103	103	-	62	-
3/31/2014	84	84	-	62	-
12/31/2013	41	41	-	42	-
9/30/2013	42	42	43	-	-
6/30/2013	43	43	-	-	43
3/31/2013	42	42	-	-	42
12/31/2012	51	51	-	43	-
9/30/2012	51	51	-	-	46
6/30/2012	52	52	-	-	52
3/31/2012	50	50	-	50	-

C. Risk Share Receivables

None

29. PARTICIPATING POLICIES

Not applicable.

30. PREMIUM DEFICIENCY RESERVES

Not applicable

31. ANTICIPATED SALVAGE AND SUBROGATION

Not applicable

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [ X ] No [ ]  
If yes, complete Schedule Y, Parts 1, 1A and 2
- 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 [ ] No [ X ]
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2011
- 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. .... 12/31/2011
- 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). .... 03/29/2013
- 3.4 By what department or departments?  
.....
- 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 [ X ] No [ ] N/A [ ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [ X ] No [ ] N/A [ ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.11 sales of new business? ..... Yes [ ] No [ X ]  
4.12 renewals? ..... Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.21 sales of new business? ..... Yes [ ] No [ X ]  
4.22 renewals? ..... Yes [ ] No [ X ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... 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<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---------------------|------------------------|------------------------|
|                     |                        |                        |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [ X ]
- 6.2 If yes, give full information:  
.....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? ..... Yes [ ] No [ X ]
- 7.2 If yes,  
7.21 State the percentage of foreign control; ..... 0.0 %  
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 or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP  
**GENERAL INTERROGATORIES**

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 .....
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:  
 .....
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:  
 .....
- 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?  
 MICHAEL G STRRM, BROOKFIELD, WI (MILLIMAN) .....
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
- 12.11 Name of real estate holding company ....
- 12.12 Number of parcels involved .....0
- 12.13 Total book/adjusted carrying value .....\$ .....0
- 12.2 If, yes provide explanation:  
 .....
13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
 .....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] N/A [ 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).  
 .....

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP  
**GENERAL INTERROGATORIES**

- 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

**BOARD OF DIRECTORS**

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? ..... Yes [ X ] No [ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? ..... Yes [ X ] No [ ]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict 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 the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- |   |          |   |
|---|----------|---|
| 20.21 To directors or other officers.....               | \$ ..... | 0 |
| 20.22 To stockholders not officers.....                 | \$ ..... | 0 |
| 20.23 Trustees, supreme or grand (Fraternal Only) ..... | \$ ..... | 0 |
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? ..... Yes [ ] No [ X ]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- |                                 |          |   |
|---------------------------------|----------|---|
| 21.21 Rented from others.....   | \$ ..... | 0 |
| 21.22 Borrowed from others..... | \$ ..... | 0 |
| 21.23 Leased from others .....  | \$ ..... | 0 |
| 21.24 Other .....               | \$ ..... | 0 |
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? ..... Yes [ ] No [ X ]
- 22.2 If answer is yes:
- |   |          |   |
|---|----------|---|
| 22.21 Amount paid as losses or risk adjustment \$ ..... | \$ ..... | 0 |
| 22.22 Amount paid as expenses .....                     | \$ ..... | 0 |
| 22.23 Other amounts paid .....                          | \$ ..... | 0 |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ ] No [ X ]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....

**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. .... \$ .....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. .... \$ .....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? ..... Yes [ ] No [ ] N/A [ X ]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? ..... Yes [ ] No [ ] N/A [ X ]
- 24.09 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? ..... Yes [ ] No [ ] N/A [ X ]

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP  
GENERAL INTERROGATORIES**

24.10 For the reporting entity's security lending program state the amount of the following as 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 .....	\$ .....	1,148,047
25.29 On deposit with other regulatory bodies .....	\$ .....	0
25.30 Pledged as collateral - excluding collateral pledged to an FHLB .....	\$ .....	0
25.31 Pledged as collateral to FHLB - including assets backing funding agreements .....	\$ .....	0
25.32 Other .....	\$ .....	0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?..... Yes [ ] No [ X ]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?..... Yes [ ] No [ ] N/A [ X ]  
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?..... Yes [ ] No [ X ]

27.2 If yes, state the amount thereof at December 31 of the current year..... \$ .....

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

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

1 Name of Custodian(s)	2 Custodian's Address
BNY MELLON .....	ONE MELLON CENTER, PITTSBURGH, PA 15259-0001 .....

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, brokers/dealers or individuals acting on behalf of brokers/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
N/A .....	sei .....	1 FREEDOM DRIVE, OAKS, PA 19456 .....

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP  
**GENERAL INTERROGATORIES**

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		0

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	15,491,823	15,491,823	0
30.2 Preferred stocks .....	0	0	0
30.3 Totals	15,491,823	15,491,823	0

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 [ ]

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:  
 PRICE PUBLISHED IN THE NAIC VALUATION OF SECURITIES .....

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

32.2 If no, list exceptions:  
 .....

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP  
**GENERAL INTERROGATORIES**

**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 Name	2 Amount Paid

34.1 Amount of payments for legal expenses, if any? .....\$ .....0

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

1 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? .....\$ .....0

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

1 Name	2 Amount Paid

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP  
**GENERAL INTERROGATORIES**

**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 .....	67,506,682	54,326,662	
2.2 Premium Denominator .....	67,506,682	54,326,662	
2.3 Premium Ratio (2.1/2.2) .....	1.000	1.000	
2.4 Reserve Numerator .....	7,987,847	6,236,374	
2.5 Reserve Denominator .....	7,987,847	6,236,374	
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 ]

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 ..... \$ 250,000

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:  
HOLD HARMLESS PROVISION IN PROVIDER CONTRACTS STATE REQUIRED RESERVE AND INSOLVENCY CLAUSE IN REINSURANCE AGREEMENT .....

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 ..... 0

8.2 Number of providers at end of reporting year ..... 0

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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP  
**GENERAL INTERROGATORIES**

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? ..... Yes  No

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.....\$ .....369,193  
 10.24 Amount actually paid for year withholds.....\$ .....369,193

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, ..... Yes  No   
 11.13 An Individual Practice Association (IPA), or, ..... Yes  No   
 11.14 A Mixed Model (combination of above)? ..... Yes  No

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? ..... Yes  No   
 11.3 If yes, show the name of the state requiring such net worth. .... MICHIGAN  
 11.4 If yes, show the amount required. .... \$ 5,824,488  
 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? ..... Yes  No   
 11.6 If the amount is calculated, show the calculation  
 RBC COMPANY ACTION LEVEL \$5,824,488

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

1 Name of Service Area
COUNTIES OF: CLINTON, EATON, INGHAM .....
COUNTIES OF: IONIA, SHIAWASSEE, ISABELLA .....

13.1 Do you act as a custodian for health savings accounts? ..... Yes  No   
 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   
 13.4 If yes, please provide the balance of funds administered as of the reporting date. .... \$ .....0

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? ..... Yes  No  N/A   
 14.2 If the answer to 14.1 is yes, please provide the following:

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  
 15.3 Number of Covered Lives .....0

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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP

**FIVE-YEAR HISTORICAL DATA**

	1 2014	2 2013	3 2012	4 2011	5 2010
<b>Balance Sheet</b> (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28) .....	21,114,174	16,814,929	13,458,463	14,006,844	12,880,595
2. Total liabilities (Page 3, Line 24) .....	12,619,834	9,086,949	7,200,915	7,452,987	6,304,152
3. Statutory surplus .....	5,824,488	0	5,052,944	4,203,178	4,295,990
4. Total capital and surplus (Page 3, Line 33) .....	8,494,340	7,727,980	6,257,548	6,553,857	6,576,443
<b>Income Statement</b> (Page 4)					
5. Total revenues (Line 8) .....	67,506,682	54,326,662	52,953,117	54,714,400	54,827,945
6. Total medical and hospital expenses (Line 18) .....	57,944,560	49,710,611	47,508,540	47,065,527	47,086,173
7. Claims adjustment expenses (Line 20) .....	2,008,743	940,938	1,195,673	1,236,147	1,230,189
8. Total administrative expenses (Line 21) .....	7,118,881	3,308,370	4,915,714	7,376,007	7,125,224
9. Net underwriting gain (loss) (Line 24) .....	434,498	366,743	(666,810)	(963,281)	(613,641)
10. Net investment gain (loss) (Line 27) .....	418,806	431,487	149,149	488,775	359,660
11. Total other income (Lines 28 plus 29) .....	0	0	0	0	0
12. Net income or (loss) (Line 32) .....	853,304	798,230	(517,661)	(474,506)	(253,981)
<b>Cash Flow</b> (Page 6)					
13. Net cash from operations (Line 11) .....	3,335,608	3,613,735	(1,871,044)	356,342	(974,815)
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital .....	8,494,340	7,727,980	6,257,548	6,553,857	6,576,443
15. Authorized control level risk-based capital .....	2,912,244	2,624,983	2,526,472	2,101,589	2,147,995
<b>Enrollment</b> (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7) .....	19,753	17,585	17,981	18,147	18,789
17. Total members months (Column 6, Line 7) .....	230,243	208,688	215,907	220,559	222,690
<b>Operating Percentage</b> (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19) .....	85.8	91.5	89.7	86.0	85.9
20. Cost containment expenses .....	2.4	1.2	1.5	1.5	1.5
21. Other claims adjustment expenses .....	0.6	0.5	0.7	0.7	0.7
22. Total underwriting deductions (Line 23) .....	99.4	99.3	101.3	101.8	101.1
23. Total underwriting gain (loss) (Line 24) .....	0.6	0.7	(1.3)	(1.8)	(1.1)
<b>Unpaid Claims Analysis</b> (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5) .....	4,102,624	2,853,766	2,839,728	3,061,938	2,016,844
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)] .....	5,738,977	3,712,945	4,134,317	3,540,865	4,028,219
<b>Investments In Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1) .....	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1) .....	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1) .....	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10) .....	0	0	0	0	0
30. Affiliated mortgage loans on real estate .....	0	0	0	0	0
31. All other affiliated .....	0	0	0	0	0
32. Total of above Lines 26 to 31 .....	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above .....	0	0	0	0	0

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

**SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS**

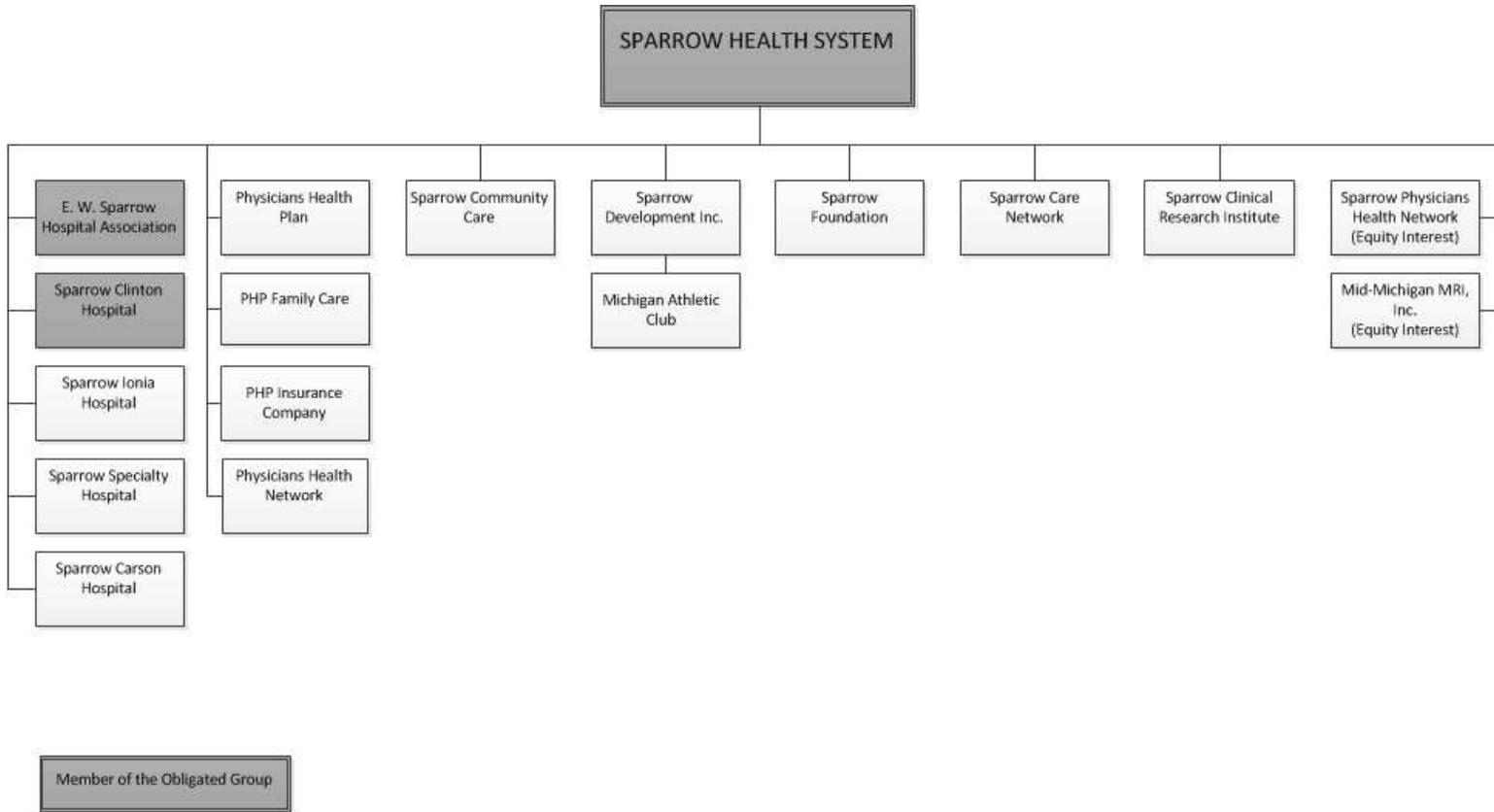
**Allocated by States and Territories**

1	Direct Business Only								
	2	3	4	5	6	7	8	9	
States, etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL	0	0	0	0	0	0	0	0
2. Alaska	AK	0	0	0	0	0	0	0	0
3. Arizona	AZ	0	0	0	0	0	0	0	0
4. Arkansas	AR	0	0	0	0	0	0	0	0
5. California	CA	0	0	0	0	0	0	0	0
6. Colorado	CO	0	0	0	0	0	0	0	0
7. Connecticut	CT	0	0	0	0	0	0	0	0
8. Delaware	DE	0	0	0	0	0	0	0	0
9. District of Columbia	DC	0	0	0	0	0	0	0	0
10. Florida	FL	0	0	0	0	0	0	0	0
11. Georgia	GA	0	0	0	0	0	0	0	0
12. Hawaii	HI	0	0	0	0	0	0	0	0
13. Idaho	ID	0	0	0	0	0	0	0	0
14. Illinois	IL	0	0	0	0	0	0	0	0
15. Indiana	IN	0	0	0	0	0	0	0	0
16. Iowa	IA	0	0	0	0	0	0	0	0
17. Kansas	KS	0	0	0	0	0	0	0	0
18. Kentucky	KY	0	0	0	0	0	0	0	0
19. Louisiana	LA	0	0	0	0	0	0	0	0
20. Maine	ME	0	0	0	0	0	0	0	0
21. Maryland	MD	0	0	0	0	0	0	0	0
22. Massachusetts	MA	0	0	0	0	0	0	0	0
23. Michigan	MI	L	1,749,290	65,968,341	0	0	0	67,717,631	0
24. Minnesota	MN	0	0	0	0	0	0	0	0
25. Mississippi	MS	0	0	0	0	0	0	0	0
26. Missouri	MO	0	0	0	0	0	0	0	0
27. Montana	MT	0	0	0	0	0	0	0	0
28. Nebraska	NE	0	0	0	0	0	0	0	0
29. Nevada	NV	0	0	0	0	0	0	0	0
30. New Hampshire	NH	0	0	0	0	0	0	0	0
31. New Jersey	NJ	0	0	0	0	0	0	0	0
32. New Mexico	NM	0	0	0	0	0	0	0	0
33. New York	NY	0	0	0	0	0	0	0	0
34. North Carolina	NC	0	0	0	0	0	0	0	0
35. North Dakota	ND	0	0	0	0	0	0	0	0
36. Ohio	OH	0	0	0	0	0	0	0	0
37. Oklahoma	OK	0	0	0	0	0	0	0	0
38. Oregon	OR	0	0	0	0	0	0	0	0
39. Pennsylvania	PA	0	0	0	0	0	0	0	0
40. Rhode Island	RI	0	0	0	0	0	0	0	0
41. South Carolina	SC	0	0	0	0	0	0	0	0
42. South Dakota	SD	0	0	0	0	0	0	0	0
43. Tennessee	TN	0	0	0	0	0	0	0	0
44. Texas	TX	0	0	0	0	0	0	0	0
45. Utah	UT	0	0	0	0	0	0	0	0
46. Vermont	VT	0	0	0	0	0	0	0	0
47. Virginia	VA	0	0	0	0	0	0	0	0
48. Washington	WA	0	0	0	0	0	0	0	0
49. West Virginia	WV	0	0	0	0	0	0	0	0
50. Wisconsin	WI	0	0	0	0	0	0	0	0
51. Wyoming	WY	0	0	0	0	0	0	0	0
52. American Samoa	AS	0	0	0	0	0	0	0	0
53. Guam	GU	0	0	0	0	0	0	0	0
54. Puerto Rico	PR	0	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	0	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	0	0	0	0	0	0	0	0
57. Canada	CAN	0	0	0	0	0	0	0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0
59. Subtotal	XXX	1,749,290	0	65,968,341	0	0	0	67,717,631	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	0	0	0	0	0	0	0	0
61. Total (Direct Business)	(a) 1	1,749,290	0	65,968,341	0	0	0	67,717,631	0
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP



**OVERFLOW PAGE FOR WRITE-INS**

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Sparrow PHP  
**OVERFLOW PAGE FOR WRITE-INS**

Additional Write-ins for Exhibit 1 Line 6

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	
0604. ....	0	0	0	0	0	0
0605. ....	0	0	0	0	0	0
0606. ....	0	0	0	0	0	0
0697. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0

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