

ASSETS

| | Current Statement Date | | | 4 Prior Year Net Admitted Assets |
|---|------------------------|-------------------------|---|--|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | |
| 1. Bonds | 0 | | 0 | 0 |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks | | | 0 | 0 |
| 2.2 Common stocks | | | 0 | 0 |
| 3. Mortgage loans on real estate: | | | | |
| 3.1 First liens | | | 0 | 0 |
| 3.2 Other than first liens | | | 0 | 0 |
| 4. Real estate: | | | | |
| 4.1 Properties occupied by the company (less \$ encumbrances) | | | 0 | 0 |
| 4.2 Properties held for the production of income (less \$ encumbrances) | | | 0 | 0 |
| 4.3 Properties held for sale (less \$ encumbrances) | | | 0 | 0 |
| 5. Cash (\$1,001,270), cash equivalents (\$), and short-term investments (\$10,410,581) | 11,411,851 | | 11,411,851 | 7,787,351 |
| 6. Contract loans (including \$ premium notes) | | | 0 | 0 |
| 7. Derivatives | | | 0 | 0 |
| 8. Other invested assets | | | 0 | 0 |
| 9. Receivables for securities | 0 | | 0 | 0 |
| 10. Aggregate write-ins for invested assets | 0 | 0 | 0 | 0 |
| 11. Subtotals, cash and invested assets (Lines 1 to 10) | 11,411,851 | 0 | 11,411,851 | 7,787,351 |
| 12. Title plants less \$ charged off (for Title insurers only) | | | 0 | 0 |
| 13. Investment income due and accrued | 6,900 | | 6,900 | 7,356 |
| 14. Premiums and considerations: | | | | |
| 14.1 Uncollected premiums and agents' balances in the course of collection | 612,698 | | 612,698 | 590,574 |
| 14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums) | | | 0 | 0 |
| 14.3 Accrued retrospective premiums | | | 0 | 0 |
| 15. Reinsurance: | | | | |
| 15.1 Amounts recoverable from reinsurers | | | 0 | 0 |
| 15.2 Funds held by or deposited with reinsured companies | | | 0 | 0 |
| 15.3 Other amounts receivable under reinsurance contracts | 0 | | 0 | 0 |
| 16. Amounts receivable relating to uninsured plans | 0 | | 0 | 0 |
| 17.1 Current federal and foreign income tax recoverable and interest thereon | 0 | 0 | 0 | 416,946 |
| 17.2 Net deferred tax asset | 477,188 | | 477,188 | 451,916 |
| 18. Guaranty funds receivable or on deposit | | | 0 | 0 |
| 19. Electronic data processing equipment and software | | | 0 | 0 |
| 20. Furniture and equipment, including health care delivery assets (\$) | 0 | | 0 | 0 |
| 21. Net adjustment in assets and liabilities due to foreign exchange rates | | | 0 | 0 |
| 22. Receivables from parent, subsidiaries and affiliates | 0 | | 0 | 6,000,000 |
| 23. Health care (\$4,040) and other amounts receivable | 16,892 | 12,852 | 4,040 | 1,471 |
| 24. Aggregate write-ins for other than invested assets | 600 | 600 | 0 | 0 |
| 25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24) | 12,526,129 | 13,452 | 12,512,677 | 15,255,614 |
| 26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | 0 | 0 |
| 27. Total (Lines 25 and 26) | 12,526,129 | 13,452 | 12,512,677 | 15,255,614 |
| DETAILS OF WRITE-INS | | | | |
| 1001. | | | | |
| 1002. | | | | |
| 1003. | | | | |
| 1098. Summary of remaining write-ins for Line 10 from overflow page | 0 | 0 | 0 | 0 |
| 1099. Totals (Lines 1001 through 1003 plus 1098)(Line 10 above) | 0 | 0 | 0 | 0 |
| 2401. Prepaid Commissions | 600 | 600 | 0 | 0 |
| 2402. | | | | |
| 2403. | | | | |
| 2498. Summary of remaining write-ins for Line 24 from overflow page | 0 | 0 | 0 | 0 |
| 2499. Totals (Lines 2401 through 2403 plus 2498)(Line 24 above) | 600 | 600 | 0 | 0 |

LIABILITIES, CAPITAL AND SURPLUS

| | Current Period | | | Prior Year |
|---|----------------|----------------|--------------|--------------|
| | 1 Covered | 2 Uncovered | 3 Total | 4 Total |
| 1. Claims unpaid (less \$ reinsurance ceded) | 3,724,785 | | 3,724,785 | 3,322,195 |
| 2. Accrued medical incentive pool and bonus amounts | 0 | | 0 | 0 |
| 3. Unpaid claims adjustment expenses | 50,348 | | 50,348 | 48,850 |
| 4. Aggregate health policy reserves | 3,357,000 | | 3,357,000 | 3,272,518 |
| 5. Aggregate life policy reserves | 0 | | 0 | 0 |
| 6. Property/casualty unearned premium reserve | 0 | | 0 | 0 |
| 7. Aggregate health claim reserves | 0 | | 0 | 0 |
| 8. Premiums received in advance | 55,118 | | 55,118 | 126,114 |
| 9. General expenses due or accrued | 160,765 | | 160,765 | 544,939 |
| 10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses)) | 33,016 | | 33,016 | 0 |
| 10.2 Net deferred tax liability | 0 | | 0 | 0 |
| 11. Ceded reinsurance premiums payable | 2,295 | | 2,295 | 2,406 |
| 12. Amounts withheld or retained for the account of others | 0 | | 0 | 0 |
| 13. Remittances and items not allocated | 0 | | 0 | 0 |
| 14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current) | 0 | | 0 | 0 |
| 15. Amounts due to parent, subsidiaries and affiliates | 101,396 | | 101,396 | 396,372 |
| 16. Derivatives | 0 | | 0 | 0 |
| 17. Payable for securities | 0 | | 0 | 0 |
| 18. Funds held under reinsurance treaties (with \$ authorized reinsurers and \$ unauthorized reinsurers) | 0 | | 0 | 0 |
| 19. Reinsurance in unauthorized companies | 0 | | 0 | 0 |
| 20. Net adjustments in assets and liabilities due to foreign exchange rates | 0 | | 0 | 0 |
| 21. Liability for amounts held under uninsured plans | 0 | | 0 | 0 |
| 22. Aggregate write-ins for other liabilities (including \$ current) | 3,796 | 0 | 3,796 | 3,760 |
| 23. Total liabilities (Lines 1 to 22) | 7,488,519 | 0 | 7,488,519 | 7,717,154 |
| 24. Aggregate write-ins for special surplus funds | XXX | XXX | 0 | 0 |
| 25. Common capital stock | XXX | XXX | 1,800,000 | 1,800,000 |
| 26. Preferred capital stock | XXX | XXX | | |
| 27. Gross paid in and contributed surplus | XXX | XXX | 16,138,440 | 16,138,440 |
| 28. Surplus notes | XXX | XXX | | 0 |
| 29. Aggregate write-ins for other than special surplus funds | XXX | XXX | 0 | 0 |
| 30. Unassigned funds (surplus) | XXX | XXX | (12,914,282) | (10,399,980) |
| 31. Less treasury stock, at cost: | | | | |
| 31.1 shares common (value included in Line 25 \$) | XXX | XXX | | |
| 31.2 shares preferred (value included in Line 26 \$) | XXX | XXX | | |
| 32. Total capital and surplus (Lines 24 to 30 minus Line 31) | XXX | XXX | 5,024,158 | 7,538,460 |
| 33. Total liabilities, capital and surplus (Lines 23 and 32) | XXX | XXX | 12,512,677 | 15,255,614 |
| DETAILS OF WRITE-INS | | | | |
| 2201. Unclaimed Property | 3,796 | | 3,796 | 3,760 |
| 2202. | | | | |
| 2203. | | | | |
| 2298. Summary of remaining write-ins for Line 22 from overflow page | 0 | 0 | 0 | 0 |
| 2299. Totals (Lines 2201 through 2203 plus 2298)(Line 22 above) | 3,796 | 0 | 3,796 | 3,760 |
| 2401. | XXX | XXX | | |
| 2402. | XXX | XXX | | |
| 2403. | XXX | XXX | | |
| 2498. Summary of remaining write-ins for Line 24 from overflow page | XXX | XXX | 0 | 0 |
| 2499. Totals (Lines 2401 through 2403 plus 2498)(Line 24 above) | XXX | XXX | 0 | 0 |
| 2901. | XXX | XXX | | |
| 2902. | XXX | XXX | | |
| 2903. | XXX | XXX | | |
| 2998. Summary of remaining write-ins for Line 29 from overflow page | XXX | XXX | 0 | 0 |
| 2999. Totals (Lines 2901 through 2903 plus 2998)(Line 29 above) | XXX | XXX | 0 | 0 |

STATEMENT OF REVENUE AND EXPENSES

| | Current Year To Date | | Prior Year To Date | Prior Year Ended December 31 |
|---|-------------------------|-------------|-----------------------|---------------------------------|
| | 1 Uncovered | 2 Total | 3 Total | 4 Total |
| 1. Member Months | XXX | 34,264 | 36,127 | 71,608 |
| 2. Net premium income (including \$ non-health premium income)..... | XXX | 13,940,654 | 14,762,113 | 29,156,319 |
| 3. Change in unearned premium reserves and reserve for rate credits..... | XXX | 518 | 303 | 315 |
| 4. Fee-for-service (net of \$ medical expenses)..... | XXX | | | 0 |
| 5. Risk revenue | XXX | | | 0 |
| 6. Aggregate write-ins for other health care related revenues | XXX | 0 | 0 | 0 |
| 7. Aggregate write-ins for other non-health revenues | XXX | 0 | 0 | 0 |
| 8. Total revenues (Lines 2 to 7) | XXX | 13,941,172 | 14,762,416 | 29,156,634 |
| Hospital and Medical: | | | | |
| 9. Hospital/medical benefits | | 13,513,677 | 11,368,042 | 22,647,020 |
| 10. Other professional services | | 30,439 | 17,404 | 50,048 |
| 11. Outside referrals | | | | 0 |
| 12. Emergency room and out-of-area | | | | 0 |
| 13. Prescription drugs | | 1,913,673 | 1,764,450 | 3,556,528 |
| 14. Aggregate write-ins for other hospital and medical | 0 | 0 | 0 | 0 |
| 15. Incentive pool, withhold adjustments and bonus amounts | | | | 0 |
| 16. Subtotal (Lines 9 to 15) | 0 | 15,457,789 | 13,149,896 | 26,253,596 |
| Less: | | | | |
| 17. Net reinsurance recoveries | | | | 0 |
| 18. Total hospital and medical (Lines 16 minus 17) | 0 | 15,457,789 | 13,149,896 | 26,253,596 |
| 19. Non-health claims (net) | | 0 | | 0 |
| 20. Claims adjustment expenses, including \$ 61,343 cost containment expenses | | 358,473 | 250,820 | 772,033 |
| 21. General administrative expenses | | 1,911,800 | 2,165,672 | 4,117,386 |
| 22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only) | | 85,000 | (157,000) | 2,989,000 |
| 23. Total underwriting deductions (Lines 18 through 22)..... | 0 | 17,813,062 | 15,409,388 | 34,132,015 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23) | XXX | (3,871,890) | (646,972) | (4,975,381) |
| 25. Net investment income earned | | 8,220 | 30,858 | 42,655 |
| 26. Net realized capital gains (losses) less capital gains tax of \$ | | | | 0 |
| 27. Net investment gains (losses) (Lines 25 plus 26) | 0 | 8,220 | 30,858 | 42,655 |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)] | | | | 0 |
| 29. Aggregate write-ins for other income or expenses | 0 | 0 | 0 | 0 |
| 30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) | XXX | (3,863,670) | (616,114) | (4,932,726) |
| 31. Federal and foreign income taxes incurred | XXX | (1,330,037) | (203,046) | (665,925) |
| 32. Net income (loss) (Lines 30 minus 31) | XXX | (2,533,633) | (413,068) | (4,266,801) |
| DETAILS OF WRITE-INS | | | | |
| 0601. | XXX | | | 0 |
| 0602. | XXX | | | 0 |
| 0603. | XXX | | | 0 |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | XXX | 0 | 0 | 0 |
| 0699. Totals (Lines 0601 through 0603 plus 0698)(Line 6 above) | XXX | 0 | 0 | 0 |
| 0701. | XXX | | | 0 |
| 0702. | XXX | | | 0 |
| 0703. | XXX | | | 0 |
| 0798. Summary of remaining write-ins for Line 7 from overflow page | XXX | 0 | 0 | 0 |
| 0799. Totals (Lines 0701 through 0703 plus 0798)(Line 7 above) | XXX | 0 | 0 | 0 |
| 1401. | | | | 0 |
| 1402. | | | | 0 |
| 1403. | | | | 0 |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | 0 | 0 | 0 | 0 |
| 1499. Totals (Lines 1401 through 1403 plus 1498)(Line 14 above) | 0 | 0 | 0 | 0 |
| 2901. | | | | 0 |
| 2902. | | | | 0 |
| 2903. | | | | 0 |
| 2998. Summary of remaining write-ins for Line 29 from overflow page | 0 | 0 | 0 | 0 |
| 2999. Totals (Lines 2901 through 2903 plus 2998)(Line 29 above) | 0 | 0 | 0 | 0 |

STATEMENT OF REVENUE AND EXPENSES (Continued)

| | 1 Current Year to Date | 2 Prior Year to Date | 3 Prior Year Ended December 31 |
|--|------------------------------|----------------------------|--------------------------------------|
| CAPITAL AND SURPLUS ACCOUNT | | | |
| 33. Capital and surplus prior reporting year..... | 7,538,460 | 5,488,822 | 5,488,822 |
| 34. Net income or (loss) from Line 32 | (2,533,633) | (413,068) | (4,266,801) |
| 35. Change in valuation basis of aggregate policy and claim reserves | | | |
| 36. Change in net unrealized capital gains (losses) less capital gains tax of \$ | | | |
| 37. Change in net unrealized foreign exchange capital gain or (loss) | | | |
| 38. Change in net deferred income tax | 25,272 | 10,534 | 215,980 |
| 39. Change in nonadmitted assets | (5,941) | (30,097) | 100,459 |
| 40. Change in unauthorized reinsurance | 0 | 0 | 0 |
| 41. Change in treasury stock | 0 | 0 | 0 |
| 42. Change in surplus notes | 0 | 0 | 0 |
| 43. Cumulative effect of changes in accounting principles..... | | | |
| 44. Capital Changes: | | | |
| 44.1 Paid in | 0 | 0 | 0 |
| 44.2 Transferred from surplus (Stock Dividend)..... | 0 | 0 | 0 |
| 44.3 Transferred to surplus..... | | | |
| 45. Surplus adjustments: | | | |
| 45.1 Paid in | 0 | 0 | 6,000,000 |
| 45.2 Transferred to capital (Stock Dividend) | | | |
| 45.3 Transferred from capital | | | |
| 46. Dividends to stockholders | | | |
| 47. Aggregate write-ins for gains or (losses) in surplus | 0 | 0 | 0 |
| 48. Net change in capital & surplus (Lines 34 to 47) | (2,514,302) | (432,631) | 2,049,638 |
| 49. Capital and surplus end of reporting period (Line 33 plus 48) | 5,024,158 | 5,056,191 | 7,538,460 |
| DETAILS OF WRITE-INS | | | |
| 4701. | | | |
| 4702. | | | |
| 4703. | | | |
| 4798. Summary of remaining write-ins for Line 47 from overflow page | 0 | 0 | 0 |
| 4799. Totals (Lines 4701 through 4703 plus 4798)(Line 47 above) | 0 | 0 | 0 |

CASH FLOW

| | 1 Current Year To Date | 2 Prior Year To Date | 3 Prior Year Ended December 31 |
|---|------------------------------|----------------------------|--------------------------------------|
| Cash from Operations | | | |
| 1. Premiums collected net of reinsurance | 13,847,423 | 13,966,892 | 31,525,963 |
| 2. Net investment income | 8,676 | 33,224 | 45,997 |
| 3. Miscellaneous income | 0 | 0 | 0 |
| 4. Total (Lines 1 to 3) | 13,856,099 | 14,000,116 | 31,571,960 |
| 5. Benefit and loss related payments | 15,063,109 | 9,913,924 | 26,692,001 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 2,652,949 | 2,105,240 | 4,328,784 |
| 8. Dividends paid to policyholders | | | |
| 9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses) | (1,779,999) | 68,496 | 37,413 |
| 10. Total (Lines 5 through 9) | 15,936,059 | 12,087,660 | 31,058,198 |
| 11. Net cash from operations (Line 4 minus Line 10) | (2,079,960) | 1,912,456 | 513,762 |
| Cash from Investments | | | |
| 12. Proceeds from investments sold, matured or repaid: | | | |
| 12.1 Bonds | 0 | 0 | 0 |
| 12.2 Stocks | 0 | 0 | 0 |
| 12.3 Mortgage loans | 0 | 0 | 0 |
| 12.4 Real estate | 0 | 0 | 0 |
| 12.5 Other invested assets | 0 | 0 | 0 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | 0 | 0 | 0 |
| 12.7 Miscellaneous proceeds | 0 | 0 | 0 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 0 | 0 | 0 |
| 13. Cost of investments acquired (long-term only): | | | |
| 13.1 Bonds | 0 | 0 | 0 |
| 13.2 Stocks | 0 | 0 | 0 |
| 13.3 Mortgage loans | 0 | 0 | 0 |
| 13.4 Real estate | 0 | 0 | 0 |
| 13.5 Other invested assets | 0 | 0 | 0 |
| 13.6 Miscellaneous applications | 0 | 0 | 0 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 0 | 0 | 0 |
| 14. Net increase (or decrease) in contract loans and premium notes | 0 | 0 | 0 |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) | 0 | 0 | 0 |
| Cash from Financing and Miscellaneous Sources | | | |
| 16. Cash provided (applied): | | | |
| 16.1 Surplus notes, capital notes | 0 | 0 | 0 |
| 16.2 Capital and paid in surplus, less treasury stock | 0 | 0 | 6,000,000 |
| 16.3 Borrowed funds | 0 | 0 | 0 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | 0 | 0 | 0 |
| 16.5 Dividends to stockholders | 0 | 0 | 0 |
| 16.6 Other cash provided (applied) | 5,704,460 | 684,346 | (5,023,329) |
| 17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) | 5,704,460 | 684,346 | 976,671 |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS | | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) | 3,624,500 | 2,596,802 | 1,490,433 |
| 19. Cash, cash equivalents and short-term investments: | | | |
| 19.1 Beginning of year | 7,787,351 | 6,296,918 | 6,296,918 |
| 19.2 End of period (Line 18 plus Line 19.1) | 11,411,851 | 8,893,720 | 7,787,351 |

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

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|--|--|--|--|
| | | | |
|--|--|--|--|

